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MACHVISION

MACHVISION, INC.

Handbook of 2023 Annual
Shareholders' Meeting
(Translation)

May 25, 2023

Contents

I. Meeting Procedure	1
II. Meeting Agenda	2
1. Reports	3
2. Proposed Resolutions.....	4
3. Matters for Discussion	5
4. Extempore Motion	31
5. End of Meeting	31
III. Attachment	
Attachment 1: 2022 Business Report.....	32
Attachment 2: Audit Committee’s Review Report	34
Attachment 3: Independent Auditors' Report and Financial Statements	35
Attachment 4: Earnings distribution statement.....	50
Attachment 5: Assessment Opinion on Necessity and Reasonableness for Private placement.....	51
IV. Appendixes	
Appendix 1: Articles of Incorporation	57
Appendix 2: Procedures for Acquisition or Disposal of Assets	62
Appendix 3: Rules and Procedure of Shareholders’ Meetings	74
Appendix 4: Shareholdings of All Directors.....	80
Appendix 5: Other Matters	81

MACHVISION, INC.

2023 Annual Shareholders' Meeting Procedure

- 1. Announcement**
- 2. Chairman Greeting**
- 3. Report Item**
- 4. Proposed Resolutions**
- 5. Matters for Discussion**
- 6. Extempore Motion**
- 7. End of Meeting**

MACHVISION, INC.

2023 Annual Shareholders' Meeting Agenda

Time: 9:00 a.m., May 25, 2023 (Thursday)

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

Attendants: All shareholders or their proxy holders

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

1. Announcement

2. Chairman Greeting

3. Report Item:

- (1) The 2022 Business Report.
- (2) The Audit Committee's Review Report.
- (3) 2022 employees and director compensation distribution.
- (4) 2022 earnings distribution of cash dividends and Capital Surplus Cash Dividend.

4. Proposed Resolutions:

- (1) 2022 business report and financial statements.
- (2) 2022 earnings distribution.

5. Discussion:

- (1) Approval of amendment to the Procedures for the Acquisition and Disposal of Assets.
- (2) Approval of the Amendment to the Rules of Procedures for Shareholder meetings.
- (3) Private placement of securities

6. Extempore Motion

7. End of Meeting

Report Item:

Proposal 1: 2022 business report.

Description: For 2022 business report, refer to Attachment 1 on Pages 32~33 of the Handbook.

Proposal 2: 2022 Audit Committee's review report.

Description: Audit Committee's review report, refer to Attachment 2 on Page 34 of the Handbook.

Proposal 3: Employees and director compensation distribution of 2022.

Description:

1. According to Article 26 of the Articles of Incorporation of the Company, if the Company has profit after the closing of the annual book, the Company shall distribute no less than 5% as employees' compensation and no more than 3% as Directors' compensation.
2. The Company intends to distribute NT\$53,834,924 of employees' compensation and, in cash, NT\$8,298,540 of Directors' compensation. The above employee and director compensation has been reviewed in the 1st meeting of the Remuneration Committee in 2023 and passed in the 12th meeting of the 9th-term Board of Directors on February 16, 2023.
3. The difference between the amount of employee and director s' compensation distributed it will be recognized as profit or loss in 2023.

Proposal 4: 2022 earnings distribution and cash dividend of APIC

Description:

1. According to Article 26-2 of the Articles of Incorporation of the Company, it is proposed that the Board of Directors be authorized to distribute dividends and the compensation in whole or in part, to be pay in cash after passing special resolution, and shall report in the shareholders' meeting.
2. According to resolution of the Board of Directors on February 16, 2023, the proposed cash dividend to shareholders will be distributed in cash, in NT\$6 for per stock. And in accordance with Article 241 of Company law and Articles of Incorporation of the Company, the amount based on the APIC which exceeds par value will be distributed in cash, in NT\$2 for per stock, total amount is NT\$357,825,872. The distribution of cash dividends is rounded to NT\$1, and the sum of a fractional amount less than NT\$1 is recognized as other revenue of the Company. 2022 earnings distribution please refer to Attachment 4 on Page 50.
3. Upon the approval of the meeting of Board of Directors, it is proposed that the Chairman be authorized to resolve the ex-dividend date, ex-right date, and other relevant issues. The Chairman also is authorized to adjust the cash and stock to distributed to each share based on the number of actual shares outstanding on the record date for distribution.

Proposed Resolutions:

Proposal 1: 2022 business report and financial statements (proposed by the Board of Directors)

Description:

1. The 2022 financial statements have been audited by the independent auditor. The financial statements, business report and earnings distribution have been reviewed and passed by the Audit Committee.
2. For the business report, independent auditor's report and financial statements refer to Attachment 1 on Pages 32~33 and Attachment 3 on Pages 35~49.
3. Please proceed to resolve.

Resolution:

Proposal 2: 2022 earnings distribution (proposed by the Board of Directors)

Description:

1. For the Distribution of 2022 Earnings which was reviewed by the Audit Committee and approved by the Board of Directors, refer to Attachment 4 on Page 50.
2. Please proceed to resolve.

Resolution:

Discussion:

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

Description:

1. In accordance with the Decree of Jin-Guan-Zheng-Fa-Zi No.1110380465 promulgated by Financial Supervisory Commission on January 28, 2022, it is proposed to revise some of the provisions of the Company's "Management Procedure for Acquisition and Disposal of Assets". The comparison chart for provisions before and after the revision is as follows.
2. Please proceed to discuss.

Article	Before Amendment	After Amendment	Remark
Article 5	<p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <p>5.1 (Omitted)</p> <p>5.2 (Omitted)</p> <p>5.3 If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <p>5.3.1 Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and</p>	<p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <p>5.1 (Omitted)</p> <p>5.2 (Omitted)</p> <p>5.3 If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</p> <p>When issuing an appraisal report or opinion, the person referred to in the preceding paragraph shall <u>comply with the self-regulatory rules of the industry associations to which they belong and with the following provisions:</u></p> <p>5.3.1 Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and</p>	<p>In accordance with the Decree of Jin-Guan-Zheng-Fa-Zi No.1110380465 promulgated by Financial Supervisory Commission.</p>

	<p>independence.</p> <p>5.3.2 When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusions shall be fully and accurately specified in the case working papers.</p>	<p>independence.</p> <p>5.3.2 When <u>conducting</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusions shall be fully and accurately specified in the case working papers.</p>	
Article 7	<p>Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event: 7.1 to 7.5(Omitted)</p> <p>7.6.1 Trading of domestic government bonds.</p> <p>7.6.2 Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription, or of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p>	<p>Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event: 7.1 to 7.5(Omitted)</p> <p>7.6.1 Trading of domestic government bonds.</p> <p>7.6.2 Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of <u>foreign government bonds</u>, or of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, <u>or subscription or redemption of exchange traded notes</u>, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the</p>	

		rules of the Taipei Exchange.	
Article 9	<p>In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>9.1(Omitted) 9.2(Omitted) 9.3 Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price based on Statement of Auditing Standards No. 20 issued by ARDF: (Omitted)</p>	<p>In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>9.1(Omitted) 9.2(Omitted) 9.3 Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: (Omitted)</p>	

Article 10:	<p>The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price, and if the certified public accountant requires to adopt any professional report, it shall be carried out based on Statement of Auditing Standards No. 20 issued by ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p>	<p>The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p>	
Article 11	<p>Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price. The certified public accountant</p>	<p>Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.</p>	

	shall also handle relevant matters based on Statement of Auditing Standards No. 20 issued by ARDF.		
Article 13	<p>When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been passed by half of the Audit Committee members and approved by the Board of Directors</p> <p>13.1 至 13.6(Omitted)</p> <p>Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 7 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by half of the Audit Committee and recognized by the Board need not be</p>	<p>When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been passed by half of the Audit Committee members and approved by the Board of Directors</p> <p>13.1 至 13.6 (Omitted)</p> <p>Restrictive covenants and other important stipulations associated with the transaction.</p>	

	<p>counted toward the transaction amount.</p> <p>With respect to the Company and subsidiaries, the Company's Board may pursuant to Article 4, Item 2. Paragraph 4, delegate the Board Chairperson to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board meeting. When an acquisition of real estate from a Related Party is submitted for discussion by the Board pursuant to Paragraph 1, the Board shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board meeting.</p> <p>If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, such asset transaction could be approved by more than two-thirds of all directors and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors' Meeting. The terms all Audit Committee members and all directors in this article shall be counted as the actual number of persons currently holding those positions.</p>	<p>With respect to the Company and subsidiaries, the Company's Board may pursuant to Article 4, Item 2. Paragraph 4, delegate the Board Chairperson to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board meeting. When an acquisition of real estate from a Related Party is submitted for discussion by the Board pursuant to Paragraph 1, the Board shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board meeting.</p> <p>If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, such asset transaction could be approved by more than two-thirds of all directors and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors' Meeting. The terms all Audit Committee members and all directors in this article shall be counted as the actual number of persons currently holding those positions.</p> <p><u>The company or a subsidiary thereof will have a transaction set out in paragraph 1 and the transaction amount will reach 10 percent or more of the company's total</u></p>	
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		<p><u>assets, the company shall submit the materials in all the subparagraphs of paragraph 1 to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the company and its parent company or subsidiaries or between its subsidiaries.</u></p> <p><u>The calculation of the transaction amounts referred to in paragraph 1 and the preceding paragraph shall be made in accordance with Article 7, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the shareholders meeting or board of directors and recognized by the supervisors need not be counted toward the transaction amount.</u></p>	
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Resolution:

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

Description:

1. In accordance with the Announcement of Tai-Zheng-Zi-Li-Zi No.1110004250 promulgated by Taiwan Stock Exchange Corporation on March 8, 2022, it is proposed to revise some of the provisions of the Rules of Procedure for Shareholders Meetings of the Company. The comparison chart for provisions before and after revision is as follows.
2. Please proceed to discuss.

