

Stock Code: 3563

The guarantee to your product quality

**MACHVISION**

**MACHVISION, INC.**

Handbook of 2021 Annual  
Shareholders' Meeting  
(Translation)

May 26, 2022

# Contents

|                                                                           |          |
|---------------------------------------------------------------------------|----------|
| <b>I. Meeting Procedure .....</b>                                         | <b>1</b> |
| <b>II. Meeting Agenda .....</b>                                           | <b>2</b> |
| 1. Reports .....                                                          | 3        |
| 2. Proposed Resolutions.....                                              | 4        |
| 3. Matters for Discussion .....                                           | 5        |
| 4. Extempore Motion .....                                                 | 6        |
| 5. End of Meeting .....                                                   | 6        |
| <b>III. Attachment</b>                                                    |          |
| Attachment 1: 2021 Business Report.....                                   | 7        |
| Attachment 2: Audit Committee's Review Report .....                       | 9        |
| Attachment 3: Independent Auditors' Report and Financial Statements ..... | 10       |
| Attachment 4: Earnings distribution statement.....                        | 26       |
| <b>IV. Appendixes</b>                                                     |          |
| Appendix 1: Articles of Incorporation .....                               | 27       |
| Appendix 2: Rules and Procedure of Shareholders' Meetings .....           | 32       |
| Appendix 3: Shareholdings of All Directors.....                           | 38       |
| Appendix 4: Other Matters .....                                           | 39       |

# **MACHVISION, INC.**

## **2022 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.**

## **2022 Annual Shareholders' Meeting Agenda**

**Time:** 9:00 a.m., May 26, 2022 (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 2021 Business Report.
- (2) The Audit Committee's Review Report.
- (3) 2021 employees and director compensation distribution.
- (4) 2021 earnings distribution of cash dividends and Capital Surplus Cash Dividend.

### **4. Proposed Resolutions:**

- (1) 2021 business report and financial statements.
- (2) 2021 earnings distribution.

### **5. Discussion:**

- (1) Amendment to the Articles of Incorporation.

### **6. Extempore Motion**

### **7. End of Meeting**

## **Report Item:**

Proposal 1: 2021 business report.

Description: For 2021 business report, refer to Attachment 1 on Pages 7~8 of the Handbook.

Proposal 2: 2021 Audit Committee's review report.

Description: Audit Committee's review report, refer to Attachment 2 on Page 9 of the Handbook.

Proposal 3: Employees and director compensation distribution of 2021.

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\$92,107,249 of employees' compensation and, in cash, NT\$12,830,861 of Directors' compensation. The above employee and director compensation has been reviewed in the 1st meeting of the Remuneration Committee in 2022 and passed in the 6th meeting of the 9th-term Board of Directors on February 9, 2022.
3. The difference between the amount of employee and director s' compensation distributed it will be recognized as profit or loss in 2022.

Proposal 4: 2021 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 9, 2022, the proposed cash dividend to shareholders will be distributed in cash, in NT\$9 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\$1 for per stock, total amount is NT\$447,282,340. 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. 2021 earnings distribution please refer to Attachment 4 on Page 26.
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: 2021 business report and financial statements (proposed by the Board of Directors)

Description:

1. The 2021 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 7~8 and Attachment 3 on Pages 10~25.
3. Please proceed to resolve.

Resolution:

Proposal 2: 2021 earnings distribution (proposed by the Board of Directors)

Description:

1. For the Distribution of 2021 Earnings which was reviewed by the Audit Committee and approved by the Board of Directors, refer to Attachment 4 on Page 26.
2. Please proceed to resolve.

Resolution:

## **Discussion:**

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

Description:

1. The comparison table of revised articles of the Articles of Incorporation in coordination with the company's operating policy and President No. 11000115851 is as follows.
2. Please proceed to discuss.

| Article    | Before Amendment                                                                                                                                                                                                                                                                                                                                                                | After Amendment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Remark                                                                                                          |
|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| Article 6  | The authorized capital of the Company is NT\$0.5 billion consisting of 50 million shares. The par value of each share is NT\$10, and such shares can be issued in separate installments.                                                                                                                                                                                        | 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.                                                                                                                                                                                                                                                                                                                                     | According to the company's operating policy                                                                     |
| Article 7  | The share certificates of the Company shall without exception be in registered form, signed by, or affixed with seals of, at least three Directors, and authenticated by the competent authority before issuance.                                                                                                                                                               | 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 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' 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. | Amendments to Articles 172-2 and 356-8 were amended and announced in accordance with President No. 11000115851. |

|             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                       |
|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|
| Article 22: | <p>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. <del>The Supervisors will cease to function and be dismissed on the date of instituting of the Audit Committee. The regulations on supervisors in this charter shall be immediately invalidated.</del></p> | <p>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.</p> | <p>According to the company's operating policy.</p>   |
| Article 29  | <p>These Articles of Incorporation were adopted (Omitted)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <p>These Articles of Incorporation were adopted (Omitted)<br/>The 18th amendment was made on May 26, 2022</p>                                                                                                                                                                                                                                                                                                                              | <p>According to the date of shareholders' meeting</p> |

Resolution:

**Extempore Motion**

**End of Meeting**

## Attachment 1

### 2021 Business Report

Thank you for visiting shareholders' meeting in 2022. Over the past year, the Group's revenue in 2021 was NT\$ 2.750 billion, increase of 14.70%. The net profit after tax in 2021 was NT\$826,469 thousand, increase of 26.27%. The operating net profit margin was 38.86%, the net profit after tax was 30.05%, the return on assets was 20.23%, and the return on equity was 29.70%

#### 1. Business Performance in 2021

##### (1) Business Performance

Unit: NTD thousands

|                              | 2021      |        | 2020      |        | Increase(decrease) |       |
|------------------------------|-----------|--------|-----------|--------|--------------------|-------|
|                              | Amount    | %      | Amount    | %      | Amount             | %     |
| Operating revenues           | 2,750,264 | 100.00 | 2,397,855 | 100.00 | 352,409            | 14.70 |
| Gross profit                 | 1,694,571 | 61.61  | 1,519,665 | 63.38  | 174,906            | 11.51 |
| Operating income             | 1,068,766 | 38.86  | 869,096   | 36.24  | 199,670            | 22.97 |
| Net income before income tax | 1,044,967 | 38.00  | 804,407   | 33.55  | 240,560            | 29.91 |
| Net income after income tax  | 826,469   | 30.05  | 654,515   | 27.30  | 171,954            | 26.27 |
| Earnings per share (NT\$)    | 18.51     |        | 15.02     |        | 3.49               |       |

##### (2) Budget execution

The company did not disclose financial forecasts in 2021.

##### (3) Financial income and expenditure and profitability analysis

|               |                             |                    | 2021  | 2020  | 2019  |
|---------------|-----------------------------|--------------------|-------|-------|-------|
| Profitability | Return on assets (%)        |                    | 20.23 | 19.45 | 26.66 |
|               | Return on equity (%)        |                    | 29.70 | 28.15 | 40.19 |
|               | Rate to paid-up capital (%) | Operating income   | 239   | 194   | 251   |
|               |                             | Pre-tax net profit | 234   | 180   | 247   |
|               | Net profit ratio (%)        |                    | 30.05 | 27.30 | 34.08 |
|               | Earnings per share (NT\$)   |                    | 18.51 | 15.02 | 20.01 |

##### (4) Research and development status

The main research and development of the company in 2021 were as follows:

1. FPCB Assembly AVI
2. Multifield Laservia Inspector
3. Index 4W Teater
- 4.CSP 4W Tester
5. Inline Flip Chip Circuit AOI

## Attachment 1

### 2. Summary of the business plan for the year of 2021

Important production and sales policy and company development strategies :

With Taiwan's advantages in semiconductors, many customers have greatly expanded their IC substrate and FPC business in Taiwan. MACHVISION has not been absent and continued to cooperate in development to improve equipment testing efficiency and capabilities to make customers more competitive. Saving labor, costs, as well as management and operating expenses. In addition, 5G-related applications and other products have also continued to improve to maintain the core competitiveness.

Under the uncertainty of Global economic MACHVISION invest in the product " Index 4W Teater " that has allied with different industries. 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: Wen, Pei-Chun

## **Attachment 2**

# **MACHVISION, INC. Audit Committee Review Report**

The Board of Directors has prepared the Company's 2021 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 9, 2022

### 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, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

#### Basis for Opinion

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

#### Key Audit Matters

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

##### 1. Revenue recognition

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

## 2. Impairment of 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 33% of total consolidated assets of the Group as of December 31, 2021, and the impairment of notes, accounts and long-term accounts receivable depends on the evaluation of the management based on the evidence of internal and external factors, both subjective and objective. Therefore, we consider them as one of our key audit matters.