Article	Before Amendment	After Amendment	Remark
Article 3	<p>The Shareholders' Meeting of the Company shall be convened by the Board of Directors unless there are regulations from the Articles of Incorporation of the Company or other Acts.</p> <p>The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The Company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and</p>	<p>The Shareholders' Meeting of the Company shall be convened by the Board of Directors unless there are regulations from the Articles of Incorporation of the Company or other Acts.</p> <p><u>Changes to how the Company convenes its shareholders meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders meeting notice.</u></p> <p>The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The Company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and</p>	<p>In accordance with the Announcement of Tai-Zheng-Zi-Li-Zi No.1110004250 promulgated by Taiwan Stock Exchange Corporation on March 8, 2022.</p>

	<p>upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting.</p> <p>In addition, 15 days before the date of the shareholders meeting, the Company shall also prepare the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.</p>	<p>upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. <u>If, however, the Company has the paid-in capital of NT\$10 billion or more as of the last day of the most current fiscal year, or total shareholding of foreign shareholders and PRC shareholders reaches 30% or more as recorded in the register of shareholders of the shareholders meeting held in the immediately preceding year, transmission of these electronic files shall be made by 30 days before the regular shareholders meeting.</u></p> <p>In addition, 15 days before the date of the shareholders meeting, the Company shall also prepare the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby. <u>The Company shall make the meeting agenda and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the shareholders meeting:</u></p> <ol style="list-style-type: none"> <u>1. For physical shareholders meetings, to be distributed on-site at the meeting.</u> <u>2. For hybrid shareholders meetings, to be distributed on-site at the meeting and shared on the</u> 	
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		<u>virtual meeting platform.</u> 3. <u>For virtual shareholders meetings, electronic files shall be shared on the virtual meeting platform.</u>	
	(Omitted)	(Omitted)	
Article 4	<p>Shareholders are required by each attending of shareholders 'meeting, to present the power of attorney issued by the Company that set out the scope of authorization, entrusted agents to attend the shareholders' meeting. A shareholder shall present one power of attorney, and shall entrust one person only, and deliver to the Company 5 days before the shareholders meeting, if the power of attorney is repeated in the contents, the first delivered shall be the effective subject. But the statements to revoke the former expression are not restricted by this regulation.</p> <p>Upon the delivery of the power of attorney to the Company, the shareholders who intend to attend the shareholders 'meeting in person shall, at least 2 days before the shareholders' meeting, notify the Company in writing of the cancellation of the entrustment; the overdue revocation shall entitle the entrusted agent to attend the exercise of the voting right.</p>	<p>Shareholders are required by each attending of shareholders 'meeting, to present the power of attorney issued by the Company that set out the scope of authorization, entrusted agents to attend the shareholders' meeting. A shareholder shall present one power of attorney, and shall entrust one person only, and deliver to the Company 5 days before the shareholders meeting, if the power of attorney is repeated in the contents, the first delivered shall be the effective subject. But the statements to revoke the former expression are not restricted by this regulation.</p> <p>Upon the delivery of the power of attorney to the Company, the shareholders who intend to attend the shareholders 'meeting in person shall, at least 2 days before the shareholders' meeting, notify the Company in writing of the cancellation of the entrustment; the overdue revocation shall entitle the entrusted agent to attend the exercise of the voting right.</p> <p><u>If, after a proxy form is delivered to the Company, a shareholder wishes to attend the shareholders meeting online, a written notice of proxy cancellation shall be submitted to the Company two business days before the meeting date. If the cancellation notice is submitted after that time,</u></p>	

		<u>votes cast at the meeting by the proxy shall prevail.</u>	
Article 5	<p>The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.</p>	<p>The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.</p> <p><u>The restrictions on the place of the meeting shall not apply when the Company convenes a virtual shareholders meeting.</u></p>	
Article 6:	<p>The Company shall specify in its shareholders meeting notices the time during which attendance registrations for shareholders will be accepted, the place to register for attendance, and other matters for attention.</p> <p>The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.</p>	<p>The Company shall specify in its shareholders meeting notices the time during which attendance registrations for shareholders, <u>solicitors and proxies (collectively "shareholders")</u> will be accepted, the place to register for attendance, and other matters for attention.</p> <p>The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. <u>For virtual shareholders meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the</u></p>	

	<p>Shareholders and their proxies (hereinafter referred to as "shareholders" collectively) shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.</p> <p>The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in. The Company shall provide attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.</p> <p>When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.</p>	<p><u>meeting starts.</u> <u>Shareholders completing registration will be deemed as attending the shareholders meeting in person.</u></p> <p>Shareholders shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.</p> <p>The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in. The Company shall provide attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.</p> <p>When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.</p> <p><u>In the event of a virtual shareholders meeting, shareholders wishing to</u></p>	
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		<p><u>attend the meeting online shall register with the Company two days before the meeting date.</u></p> <p><u>In the event of a virtual shareholders meeting, the Company shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.</u></p>	
Article 6-1		<p><u>To convene a virtual shareholders meeting, the Company shall include the following particulars in the shareholders meeting notice:</u></p> <ol style="list-style-type: none"> 1. <u>The ways that shareholders attend the virtual meeting and exercise their rights.</u> 2. <u>Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:</u> <ol style="list-style-type: none"> A. <u>To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.</u> B. <u>Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or</u> 	This article adds

		<p><u>resumed session.</u></p> <p>C. <u>In case of a hybrid shareholders meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.</u></p> <p>D. <u>Actions to be taken if the outcome of all proposals has been announced and extraordinary motion has not been carried out.</u></p> <p>3. <u>To convene a virtual shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending</u></p>	
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		<u>a virtual shareholders meeting online shall be specified.</u>	
Article 8	<p>The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures. The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.</p>	<p>The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures. The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.</p> <p><u>Where a shareholders meeting is held in a virtual way, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Company, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.</u></p> <p><u>The information and audio and video recording in the preceding paragraph shall be properly kept by the Company during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.</u></p>	
Article 9	<p>Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the</p>	<p>Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the</p>	

	<p>shares indicated by the attendance book and sign-in cards handed in, plus the number of shares whose voting rights are exercised by correspondence or electronically.</p> <p>However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a virtual shareholders meeting, the Company shall also declare the meeting adjourned at the virtual meeting platform.</p> <p>If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month.</p>	<p>shares indicated by the attendance book and sign-in cards handed in, <u>and the shares checked in on the virtual meeting platform</u>, plus the number of shares whose voting rights are exercised by correspondence or electronically.</p> <p>However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a virtual shareholders meeting, the Company shall also declare the meeting adjourned at the virtual meeting platform; <u>in the event of a virtual shareholders meeting, the Company shall also declare the meeting adjourned at the virtual meeting platform.</u></p> <p>If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. <u>In the event of a virtual shareholders</u></p>	
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	<p>When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.</p>	<p><u>meeting, shareholders intending to attend the meeting online shall re-register to the Company in accordance with Article 6.</u></p> <p>When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.</p>	
Article 11	<p>Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair. (Omitted)</p> <p>When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.</p>	<p>Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair. (Omitted)</p> <p>When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.</p> <p><u>Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 1 to 5 do not</u></p>	

		<u>apply.</u>	
Article 13	<p>A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act. (Omitted)</p> <p>In case a shareholder who has exercised his/her/its voting power in writing or by way of electronic transmission intends to attend the shareholders' meeting in person, he/she/it shall, two days prior to the meeting date of the scheduled shareholders' meeting and in the same manner previously used in exercising his/her/its voting power, serve a separate declaration of intention to rescind his/her/its previous declaration of intention made in exercising the voting power under the preceding Paragraph Two. In the absence of a timely rescission of the previous declaration of intention, the voting power exercised in writing or by way of electronic transmission shall prevail. (Omitted)</p> <p>Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.</p>	<p>A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act. (Omitted)</p> <p>In case a shareholder who has exercised his/her/its voting power in writing or by way of electronic transmission intends to attend the shareholders' meeting in person <u>or in a virtual way</u>, he/she/it shall, two days prior to the meeting date of the scheduled shareholders' meeting and in the same manner previously used in exercising his/her/its voting power, serve a separate declaration of intention to rescind his/her/its previous declaration of intention made in exercising the voting power under the preceding Paragraph Two. In the absence of a timely rescission of the previous declaration of intention, the voting power exercised in writing or by way of electronic transmission shall prevail. (Omitted)</p> <p>Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.</p> <p><u>When the Company convenes a virtual shareholders meeting, after</u></p>	

		<p><u>the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting.</u></p> <p><u>When the Company convenes a hybrid shareholders meeting, if shareholders who have registered to attend the meeting online in accordance with Article 6 decide to attend the physical shareholders meeting in person, they shall revoke their registration two days before the shareholders meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders meeting online.</u></p> <p><u>When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.</u></p>	
Article 15	Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all shareholders of the company in digital format within twenty (20) days	Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all shareholders of the company in digital format within twenty (20) days	

	<p>after the close of the meeting.</p> <p>The preparation and distribution of the minutes of shareholders' meeting as required in the preceding Paragraph may be effected by means of announcement at MOPS.</p> <p>The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors or supervisors.</p> <p>The minutes shall be retained for the duration of the existence of the Company.</p>	<p>after the close of the meeting.</p> <p>The preparation and distribution of the minutes of shareholders' meeting as required in the preceding Paragraph may be effected by means of announcement at MOPS.</p> <p>The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors or supervisors.</p> <p>The minutes shall be retained for the duration of the existence of the Company.</p> <p><u>Where a virtual shareholders meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders meeting, how the meeting is convened, the chair's and secretary's name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other force majeure events, and how issues are dealt with shall also be included in the minutes.</u></p> <p><u>When convening a virtual shareholder meeting, other than compliance with the requirements in the preceding paragraph, the Company shall specify in the meeting minutes alternative measures available to shareholders</u></p>	
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		<u>with difficulties in attending a virtual shareholders meeting online.</u>	
Article 16	<p>On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and shall make an express disclosure of the same at the place of the shareholders meeting.</p> <p>If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or Taipei Exchange Market) regulations, the Company</p>	<p>On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies <u>and the number of shares represented by shareholders attending the meeting by correspondence or electronic means,</u> and shall make an express disclosure of the same at the place of the shareholders meeting. <u>In the event a virtual shareholders meeting, the Company shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.</u> <u>During the Company's virtual shareholders meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting.</u></p> <p>If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or Taipei Exchange Market) regulations, the Company</p>	

	shall upload the content of such resolution to the MOPS within the prescribed time period.	shall upload the content of such resolution to the MOPS within the prescribed time period.	
Article 19		<u>In the event of a virtual shareholders meeting, the Company shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.</u>	
Article 20		When the Company convenes a virtual shareholders meeting, both the chair and secretary shall be in the same location, and the chair shall declare the address of their location when the meeting is called to order.	
Article 21		<u>When the Company convenes a virtual shareholders meeting, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply. For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders meeting online shall not attend the postponed or resumed session.</u> <u>For a meeting to be</u>	

		<p><u>postponed or resumed under the first paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.</u></p> <p><u>During a postponed or resumed session of a shareholders meeting held under the first paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors and supervisors.</u></p> <p><u>When the Company convenes a hybrid shareholders meeting, and the virtual meeting cannot continue as described in the first paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue, and not postponement or resumption thereof under the first paragraph is required.</u></p> <p><u>Under the circumstances where a meeting should continue as in the</u></p>	
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		<p><u>preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting. When postponing or resuming a meeting according to the second paragraph, the Company shall handle the preparatory work based on the date of the original shareholders meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies. For dates or periods set forth under Article 12, second half, and Article 13, paragraph 3 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Companys shall handle the matter based on the date of the shareholders meeting that is postponed or resumed under the second paragraph.</u></p>	
Article 22		<p><u>When convening a virtual shareholders meeting, the Company shall provide appropriate alternative measures available to shareholders with</u></p>	

		<u>difficulties in attending a virtual shareholders meeting online.</u>	
Article 23	Article 19 The Charter shall be implemented accordingly after it has been approved and adopted at a shareholders' meeting of the Company; the same shall apply to any amendment(s) thereof.	<u>Article 23</u> The Charter shall be implemented accordingly after it has been approved and adopted at a shareholders' meeting of the Company; the same shall apply to any amendment(s) thereof.	

Resolution:

Proposal 3: The proposal for the Company to conduct a private placement of securities (proposed by the Board of Directors)

Description:

1. To enrich working capital or meet other funding needs for the future development of the Company, after considering the timeliness and flexibility for fundraising, it is proposed that the Company shall be authorized to conduct a private placement by the entirety with a maximum of 15,000,000 common shares when the time is right and the market allows. The funds raised have the benefits of strengthening the competitiveness of the Company, improving its financial structure, and enhancing operating effectiveness.
2. The private placement of securities conducted by the Company is as follows:
 - A. the main content of issuance of new common shares for cash capital increase is as follows:
 - a. the Total number of privately placed shares: the maximum issuance is 15,000,000 shares.
 - b. Par value per share: NT\$10.
 - c. Total amount of private placement: it depends on its issue price and the actual number of shares issued.
 - B. The basis and rationale for the setting of the price:
 - a. The price of privately placed common shares of the Company is set at no less than 80% of the reference price, and the reference price shall be the higher of either the simple average closing price of the common shares of TWSE listed or TPEX listed company for any of either the 1,3, or 5 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction, or the simple average closing price of the common shares of TWSE listed or TPEX listed company for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction.
 - b. The price per share of these privately placed common shares is determined in accordance with the relevant regulations set by the competent authority, however, the factors such as the operation status of the Company and market prices of common shares have also been

considered when setting the price. The pricing method is deemed reasonable. Therefore, it is proposed that the Board of Directors shall be authorized by the shareholders' meeting, within the scope not lower than the percentage needed for the adoption of a resolution, to determine the actual price determination date and actual price based on market status and situation when specific persons are determined.

C. The method for selecting the specific persons:

The private placement of securities carried out this time is with the specific persons prescribed under Article 43-6 of the Securities and Exchange Act, and in order to expand future product market and increase the competitiveness of the Company, the selection of the specific persons shall be limited to strategic investors. It is proposed that the Board of Directors shall be fully authorized by the shareholders' meeting for matters of determining the specific persons.

The necessity and anticipated benefits of selecting strategic investors as specific persons:

In response to the needs of long-term operation and business development of the Company, the priority will be given to those who can benefit directly or indirectly from the future operations of the Company and who can help the Company expand business and product markets, strengthen customer relationships, improve product development integration efficiency, enhance technology, or who can provide financial resources and strengthen financial cost management to enhance the Company's competitive advantage. The introduction of funds provided by strategic investors not only benefit the operation and business development of the Company, but is helpful to the improvement of the overall operation structure of the Company, which is beneficial to the competitiveness of the Company's long-term operation and development as well as operational effectiveness.

D. The necessity for conducting a private placement:

- a. Private placement has the properties of quick and convenient, and since there are regulations preventing securities obtained through private placement from transferring within three years after the date of delivery, the long-term cooperative relationship between the Company and the placees will be more secure. In addition, the mobility and flexibility of the Company's fundraising activity will be enhanced effectively, if the Board of Directors is authorized to conduct private placements based on actual operation needs of the Company

b. Anticipated amount of private placement conducted:

The issuance of common shares through private placement shall be limited to a maximum of 15,000,000 shares, and it may be carried out by entirety within one year of the date of the resolution of the shareholders' meeting when the time is right and the market allows.

c. The use of the funds raised by private placement and anticipated benefits:

E. The rights and obligations of new shares issued through this private placement are the same as those of the common shares issued by the Company. However, according to Article 43-8 of the Securities and Exchange Act, privately placed securities may not be transferred within three

years from the date of delivery, and the application for public offering and listing may be filed with the competent authority in accordance with the relevant regulations where three full years have elapsed since the date of delivery.

- F. The main contents of this private placement of securities, in addition to pricing ratio of private placement, also include issue price, number of shares issued, total amount raised, projects and plans, utilization progress of funds, anticipated benefits, capital increase base date and other related matters, including instructions for the required amendments to be submitted to the general shareholders meeting to fully authorize the Board of Directors for handling, should there be any changes in the future due to changes in laws and regulations, instructions from competent authority, operation assessment, or changes in an objective environment.
- G. To cope with the private placement of securities conducted this time, it is proposed that the chairperson of the Board of Directors shall be authorized by the general shareholders meeting to sign and discuss all the contracts and documents related to this private placement plan, and handle all matters related to this private placement plan on behalf of the Company.
- H. The Company engages the securities underwriter to provide an assessment opinion on the necessity and reasonableness for conducting the private placement in accordance with Article 43-6 of the Securities and Exchange Act and the Directions for Public Companies Conducting Private Placements of Securities. Please refer to Annex 5 on pages 42-46 of this Manual.
- I. Matters unspecified in the above shall be submitted to the general shareholders meeting to fully authorize the Board of Directors for handling.
- J. Please refer to Market Observation Post System and the official website of the Company for details of matters that are required to be disclosed in accordance with Article 43-6 of the Securities and Exchange Act with regard to the proposal of the private placement of securities of the Company.

3. Please proceed to discuss.

Resolution:

Extempore Motion

End of Meeting

Attachment 1

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 NT\$591,776 thousand, 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 2021.

(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	27.30	27.30
	Earnings per share (NT\$)		13.35	15.02	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

Attachment 1

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 Teater ". 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

Attachment 2

MACHVISION, INC. Audit Committee Review Report

The Board of Directors has prepared the Company's 2022 Business Report, Financial Statements and earnings distribution proposal. The financial statements were audited by KPMG Taiwan and issued the audit report. These have been reviewed by the Audit Committee and determined to be correct and accurate. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Audit Committee Convener: Lee, Tsu-Der

February 16, 2023



安侯建業聯合會計師事務所

KPMG

台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話 Tel	+ 886 2 8101 6666
傳真 Fax	+ 886 2 8101 6667
網址 Web	kpmg.com/tw

Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of Machvision Inc. Co., Ltd. (the "Company") and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

1. Revenue recognition

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

2. Impairment of accounts receivable (including long-term receivables)

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

Description of key audit matter:

The notes, accounts and long-term accounts receivable constituted 28% of total consolidated assets of the Group as of December 31, 2022, and the impairment of notes, accounts and long-term accounts receivable depends on the evaluation of the management based on the evidence of internal and external factors, both subjective and objective. Therefore, we consider them as one of our key audit matters.

How the matter was addressed in our audit:

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

Other Matter

The Company has prepared its parent company only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unqualified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)
February 16, 2023

Notes to Readers

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

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

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

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2022		December 31, 2021			December 31, 2022		December 31, 2021	
	Amount	%	Amount	%		Amount	%	Amount	%
Assets					Liabilities and Equity				
11xx Current assets:					21xx Current liabilities:				
1100 Cash and cash equivalents (note 6(a))	\$ 1,855,258	47	1,976,971	44	2130 Current contract liabilities (note 6(o))	35,850	1	93,904	2
1151 Notes receivable (notes 6(b) and (o))	60,337	2	36,838	1	2150 Notes payable	133	-	116	-
1170 Accounts receivable, net (notes 6(b) and (o))	962,940	24	1,334,010	30	2170 Accounts payable	179,128	5	302,585	7
1200 Other receivables	10,609	-	99	-	2209 Other payables (note 6(p))	296,886	7	352,386	8
130x Inventories (note 6(c))	330,980	9	399,459	9	2216 Dividends payable (note 6(m))	-	-	89,457	2
1410 Prepayments	8,167	-	9,573	-	2230 Current tax liabilities	122,919	3	196,881	4
1479 Other current assets	2,576	-	2,410	-	2250 Provisions—current (note 6(i))	12,974	-	16,556	-
Total current assets	3,230,867	82	3,759,360	84	2280 Current lease liabilities (note 6(h))	15,246	-	16,638	-
15xx Non-current assets:					2313 Deferred income (note 6(j))	-	-	990	-
1510 Financial assets at fair value through profit or loss—non-current (note 6(d))	15,744	-	15,744	-	2322 Current portion of long-term borrowings (note 6(j))	-	-	27,500	1
1600 Property, plant and equipment (notes 6(e) and 9)	244,982	6	267,020	6	2399 Other current liabilities	27,924	1	17,218	-
1755 Right-of-use assets (note 6(f))	253,304	6	263,364	6	Total current liabilities	691,060	17	1,114,231	24
1840 Deferred income tax assets (note 6(l))	32,251	1	46,993	1	25xx Non-Current liabilities:				
1920 Refundable deposits	20,519	1	12,923	-	2540 Long-term borrowings (note 6(j))	-	-	173,190	4
1932 Long-term receivables (notes 6(b) and (o))	152,133	4	132,127	3	2580 Non-current lease liabilities (note 6(h))	243,080	6	250,300	6
1995 Other non-current assets (note 8)	11,586	-	11,551	-	2630 Long-term deferred income (note 6(j))	-	-	1,445	-
Total non-current assets	730,519	18	749,722	16	2640 Net defined benefit liabilities (note 6(k))	10,077	-	11,692	-
					Total non-current liabilities	253,157	6	436,627	10
					Total liabilities	944,217	23	1,550,858	34
					2xxx Equity attributable to shareholders of the company (note 6(m)):				
					3100 Ordinary shares	447,282	11	447,282	10
					3200 Capital surplus:				
					3211 Additional paid-in capital	121,003	3	165,731	4
					3280 Other capital surplus	31	-	28	-
						121,034	3	165,759	4
					3300 Retained earnings:				
					3310 Legal reserve	578,509	15	501,410	11
					3320 Special reserve	4,003	-	3,694	-
					3350 Unappropriated retained earnings	1,767,629	45	1,738,098	39
						2,350,141	60	2,243,202	50
					3400 Other equity interest:				
					3410 Foreign currency translation differences for foreign operations	(4,046)	-	(4,198)	-
					Total equity attributable to shareholders of the company	2,914,411	74	2,852,045	64
					36xx Non-controlling interests	102,758	3	106,179	2
					3xxx Total equity	3,017,169	77	2,958,224	66
1xxx Total assets	\$ 3,961,386	100	4,509,082	100	2-3xxx Total liabilities and equity	\$ 3,961,386	100	4,509,082	100

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

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

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

		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue (note 6(o))	\$ 2,102,302	100	2,750,264	100
5000	Operating costs (notes 6(c), (e), (f), (h), (i), (k), (p) and 7)	888,114	42	1,055,693	38
5900	Gross profit from operations	1,214,188	58	1,694,571	62
6000	Operating expenses (notes 6(b), (e), (f), (h), (k), (p) and 7):				
6100	Selling expenses	236,818	11	266,095	10
6200	Administrative expenses	111,621	5	114,508	4
6300	Research and development expenses	242,072	12	282,238	10
6450	Reversal of impairment loss determined in accordance with IFRS 9	(9,885)	-	(37,036)	(1)
	Total operating expenses	580,626	28	625,805	23
6900	Net operating income	633,562	30	1,068,766	39
7000	Non-operating income and expenses (notes 6(h) and (q)):				
7100	Interest income	6,433	-	3,203	-
7010	Other income	16,859	1	11,356	-
7020	Other gains and losses	82,738	4	(32,190)	(1)
7050	Financial costs	(5,702)	-	(6,168)	-
	Total non-operating income and expenses	100,328	5	(23,799)	(1)
7900	Net income before tax	733,890	35	1,044,967	38
7950	Less: Income tax expenses (note 6(l))	142,114	7	218,498	8
	Net income	591,776	28	826,469	30
8300	Other comprehensive income (loss):				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Losses on remeasurements of defined benefit plans	1,626	-	(397)	-
8349	Less: income tax related to items that will not be reclassified to profit or loss	-	-	-	-
	Total items that will not be reclassified subsequently to profit or loss	1,626	-	(397)	-
8360	Items that will be reclassified subsequently to profit or loss:				
8361	Financial statements translation differences for foreign operations	223	-	(848)	-
8399	Less: income tax related to items that will be reclassified to profit or loss	38	-	(171)	-
	Total items that will be reclassified subsequently to profit or loss	185	-	(677)	-
8300	Other comprehensive income (loss), net of tax	1,811	-	(1,074)	-
8500	Total comprehensive income	\$ 593,587	28	825,395	30
	Net income attributable to:				
8610	Shareholders of the parent	\$ 597,324	28	827,745	30
8620	Non-controlling interests	(5,548)	-	(1,276)	-
	Total comprehensive income attributable to:	\$ 591,776	28	826,469	30
8710	Shareholders of the parent	\$ 599,102	28	826,664	30
8720	Non-controlling interests	(5,515)	-	(1,269)	-
	Earnings per share (note 6(n)):				
9710	Basic earnings per share (in New Taiwan dollars)	\$ 13.35		18.51	
9810	Diluted earnings per share (in New Taiwan dollars)	\$ 13.22		18.36	

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

Consolidated Statements of Changes in Equity
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent						Total other equity interest	Total equity attributable to owners of parent	Non-controlling interests	Total equity
							Exchange differences on translation of foreign financial statements			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total				
Balance at January 1, 2021	\$ 447,282	568,312	438,263	3,791	1,064,573	1,506,627	(3,514)	2,518,707	89,023	2,607,730
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	63,147	-	(63,147)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(89,457)	(89,457)	-	(89,457)	-	(89,457)
Reversal of special reserve	-	-	-	(97)	97	-	-	-	-	-
Cash dividends from capital surplus	-	(402,554)	-	-	-	-	-	(402,554)	-	(402,554)
Other changes in capital surplus	-	\$ -	-	-	-	-	-	\$ -	-	\$ -
Net income (loss)	-	-	-	-	827,745	827,745	-	827,745	(1,276)	826,469
Other comprehensive income	-	-	-	-	(397)	(397)	(684)	(1,081)	7	(1,074)
Total comprehensive income	-	-	-	-	827,348	827,348	(684)	826,664	(1,269)	825,395
Changes in non-controlling interests	-	(4)	-	-	(1,316)	(1,316)	-	(1,320)	18,425	17,105
Balance at December 31, 2021	447,282	165,759	501,410	3,694	1,738,098	2,243,202	(4,198)	2,852,045	106,179	2,958,224
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	77,099	-	(77,099)	-	-	-	-	-
Special reserve appropriated	-	-	-	309	(309)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(492,011)	(492,011)	-	(492,011)	-	(492,011)
Cash dividends from capital surplus	-	(44,728)	-	-	-	-	-	(44,728)	-	(44,728)
Other changes in capital surplus	-	\$ 3	-	-	-	-	-	\$ 3	-	\$ 3
Net income (loss)	-	-	-	-	597,324	597,324	-	597,324	(5,548)	591,776
Other comprehensive income	-	-	-	-	1,626	1,626	152	1,778	33	1,811
Total comprehensive income	-	-	-	-	598,950	598,950	152	599,102	(5,515)	593,587
Changes in non-controlling interests	-	-	-	-	-	-	-	-	2,094	2,094
Balance at December 31, 2022	\$ 447,282	121,034	\$78,509	4,003	1,767,629	2,350,141	(4,046)	2,914,411	102,758	3,017,169

See accompanying notes to consolidated financial statements.

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

MACHVISION INC. CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Cash Flows**

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from operating activities:		
Net income before tax	\$ 733,890	1,044,967
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation	42,569	39,673
Amortization	-	83
Reversal of impairment loss determined in accordance with IFRS 9	(9,885)	(37,036)
Interest expense	5,702	6,168
Interest income	(6,433)	(3,203)
Dividend income	(1,321)	(1,055)
Loss on disposal of property, plant and equipment	60	153
Lease modification gains	(1)	(21)
Total adjustments to reconcile profit	30,691	4,762
Changes in assets / liabilities relating to operating activities:		
Net changes in operating assets:		
Notes receivable	(23,499)	(21,554)
Accounts receivable and long-term accounts receivable	360,604	(177,609)
Other receivables	(379)	(30)
Inventories	66,883	(39,608)
Prepayments	1,406	(2,330)
Other current assets	(1,241)	8,045
Total changes in operating assets, net	403,774	(233,086)
Net changes in operating liabilities:		
Contract liabilities	(58,054)	62,019
Notes payable	17	(100)
Accounts payable	(123,457)	56,973
Other payables	(55,371)	33,222
Provisions	(3,582)	3,114
Other current liabilities	10,706	7,536
Net defined benefit liability	11	9
Total changes in operating liabilities, net	(229,730)	162,773
Total changes in operating assets / liabilities, net	174,044	(70,313)
Total adjustments	204,735	(65,551)
Cash provided by operating activities	938,625	979,416
Interest income received	6,778	3,064
Income tax paid	(201,307)	(182,535)
Net cash provided by operating activities	744,096	799,945
Cash flows from investing activities:		
Acquisition of financial assets designated at fair value through profit or loss	-	(5,000)
Proceeds from disposal of subsidiaries	(6,933)	-
Acquisition of property, plant and equipment	(4,269)	(18,581)
Increase in refundable deposits	(7,596)	(1,051)
Decrease (increase) in other non-current assets	(35)	4,745
Dividends received	1,321	1,055
Net cash used in investing activities	(17,512)	(18,832)
Cash flows from financing activities:		
Repayments of long-term debt	(203,125)	(16,875)
Payment of lease liabilities	(12,945)	(13,981)
Cash dividends paid	(626,196)	(402,554)
Interest paid	(5,833)	(3,469)
Changes in non-controlling interests	-	17,105
Surplus not paid due to overdue	3	5
Net cash used in financing activities	(848,096)	(419,769)
Effect of exchange rate changes on cash and cash equivalents	(201)	(980)
Net increase (decrease) in cash and cash equivalents	(121,713)	360,364
Cash and cash equivalents at beginning of period	1,976,971	1,616,607
Cash and cash equivalents at end of period	\$ 1,855,258	1,976,971

Independent Auditors' Report

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

Opinion

We have audited the financial statements of Machvision Inc. (the "Company"), which comprise the statement of financial position as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

1. Revenue recognition

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

2. Impairment of trade receivables

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

Description of key audit matter:

The notes, accounts and long-term accounts receivable constituted 33% of total assets of the Company as of December 31, 2022, and the impairment of notes, accounts and long-term accounts receivable depends on the evaluation of the management based on the evidence of internal and external factors, both subjective and objective. Therefore, we consider them as one of our key audit matters.

How the matter was addressed in our audit:

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)

February 16, 2023

Notice to Readers

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

For the convenience of readers, the independent auditors' review report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and financial statements shall prevail.

MACHVISION INC.
Parent Company Only Balance Sheets

(In Thousands of New Taiwan Dollars)

	December 31, 2022		December 31, 2021			December 31, 2022		December 31, 2021	
	Amount	%	Amount	%		Amount	%	Amount	%
Assets					Liabilities and Equity				
Current assets:					Current liabilities:				
Cash and cash equivalents (note 6(a))	\$ 1,539,497	40	1,727,941	39	Current contract liabilities (note 6(p))	\$ 33,626	1	75,607	2
Notes receivable (notes 6(b) and (p))	377	-	205	-	Notes payable	133	-	116	-
Accounts receivable, net (notes 6(b) and (p))	600,014	15	1,019,149	23	Accounts payable	166,311	4	298,884	7
Accounts receivable-related parties (notes 6(b), (p) and 7)	372,478	10	340,347	8	Accounts payable-related parties (note 7)	35,130	1	42,021	1
Other receivables	10,335	-	12	-	Other payables (note 6(q))	252,577	7	300,689	7
Other receivables-related parties(note 7)	34,595	1	3,620	-	Dividends payable (note 6(n))	-	-	89,457	2
Inventories (note 6(c))	320,575	8	385,442	9	Other payables-related parties (note 7)	83,759	2	78,900	2
Prepayments	3,643	-	2,633	-	Current tax liabilities	122,303	3	194,852	4
Other current assets	1,713	-	5	-	Provisions — current (note 6(j))	12,258	-	16,556	-
Total current assets	2,883,227	74	3,479,354	79	Current lease liabilities (note 6(i))	13,392	1	14,684	-
Non-current assets:					Deferred income (note 6(k))	-	-	990	-
Financial assets at fair value through profit or loss—non-current (note 6(e))	9,644	-	9,644	-	Current portion of long-term borrowings (note 6(k))	-	-	27,500	1
Investment using the equity method (note 6(d))	154,973	4	131,297	3	Other current liabilities	1,455	-	4,529	-
Property, plant and equipment (note 6(f))	217,561	6	237,639	5	Total current liabilities	720,944	19	1,144,785	26
Right-of-use assets (note 6(g))	250,205	7	259,549	6	Non-current liabilities:				
Deferred income tax assets (note 6(m))	31,388	1	46,831	1	Long-term borrowings (note 6(k))	-	-	173,190	4
Refundable deposits	13,582	-	8,401	-	Non-current lease liabilities (note 6(i))	241,776	6	248,383	6
Long-term receivables (notes 6(b) and (p))	152,133	4	132,127	3	Long-term deferred income (note 6(k))	-	-	1,445	-
Long-term receivable-related parties (notes 6(b) 、(p) and 7)	162,909	4	118,436	3	Net defined benefit liabilities (note 6(l))	10,077	-	11,692	-
Other non-current assets (notes 8)	11,586	-	11,551	-	Investment using the equity method with credit balance(note 6(d))	-	-	3,289	-
Total non-current assets	1,003,981	26	955,475	21	Total non-current liabilities	251,853	6	437,999	10
					Total liabilities	972,797	25	1,582,784	36
					Equity(note 6(n)):				
					Ordinary shares	447,282	12	447,282	10
					Capital surplus:				
					Additional paid-in capital	121,003	3	165,731	4
					Other capital surplus	31	-	28	-
						121,034	3	165,759	4
					Retained earnings:				
					Legal reserve	578,509	15	501,410	11
					Special reserve	4,003	-	3,694	-
					Unappropriated retained earnings	1,767,629	45	1,738,098	39
						2,350,141	60	2,243,202	50
					Other equity interest:				
					Foreign currency translation differences for foreign operations	(4,046)	-	(4,198)	-
					Total equity	2,914,411	75	2,852,045	64
Total assets	\$ 3,887,208	100	4,434,829	100	Total liabilities and equity	\$ 3,887,208	100	4,434,829	100

The accompanying notes are an integral part of the parent company only financial statements.

MACHVISION INC.
Parent Company Only Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars , Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Operating revenue (note 6(p) and 7)	\$ 1,924,661	100	2,573,526	100
Operating costs (notes 6(c), (f), (g), (i),(j),(l),(q)and 7)	909,467	47	1,030,315	40
Gross profit	1,015,194	53	1,543,211	60
Decrease: unrealized sales benefits	4,714	-	5,032	-
Gross profit from operations	1,010,480	53	1,538,179	60
Operating expenses (notes 6(b), (f), (g), (h) ,(i), (l),(q)and 7):				
Selling expenses	128,612	7	155,856	6
Administrative expenses	110,143	7	113,323	5
Research and development expenses	217,939	11	253,190	10
Reversal of impairment loss determined in accordance with IFRS 9	(8,973)	(1)	(15,520)	1
Total operating expenses	447,721	24	506,849	20
Net operating income	562,759	29	1,031,330	40
Non-operating income and expenses (note 6(i), (r) and 7)):				
Interest income	5,185	-	2,754	-
Other income	49,001	3	33,411	1
Other gains and losses	82,920	4	(26,662)	(1)
Financial costs	(5,693)	-	(6,149)	-
Share of profit of subsidiaries for using equity method	41,620	2	5,121	—
Total non-operating income and expenses	173,033	9	8,475	—
Net income before tax	735,792	38	1,039,805	40
Less: Income tax expenses (note 6(m))	138,468	7	212,060	8
Net income	597,324	31	827,745	32
Other comprehensive income (loss):				
Items that will not be reclassified subsequently to profit or loss:				
Losses on remeasurements of defined benefit plans	1,626	-	(397)	-
Less: income tax related to items that will not be reclassified to profit or loss	-	-	-	-
Total items that will not be reclassified subsequently to profit or loss	1,626	-	(397)	-
Items that will be reclassified subsequently to profit or loss:				
Financial statements translation differences for foreign operations	190	-	(855)	-
Less: income tax related to items that will be reclassified to profit or loss	38	-	(171)	-
Total items that will be reclassified subsequently to profit or loss	152	-	(684)	-
Other comprehensive income (loss), net of tax	1,778	-	(1,081)	-
Total comprehensive income	\$ 599,102	31	826,664	32
Earnings per share (note 6(o)):				
Basic earnings per share (in New Taiwan dollars)	\$ 13.35		18.51	
Diluted earnings per share (in New Taiwan dollars)	\$ 13.22		18.36	

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
MACHVISION INC.

Parent Company Only Statements of Changes in Equity
(In Thousands of New Taiwan Dollars)

							Total other equity interest	
							Exchange differences on translation of foreign financial statements	
				Retained earnings				
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total		Total equity
Balance at January 1, 2021	\$ 447,282	568,312	438,263	3,791	1,064,573	1,506,627	(3,514)	2,518,707
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	63,147	-	(63,147)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(89,457)	(89,457)	-	(89,457)
Reversal of special reserve	-	-	-	(97)	97	-	-	-
Cash dividends from capital surplus	-	(402,554)	-	-	-	-	-	(402,554)
Other changes in capital surplus	-	5	-	-	-	-	-	\$5
Net income	-	-	-	-	827,745	827,745	-	827,745
Other comprehensive income	-	-	-	-	(397)	(397)	(684)	(1,081)
Total comprehensive income	-	-	-	-	827,348	827,348	(684)	826,664
Changes in non-controlling interests	-	(4)	-	-	(1,316)	(1,316)	-	(1,320)
Balance at December 31, 2021	447,282	165,759	501,410	3,694	1,738,098	2,243,202	(4,198)	2,852,045
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	77,099	-	(77,099)	-	-	-
Special reserve appropriated	-	-	-	309	(309)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(492,011)	(492,011)	-	(492,011)
Cash dividends from capital surplus	-	44,728	-	-	-	-	-	(44,728)
Other changes in capital surplus	-	3	-	-	-	-	-	3
Net income	-	-	-	-	597,324	597,324	-	597,324
Other comprehensive income	-	-	-	-	1,626	1,626	152	1,778
Total comprehensive income	-	-	-	-	598,950	598,950	152	599,102
Balance at December 31, 2022	<u>\$ 447,282</u>	<u>121,034</u>	<u>578,509</u>	<u>4,003</u>	<u>1,767,629</u>	<u>2,350,141</u>	<u>(4,046)</u>	<u>2,914,411</u>

MACHVISION INC.
Parent Company Only Statements of Cash Flows
(In Thousands of New Taiwan Dollars)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Net income before tax	\$ 735,792	1,039,805
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation	36,595	34,660
Amortization	-	83
Reversal of impairment loss determined in accordance with IFRS 9	(8,973)	(15,520)
Interest expense	5,693	6,149
Interest income	(5,185)	(2,754)
Dividend income	(1,321)	(884)
Share of profit of subsidiaries for using equity method	(41,620)	(5,121)
Loss on disposal of property, plant and equipment	-	121
Unrealized sales benefits	4,714	5,032
Total adjustments to reconcile profit	<u>(10,097)</u>	<u>21,766</u>
Changes in assets / liabilities relating to operating activities:		
Net changes in operating assets:		
Notes receivable	(172)	(30)
Accounts receivable(including long-term)	407,757	(187,332)
Accounts receivable-related parties(including long-term)	(76,604)	3,337
Other receivables	(192)	(12)
Other receivables-related parties	(30,975)	20,959
Inventories	63,494	(50,022)
Prepayments	(1,010)	107
Other current assets	(1,708)	5,108
Total changes in operating assets, net	<u>360,590</u>	<u>(207,885)</u>
Net changes in operating liabilities:		
Contract liabilities	(41,981)	53,559
Notes payable	17	(100)
Accounts payable	(132,573)	71,110
Accounts payable-related parties	(6,891)	1,233
Other payables	(48,112)	15,895
Other payables-related parties	4,859	9,285
Provisions	(4,298)	3,114
Other current liabilities	(3,074)	2,744
Net defined benefit liability	11	9
Total changes in operating liabilities, net	<u>(232,042)</u>	<u>156,849</u>
Total changes in operating assets / liabilities, net	<u>128,548</u>	<u>(51,036)</u>
Total adjustments	<u>118,451</u>	<u>(29,270)</u>
Cash provided by operating activities	854,243	1,010,535
Interest income received	5,530	2,195
Income tax paid	(195,612)	(176,428)
Net cash provided by operating activities	<u>664,161</u>	<u>836,302</u>
Cash flows from investing activities:		
Acquisition of investments accounted for using the equity method	-	(36,295)
Acquisition of property, plant and equipment	(2,454)	(16,523)
Decrease in refundable deposits	(5,181)	319
Decrease (increase) in other non-current assets	(35)	4,745
Dividends received	1,321	884
Net cash used in investing activities	<u>(6,349)</u>	<u>(46,870)</u>
Cash flows from financing activities:		
Repayments of long-term debt	(203,125)	(16,875)
Payment of lease liabilities	(11,129)	(12,649)
Cash dividends paid	(626,196)	(402,554)
Interest paid	(5,809)	(3,450)
Surplus not paid due to overdue	3	5
Net cash used in financing activities	<u>(846,256)</u>	<u>(435,523)</u>
Net increase(decrease) in cash and cash equivalents	<u>(188,444)</u>	<u>353,909</u>
Cash and cash equivalents at beginning of period	<u>1,727,941</u>	<u>1,374,032</u>
Cash and cash equivalents at end of period	<u><u>\$ 1,539,497</u></u>	<u><u>1,727,941</u></u>

The accompanying notes are an integral part of the parent company only financial statements.

Attachment 4

MACHVISION, INC.
Earnings distribution statement
2022

Unit: NTD

Undistributed earnings at the beginning of the period	1,292,834,467
Increase : Net income-after tax, in 2022	597,323,508
Increase: Determine the welfare plan (loss) benefits	1,626,072
Undistributed earnings in the current year	1,891,784,047
Decrease: Legal reserve (10%)	
For the six months ended June 30, 2022	(34,892,889)
Differences	(25,002,069)
Reversal of Special reserve	
For the six months ended June 30, 2022	194,818
Differences	(43,049)
Item :	
Less : Distributed earnings Cash dividends-2022 midterm	(89,456,468)
Less : Distributed earnings Cash dividends-2022	(268,369,404)
Undistributed earnings at the end of the period	1,474,214,986
The cash dividend is calculated according to the distribution ratio up to the NT\$, rounded down to the NT\$, and the total unpaid allocation is included in other income.	

Chairman: Wang, Guang-Shiah
Manager : Chen, Fu-Sheng
Accounting Supervisor: Si, Yi-Fan

MACHVISION, INC.

Private Placement of Securities in the Year 2023

**Assessment Opinion on Necessity and
Reasonableness for Private Placement**

MasterLink Securities

April 10, 2023

MACHVISION, INC.
Assessment Opinion issued by Securities Underwriter on Necessity and Reasonableness for
Conducting a Private Placement

1. Preface

Machvision Inc. (hereinafter referred to as “the Company”) is a professional manufacturer of equipment for machine vision inspection and measurement systems. Presently, its products are mainly used in the industry of printed circuit board, which includes the measurement and inspection of PCB drilling and forming process, PCB circuit inspection, HDI and IC substrate inspection, equipment of header reading and others. In recent years, it also develops inspection products required for semiconductor assembly and test as well as optical lens industries. The Company plans to conduct a private placement upon adoption of the resolution by the general shareholders’ meeting in 2023, so as to enrich working capital or meet other funding needs for the long-term operation and development of the Company. It has the benefits of strengthening the Company’s competitiveness, improving the financial structure of the Company, and enhancing its operating effectiveness.

However, according to Article 6 of “Directions for Public Companies Conducting Private Placements of Securities”, if there is a significant change in managerial control with the one year period immediately preceding the day on which the Board of Directors resolves on the private placement, or there will be a significant change in managerial control after the introduction of a strategic investor through private placement, the assessment opinion issued by the securities underwriter on the necessity and reasonableness for conducting the private placement shall also be disclosed.

After evaluation, it was found that there were no significant changes in managerial control of the Company with the one year period immediately preceding the day on which the Board of Directors resolved on the private placement. Although the Company has not yet determined the placees, since a comprehensive election of directors will be held at the general shareholders’ meeting in 2023 due to the three-year term of office for directors and supervisors will be expired in 2023, and since proportion of equity held by the placees of private placement will reach 25.11%, if all the shares of 15,000,000 private placements approved by the Board of Directors are issued, there is a possibility that there will be changes in the number of directors or managerial control of the Company after the introduction of strategic investors through the private placement conducted this time. Therefore, MasterLink Securities Corporation (hereinafter referred to as “the Underwriter”) will provide herein the assessment opinion on necessity and reasonableness for conducting a private placement of securities in 2023.

The content of this opinion letter shall only be used as a reference for the resolution adopted by the Board of Directors of the Company on April 10, 2023 for the private placement of common shares, and shall not be used for other purposes. The explanation and analysis in this opinion letter are based on the information provided by the Company and those published on Market Observation Post System. This opinion letter hereby declares that it does not assume any legal responsibilities for any changes that may occur to its contents due to changes in the plan by the Company or other circumstances related to this private placement in the future.

2. Content of the plan of this private placement of securities

The Company plans to conduct a private placement of common shares with a maximum of 15,000,000 shares upon adoption of the resolution by the Board of Directors on April 10, 2023. The funds will be used to enrich working capital or meet other funding needs for long-term operation and development of the Company, which has the benefits of strengthening the Company’s competitiveness, improving the financial structure of the Company, and enhancing its operating effectiveness.

The basis for setting of this private placement price of common shares shall be the higher of either the simple average closing price of the common shares of TWSE listed or TPEx listed company for any of either the 1, 3, or 5 business days before the price determination date, or the simple average closing price of the common shares of TWSE listed or TPEx listed company for the 30 business days before

the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction, on the principle that it shall not be lower than 80% of the average stock price. It is proposed that the Board of Directors shall be authorized by shareholders' meeting to determine the actual pricing date and actual private placement price based on situation when specific persons are determined and condition of markets.

3. Assessment on necessity and reasonableness for conducting this private placement of securities

A. Assessment on necessity for conducting the private placement of securities

a. Legal Compliance Assessment

The Company's net profit for the year 2022 was NT\$591,776,000 and there were no accumulated losses. However, since the capital raised through this private placement is to be used entirely in the introduction of a strategic investor, there is no circumstance where the provisions of Article 3 of "Directions for Public Companies Conducting Private Placements of Securities" regarding public offering should be adopted.

On April 10, 2023, the Board of Directors of the Company resolved that the basis for the setting of this private placement price shall not be lower than 80% of the reference value. After evaluation, it also decided that the placees of this private placement shall be limited to the specific persons stipulated in Article 43-6 of the Securities and Exchange Act. In addition, in order to expand the future product market of the Company and its competitiveness, the selection of specific persons shall be limited to strategic investors.

According to the existing laws and regulations prescribed in the Company Act and Securities and Exchange Act, the public offering shall target the original shareholders, employees and general investors. Since the Company currently is unable to introduce specific persons who can benefit its future operation and development through cash capital increase, for the Company to continue its business and plan for mid to long-term operation and development, it is necessary for the Company to introduce, through private placement, placees who can benefit directly or indirectly the Company's future operations.

b. Assessment on timeliness of the offering

According to Article 13 of the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers", the registration for issuing new shares for cash capital increase shall become effective 12 business days after the date it was filed. If the Company uses the public offering method to issue securities, the document preparation time before filing, the review of competent authority, and the matters regarding underwriting after the registration becomes effective would make it difficult for the Company to obtain the funds needed in a short period of time. Private placement is relatively efficient in terms of speed and convenience.

c. Financial Assessment

As of the end of 2022, the cash and cash equivalents of the Company on the account were NT\$1,855,258,000, with shareholders' equity at NT\$3,017,169,000 and current liabilities at NT\$691,060,000. Overall, the Company currently has sufficient cash and has no bank debts.

If the Company uses the method of borrowing money from the bank to meet its future capital needs, given the current financial condition of the Company, it may obtain loans with better terms and conditions, however, it will not achieve its purpose of introducing strategic investors. After taking sustainable operation into account, the Company decides to introduce strategic investors through private placement. With the resources supplied by the placees, the Company is able to strengthen the technology required for future operations as well as expand the markets. In addition to effectively enhancing shareholders' equity, it may further improve financial structure of the Company and reduce debt ratio. Thus, it is necessary.

- d. Summary: it is necessary for the Company to raise funds through private placement.

B. Assessment on reasonableness for conducting a private placement of securities

The Company plans to conduct a private placement within 15,000,000 shares of common shares this time. The Underwriter will evaluate the reasonableness for conducting this private placement of securities from three aspects as follows:

- a. Resolution process for private placement: after the evaluation by the Underwriter, it is determined that the content of resolution adopted by the Board of Directors and the pricing method are in compliance with the acts and regulations, and there are no significant unusual situations. After the approval by the shareholders' meeting in accordance with the law, the Company may proceed the private placement operation in accordance with the content of the resolution.
- b. Legal feasibility: Considering the effectiveness of introducing specific persons through public offering for capital increase and the time when the funds are in place, it is reasonable to obtain funds through private placement this time.
- c. Working capital demand: considering the current financial status of the Company and future business development, it is reasonable to have private placement as one of the ways to obtain funds for sustainable operation.

C. Assessment of the impact of private placement of securities on the changes of managerial control of the Company

- a. Impact on business, finance and shareholders' equity of the Company

(A). Review of significant changes in managerial control during the period from one year preceding the day on which the Board of Directors resolves on the private placement

In the past year (from April 11, 2022 to April 10, 2023), the Board of Directors of the Company has not had any changes in directors, so there is no circumstance where the provision of Section 3, Article 4 of the "Directions for Public Companies Conducting Private Placements of Securities" regarding significant changes in managerial control during the period from one year preceding the day on which the Board of Directors resolves on the private placement should be adopted.

(B). It is unable to determine yet whether there will be a significant change in managerial control when specific persons are introduced through private placement.

Since the Company has not yet determined the placees, it is uncertain whether the specific investors introduced through private placement in the future will obtain a certain number of director seats to participate the management of the Company and cause a significant change in managerial control of the Company. However, since the Company has issued 44,728,000 shares of capital and the Board of Directors resolved to conduct a private placement within 15,000,000 shares of stocks on April 10, 2023, calculated on the assumption that the total issuance was subscribed by a single placee, it shall account for 25.11% of total shares of the Company, which is 59,728,000 shares after private placement. Should there be any changes in the number of directors or managerial control of the Company in the future, relevant regulations will be followed by the Company for information disclosure to ensure shareholders' rights and interests.

(C). Assessment of the impact it may have on business, finance and shareholders' equity of the Company, if there is a significant change in managerial control after this private placement

(a). impact on business of the Company

Machvision Inc. (hereinafter referred to as “the Company”) is a professional manufacturer of the equipment of machine vision inspection and measurement system. Presently, its products are mainly used in the industry of printed circuit board, which includes the measurement and inspection of PCB drilling and forming process, PCB circuit inspection, HDI and IC substrate inspection, equipment of header reading and others. In recent years, it also develops inspection products required for semiconductor assembly and test as well as optical lens industries. Considering the operation status of the Company and the perspective of the industry, the Company expects to introduce, through this private placement, the placees who can directly or indirectly benefit the future operations of the Company, so as to ensure the sustainable development of the Company and the long term relation it has with its investment partners, furthermore, to expand the business of the Company through the resources provided by the placees and enhance profitability. It has positive benefits to business.

(b). Impact on finance of the Company

The Company plans to conduct a private placement of common shares within the limit of 15,000,000 shares to increase capital. If they are issued in full, the reference price shall be the higher of either the simple average closing price of the common shares of TWSE listed or TPEX listed company for any of either the 1,3, or 5 business days before the price determination date (after adjustment for any distribution of stock dividends, cash dividends, or capital reduction), or the simple average closing price of the common shares of TWSE listed or TPEX listed company for the 30 business days before the price determination date (after adjustment for any distribution of stock dividends, cash dividends, or capital reduction), and the basis of setting the private placement price shall not be lower than 80% of the reference price. The funds raised in this private placement will be used to enrich working capital or meet other funding needs for long-term operation and development of the Company, which has the benefits of strengthening the Company’s competitiveness, improving the financial structure of the Company, and enhancing its operating effectiveness. Thus, given by the immediate and effective supply of funds raised through private placement for the Company, it should have positive benefits to the finance of the Company.

(c). Impact on shareholders’ equity of the Company

Considering the operation status of the Company and the perspective of the industry, for sustainable development, the Company introduces, through this private placement, the placees who can directly or indirectly benefit the future operations of the Company and assist the Company in improving technology, reducing costs, and expanding markets, so as to enhance the operational scale and profitability of the Company. The Company also upholds a prudent and practical principle that effectively enhances shareholders’ equity. Therefore, the private placement conducted by the Company should have positive benefits on improving shareholders’ equity.

4. Conclusion

In summary, considering the factors such as the operation status of the Company and feasibility of raising funds, it is deemed necessary and reasonable for the Company to issue new shares for cash capital increase through private placement. In addition, after examining the material proposed to the Board of Directors of the Company, the Underwriter found no significant violations or unreasonable circumstances in the content and procedures of the issuance plan, and after taking into account all the factors such as anticipated benefits of the private placement, the selection of the placees, and the

impact on the Company's business, finance, and shareholders' equity, it is concluded that it is necessary and reasonable for the Company to issue new shares for capital increase through private placement.

Appendix 1

Corporate Charter of MACHVISION Inc Co., Ltd.

Chapter 1 General Provisions

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

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

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

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

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

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

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

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

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

Chapter 2 Shares

Article 6: The authorized capital of the Company is NT\$1 billion consisting of 100 million shares. The par value of each share is NT\$10, and such shares can be issued in separate installments.

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

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

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

Chapter 3 Shareholders' Meeting

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

Shareholders' meeting can be held by means of visual communication network or other methods promulgated by the central competent authority.

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

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

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

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

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

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

Chapter 4 Directors, Audit Committees

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

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

- Article 17: When the number of vacancies in the Board of Directors of the Company equals to one third of the total number of Directors or all the Independent Directors have been dismissed for any reason, the Board of Directors shall call a meeting of shareholders to elect succeeding Directors to fill the vacancies. The new Directors shall serve the remaining term of service until the expiry of the existing Directors' present term of office, except for the overall re-election of Directors.
- Article 18: The Board shall be formed by the Directors. The chairperson of the Board shall be elected from among the Directors by a majority vote of the Directors present at a meeting attended by at least two-thirds of all Directors. The exercise of all the matters shall be handled by the chairperson of the Board in accordance with the provisions of laws and regulations and the Articles of Incorporations of the company, and the resolutions adopted by the shareholders' meetings and the meetings of the board of directors.
- Article 19: The resolution on Company's guidelines for management and other important matters shall be adopted by the Board of Directors. Others shall be convened and presided by the Chairman of the Board of Directors, except the calling for the first meeting of each term of the Board of Directors which shall be convened by the Board of Directors in accordance with Article 203 of the Company Act. In case the chairman of the Board of Directors can not exercise his power and authority for any cause, the chairman of the Board of Directors shall designate one of the Directors to act on his behalf. In the absence of such a designation, the Directors shall elect from among themselves an acting chairman of the Board of Directors.
- Article 19-1: A notice specifying the reason for convening a Board meeting shall be sent to all Directors seven (7) days prior to the meeting; provided, however, that a Board meeting may be convened on short notice in the event of emergency. Such notice may be served in the form of writing, E-mail, or Fax.
- Article 20: Unless otherwise provided by the Company Act, the meeting of the Board of Directors shall be attended by over one-half of the entire Directors of the Company. The resolutions of a directors' meeting shall be adopted with the consent of a majority of the Directors present at the meeting. In case a Director cannot, for cause, attend a meeting, he/she shall, in each time, issue a written proxy. The proxy form shall state therein the scope of authority of such proxy with reference to the subject matters to be discussed as listed in the Board meeting notice. A Director may accept the appointment to act as the proxy of one other Director only.
- Article 21: When the Company's Directors perform their duties for the Company, the Company may pay remuneration regardless of whether the Company operates at a profit or loss. The Board of Directors is authorized to decide the rates of such remuneration by taking into account the extent and value of the services provided for the management of the Company. The remuneration of directors shall be determined without succeeding the standards on the highest emolument prescribed in the Company's regulations on the salary payment. The Board of Directors of the Company may resolve to pay the transportation allowances to Directors and may purchase liability insurance for Directors at a level consistent with general practices in the industry.
- Article 21-1: The Company's Board meeting may set up various functional committees and shall establish the respective organizational codes of each functional committee based on operation needs.
- Article 22: The Company may establish the Audit Committee pursuant to Article 14-4 of the Securities and Exchange Act based on operation needs. The Audit Committee shall be organized by at least three Independent Directors. The members of the Audit Committee are responsible for exercising the powers conferred by the Company Act, the Securities and Exchange Act and any other legal rules for prescribing the powers of supervisors.
- Article 22-1: The Company shall set up the Audit Committee according to laws, which shall consist

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

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

Chapter 5 Managerial officers and staffs

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

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

Chapter 6 Final Accounts

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

Article 26: The Company's profit distributable to the employees as compensation for the current year shall mean the annual profit for such year before tax after deducting employees' and Directors' compensation of the Company. After reserving a sufficient amount out of the net income to set off the accumulated losses at the end of year, the Company may distribute no less than five percent (5%) to the employees as the Employees' compensation and may distribute not more than 3% to the Directors as the Directors' compensation.

The decision on proportion of distribution for employees' and Directors' compensation and employees' compensation shall be paid either in the form of Shares or in cash, upon resolution by a majority votes at a meeting of the Directors attended by two-thirds or more of the Directors. Such resolution shall be reported to the Shareholders at a general meeting.

The Company may allocate the profit distributable to the employees as compensation, to be paid in cash, to employees including the employees of subsidiaries of the Company meeting certain specific requirements, entitled to receive Shares or cash.

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

Article 26-2: The current year's earnings, if any, shall first be used to pay all taxes and offset prior years' accumulated losses and then set aside 10% as legal reserve. The Company may then appropriate or reverse a certain amount as special reserve according to the relevant regulations. The remaining earnings, plus the accumulated undistributed earnings, may be distributed by issuance of new shares according to the distribution plan proposed by the

Board of Directors and approved by the shareholders' meeting.

According to Paragraph 5, Article 240 of the Company Act, the Company may authorize the distributable dividends and bonuses, or legal reserve and capital reserve set forth in Paragraph 1, Article 241 of the Company Act, in whole or in part, to be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; in addition thereto, a report of such distribution shall be submitted to the shareholders' meeting.

Chapter 7 Supplemental Provisions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The 17th amendment was made on May 29, 2019.

The 18th amendment was made on May 26, 2022.

MACHVISION Inc Co., Ltd.

Chairman: Wang, Guang-Shiah

Appendix 2

MACHVISION Inc Co., LTD

Procedures for Acquisition or Disposal of Assets

Chapter I. General Provisions

Article 1: Purpose and Basis

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

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

Article 2: Scope of Application

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

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

2.3 Memberships.

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

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

2.6 Derivatives.

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

2.8 Other major assets.

2.9 Right-of-use assets.

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

3.1 Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from an asset, specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.

3.2 Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.

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

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

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

the date on which the approval letter of authority is received, whichever is earlier.

3.6 Mainland China area investment: Refers to investments in the mainland China area approved by Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.

3.7. Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.

3.8. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.

3.9. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.

Article 4: Evaluation Procedure

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

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

4.2 Security investment:

4.2.1. The valuable securities not purchased from the centralized trading market or business places of securities trading: the cause of the proposed investment, the counterpart of transaction, the purchase price and other issues should be made by the Chairman if the transaction price is below NT\$ 30 billion or be made after the resolution by the Board of Directors if the transaction price is over NT\$ 30 billion.

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

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

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

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

Article 5: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

5.1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this

provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.

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

5.3. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:

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

5.3.2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.

5.3.3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.

5.3.4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.

Article 6: Operating Procedure

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

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

Article 6-1: If the Company does not intend to engage in derivatives trading, it may, after obtaining the approval of the Board of Directors, be exempted from adopting procedures for derivatives trading. If it subsequently wishes to engage in derivatives trading, it will still be required first to comply with the provisions before doing so.

Article 7: Announcement and Declaration Procedure

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

7.1. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

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

7.3 Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.

7.4 Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria.

7.5 Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.

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

7.6.1 Trading of domestic government bonds.

7.6.2 Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.

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

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

- (1) The amount of any individual transaction.
- (2) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
- (3) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.

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

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

The Company shall make announcement of declaration in accordance with the regulations, if there is an error or omission at the time of the announcement, a correction should be made, and the whole content should be re-declared and re-announced within two (2) days from the date of finding.

The contracts, meeting minutes, log books, appraisal reports, and opinions of certified public accounts, lawyers or securities underwriters in connection with the Company's acquisition or disposal of assets shall, except as otherwise specified by other laws, be kept in the Company for at least five (5) years. Should any of the following conditions occur after the filing and public announcement of transactions, the Company needs to make an "Announcement and Report" accordingly within two (2) days commencing immediately from the date of occurrence of the event.

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

Article 8: Procedures for Managing Subsidiaries

1. Subsidiary should set up the handling procedures for acquisition or disposition of assets, and follow it accordingly.
2. Total carrying amounts of securities, real property and right-of-use assets thereof and equipment acquired by each subsidiary for business use shall be subject to the cap of the Company set forth in Article 4 herein.
3. If Subsidiary is not a domestic public issuing company, the public issuing parent company shall be the one who acquires or disposes the assets up to the announced declaration as stipulated in Article 7.
4. For the calculation of 10 percent of total assets under the standards for the announcement and declaration of subsidiaries, the total assets stated in the most recent parent company only financial statements prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. For the calculation of transaction amounts of 20 percent of paid-in capital, 20 percent of paid-in capital stated in the most recent parent company only financial statements shall be used; for calculations under the provisions of these Regulations regarding transaction amounts relative to paid-in capital of NT\$10 billion, NT\$20 billion of equity attributable to owners of the parent shall be substituted.

Chapter II. Acquisition and Disposition of Assets

Article 9: In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions

9.1 Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.

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

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

1. The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.

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

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

Article 10: The Company acquiring or disposing of securities shall, prior to the Date of the Event,

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

Article 11: Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation.

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

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

Chapter III. Related Person Transactions

Article 13: When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been passed by half of the Audit Committee members and approved by the Board of Directors

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

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

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

With respect to the types of transactions listed below, when to be conducted between the Company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's Board of Directors may pursuant to Subparagraph 4, Paragraph 2, Article 4 of the Regulations delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting:

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

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

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

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

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

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

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

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

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

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

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

Article 14: The Company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:

Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph. The Company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.

Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 13 herein, and the preceding three paragraphs do not apply:

- (1) The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.

- (2) More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
- (3) The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.
- (4) The real property right-of-use assets for business use are acquired by the Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.

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

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

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

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

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

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

Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.

Article 16: Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with Article 14 and Article 15 are uniformly lower than the transaction price, the following steps shall be taken:

16.1. A special reserve shall be set aside in accordance with Paragraph 1, Article 41 of the Securities and Exchange Act against the difference between the real property or right-of-use asset transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Paragraph 1, Article 41 of the Securities and

Exchange Act shall be set aside pro rata in a proportion consistent with the share of the public company's equity stake in the other company.

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

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

The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.

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

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

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

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

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

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

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

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

1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or external legal counsel, the execution of a contract, and the convening of a Board meeting.
3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board meetings.

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

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

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

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

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

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

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

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

21.5 An increase or decrease in the number of entities or the Company participating in the merger,

demerger, acquisition, or transfer of shares.

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

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

22.1 Handling of breach of contract.

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

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

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

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

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

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

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

Chapter V. Penalty

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

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

Chapter VI. Supplementary Provisions

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

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

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

reservations, they shall be stated in the proceedings of the Board of Directors.

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

Appendix 3

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

Approved and made on May 29, 2020.

Article 1 These Guidelines are stipulated to establish a robust governance system for the shareholders' meeting of the Company, improve its supervision functions and strengthen management functions.

Article 2 The Company shall provide a sign-in book allowing attending Shareholders to sign in or require attending Shareholders to submit attendance cards in lieu of signing in. The number of shares represented by shareholders attending the Meeting shall be calculated in accordance with the attendance cards submitted by the shareholders.

Article 3 Unless otherwise provided by laws and regulations, the shareholders' meeting of the Company shall be convened by the board of directors. The Company shall prepare electronic versions of the shareholders' meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) 30 days prior to the date of a general shareholders' meeting or 15 days prior to the date of a special shareholders' meeting. The Company shall prepare electronic versions of the shareholders' meeting agenda and supplemental meeting materials and upload them to the MOPS 21 days prior to the date of the general shareholders' meeting or 15 days prior to the date of the special shareholders' meeting. In addition, 15 days prior to the date of the shareholders' meeting, the Company shall also have prepared the shareholders' meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place. The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the notice of the meeting may be given in the electronic form.

Election or dismissal of directors or supervisors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the company, or any matter under Paragraph 1 of Article 185 of the Company Act shall be set out and explained the essential contents in the notice of the reasons for convening the shareholders' meeting. None of the above matters may be raised by an extraordinary motion; the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice.

Where re-election of all directors and supervisors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders' meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.

A shareholder holding one percent or more of the total number of issued shares may submit to the Company a written proposal for discussion at a general shareholders' meeting. The number of items so proposed, however, is limited to one only, and no proposal containing more than one item will be included in the meeting agenda, provided a shareholder

proposal for urging the Company to promote public interests or fulfill its social responsibilities may still be included in the agenda by the board of directors. In addition, if any of the circumstances specified in any subparagraphs of Paragraph 4 of Article 172-1 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.

Prior to the book closure date before the general shareholders' meeting is held, the Company shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Each of the shareholder-submitted proposals containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the general shareholders' meeting and take part in the discussion of the proposal.

Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders' meeting, the board of directors shall explain the reasons for the exclusion of any shareholder proposals not included in the agenda.

Article 4 For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization and the person as the proxy. A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting, and shall deliver the proxy form to the Company five days prior to the date of the shareholders' meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment. After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company two days prior to the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5 The Meeting shall be held at the head office of the Company or at any other appropriate place that is convenient for the shareholders to attend. The time for commencing the said meeting shall not begin earlier than 9 o'clock in the morning or later than 3 o'clock local time in the afternoon. Location and time for commencing should take independent directors' opinion adequately.

Article 6 The Company shall specify in its shareholders' meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention. The time during which shareholder attendance registrations will be accepted shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

Shareholders and their proxies (hereinafter referred to as "shareholders" collectively) shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall provide a sign-in book allowing attending Shareholders to sign in or require attending Shareholders to submit attendance cards in lieu of signing in.

The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished. When the government or a juridical person is a shareholder, it may be represented by more than one representative at a shareholders' meeting. When a corporation is appointed to attend as proxy, only one representative can attend the Shareholders' Meeting.

Article 7 If a shareholders' meeting is convened by the Board of Directors, the Chairman of the Board of Directors shall preside at the said shareholders' meeting. In case the Chairman is on leave of absence, or cannot exercise his powers and authority, the Vice Chairman shall act as chair at the shareholders' meeting. If there is no Vice Chairman, or the Vice Chairman is also on leave of absence, or cannot exercise his powers and authority, the Chairman shall designate a Managing Director to act in lieu of him; if there is no Managing Director, the Chairman shall designate a Director to act in lieu of him. When a managing director or a director serves as chair who is referred to in the preceding paragraph, the managing director or director shall have held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juridical person director that serves as chair. It is advisable that shareholders' meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors, at least one independent director in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes. If a shareholders' meeting is convened by a party with the power to convene but other than the board of directors, the convening party shall chair the meeting. If the Chairman does not designate a Director, the Managing Directors or Directors shall elect one from among themselves to act in lieu of the Chairman. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

Where the shareholders' meeting is convened by any person, other than the Board of Directors, such person shall act as the chairman of that meeting.

Article 8 The Company, starting from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders' meeting, and the voting and vote-counting procedures. The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit in accordance with Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 9 Attendance and votes at shareholders' meetings shall be calculated based on numbers of shares.

The number of shares represented by shareholders attending the Meeting shall be calculated in accordance with the attendance cards submitted by the shareholders (shares including written or electronic methods).

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

Before the end of such a meeting, if the number of Shares represented by the attending

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

Article 10 The agenda of the Shareholders' Meeting shall be set by the Board of Directors if the Meeting is convened by the Board of Directors. Related motions (including extempore motions and amendment motion) should be voted. Unless otherwise resolved at the Meeting, the Meeting shall proceed in accordance with the agenda.

The above provision applies mutatis mutandis to cases where the Meeting is convened by any person, other than the Board of Directors, entitled to convene such Meeting. Unless otherwise resolved at the Meeting, the chairman cannot announce adjournment of the Meeting before all the discussion items (including special motions) listed in the agenda are resolved. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting. The shareholders cannot designate any other person as chairman and continue the Meeting in the same or other place after the Meeting is adjourned. Besides, the voting time should be arranged appropriately.

Article 11 When a shareholder present at the Meeting wishes to speak, a Speech Note should be filled out with summary of the speech, the shareholder's number (or the number of Attendance Card) and the name of the shareholder. The sequence of speeches by shareholders should be decided by the chairman.

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

interrupt the speeches of the other shareholders, otherwise the chairman shall stop such interruption.

Article 12 Votes at shareholders' meetings shall be calculated based on numbers of shares. With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as a proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as a proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13 A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Paragraph 2 of Article 179 of the Company Act. When the Company holds a shareholder meeting, it shall adopt exercise of

voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals. A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company two days prior to the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent. After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding Paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, two days prior to the date of the shareholders' meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except otherwise specified in the Company Act or in the Company's Charters, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting. At the time of voting, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

If there is amendment to or substitute for a discussion item, the chairman shall decide the sequence of voting for such discussion item, the amendment or the substitute. If any one of them has been adopted, the others shall be deemed vetoed and no further voting is necessary. The vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 14 The election of directors or supervisors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected. The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 15 Any matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form. The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors or supervisors. The meeting minutes shall be retained for the duration of the existence of the Company.

Article 16 On the date of a shareholders' meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies and shall make an express disclosure of the same at the place of the shareholders' meeting.

If matters put to a resolution at a shareholders' meeting constitute material information based on applicable laws or regulations or the regulations of Taiwan Stock Exchange Corporation, the Company shall upload the content of such resolution to the MOPS within the prescribed period.

Article 17 All supporting staff for the shareholders' meeting shall wear an identification badge or arm-band. The chairman may conduct the disciplinary officers (or the security guards) to assist in keeping order of the Meeting place. Such disciplinary officers (or security guards) shall wear badges marked "Disciplinary Officers" or identification cards for identification purpose.

At the place of a shareholders' meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18 During the meeting, the Chairman may, at his or her discretion, set time for intermission.

If any event of force majeure occurs, the chair may order the meeting to be temporarily suspended and announce a time when, depending on the development of circumstance, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed or resolved, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

Article 19 The Charter shall be implemented accordingly after it has been approved and adopted at a shareholders' meeting of the Company; the same shall apply to any amendment(s) thereof.

Appendix 4

Shareholding of All Directors

As of the date of transfer termination (March 27, 2023), the respective and current shareholding of directors recorded in the shareholder register is as follows:

Title	Name	Number of Shares Held	Shareholding Ratio
Chairman	Wang, Guang-Shiah	1,426,740	3.19%
Director	Chuang, Yung-Shun	417,711	0.93%
Director	Yu, Ming-Chang	1,073,940	2.40%
Director	Chang, Yung-Yang	1,336,904	2.99%
Director	Yan, Wei-Chyun	276,000	0.62%
Director	Chen, Fu-Sheng	27,034	0.06%
Independent Director	Lee, Tsu-Der	0	0.00%
Independent Director	Yen, Tzong-Ming	0	0.00%
Independent Director	Du, Ming-Han	0	0.00%

As of the date of transfer termination (March 27, 2023), the total number of shares issued is 44,728,234.

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

Record of shareholders on the date of transfer termination:

Shareholding Ratio and Number of shares of All Directors: 10.19% ; 4,558,329 shares

Appendix 5

Other Matters:

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

1. Shareholder(s) holding one percent or more of the total number of outstanding Shares immediately prior to the relevant book close period may propose in writing to the Company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal. The number of words of a proposal to be submitted shall be limited to not more than three hundred (300) words in accordance with the Article 172-1 of the Company Act.
2. The annual shareholders' meeting accepts shareholders' proposals during the period from March 13, 2023 to March 24, 2023. And which is released and publicized at <http://mops.twse.com.tw>.
3. No shareholders' proposed motions during the specified time period.