How the matter was addressed in our audit:

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

## 3. Inventory measurement

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

### **Other Matter**

The Company has prepared its parent company only financial statements as of and for the years ended December 31, 2021 and 2020, on which we have issued an unqualified opinion.

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

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

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

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

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

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

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)  
February 9, 2022

#### **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, 2021 and 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

|               |                                                                               | <u>December 31, 2021</u> |            | <u>December 31, 2020</u> |            |                               |                                                                        | <u>December 31, 2021</u> |            | <u>December 31, 2020</u> |            |
|---------------|-------------------------------------------------------------------------------|--------------------------|------------|--------------------------|------------|-------------------------------|------------------------------------------------------------------------|--------------------------|------------|--------------------------|------------|
|               |                                                                               | <u>Amount</u>            | <u>%</u>   | <u>Amount</u>            | <u>%</u>   |                               |                                                                        | <u>Amount</u>            | <u>%</u>   | <u>Amount</u>            | <u>%</u>   |
| <b>Assets</b> |                                                                               |                          |            |                          |            | <b>Liabilities and Equity</b> |                                                                        |                          |            |                          |            |
| 11xx          | <b>Current assets:</b>                                                        |                          |            |                          |            | 21xx                          | <b>Current liabilities:</b>                                            |                          |            |                          |            |
| 1100          | Cash and cash equivalents (note 6(a))                                         | \$ 1,976,971             | 44         | 1,616,607                | 44         | 2130                          | Current contract liabilities (note 6(p))                               | 93,904                   | 2          | 31,885                   | 1          |
| 1151          | Notes receivable (notes 6(b) and (p))                                         | 36,838                   | 1          | 15,284                   | -          | 2150                          | Notes payable                                                          | 116                      | -          | 216                      | -          |
| 1170          | Accounts receivable, net (notes 6(b) and (p))                                 | 1,334,010                | 30         | 1,110,321                | 30         | 2170                          | Accounts payable                                                       | 302,585                  | 7          | 245,897                  | 7          |
| 130x          | Inventories (note 6(c))                                                       | 399,459                  | 9          | 363,424                  | 10         | 2209                          | Other payables (note 6(q))                                             | 352,386                  | 8          | 319,164                  | 9          |
| 1410          | Prepayments                                                                   | 9,573                    | -          | 7,243                    | -          | 2216                          | Dividends payable (note 6(n))                                          | 89,457                   | 2          | -                        | -          |
| 1479          | Other current assets                                                          | 2,509                    | -          | 10,524                   | -          | 2230                          | Current tax liabilities                                                | 196,881                  | 4          | 171,660                  | 5          |
|               | <b>Total current assets</b>                                                   | <u>3,759,360</u>         | <u>84</u>  | <u>3,123,403</u>         | <u>84</u>  | 2250                          | Provisions—current (note 6(j))                                         | 16,556                   | -          | 13,442                   | -          |
| 15xx          | <b>Non-current assets:</b>                                                    |                          |            |                          |            | 2280                          | Current lease liabilities (note 6(i))                                  | 16,638                   | -          | 12,039                   | -          |
| 1510          | Financial assets at fair value through profit or loss—non-current (note 6(e)) | 15,744                   | -          | 10,744                   | -          | 2313                          | Deferred income (note 6(k))                                            | 990                      | -          | 1,038                    | -          |
| 1600          | Property, plant and equipment (note 6(f))                                     | 267,020                  | 6          | 271,280                  | 7          | 2322                          | Current portion of long-term borrowings (note 6(k))                    | 27,500                   | 1          | 16,875                   | -          |
| 1755          | Right-of-use assets (note 6(g))                                               | 263,364                  | 6          | 77,013                   | 2          | 2399                          | Other current liabilities                                              | 17,218                   | -          | 9,682                    | -          |
| 1780          | Intangible assets (note 6(h))                                                 | -                        | -          | 83                       | -          |                               | <b>Total current liabilities</b>                                       | <u>1,114,231</u>         | <u>24</u>  | <u>821,898</u>           | <u>22</u>  |
| 1840          | Deferred income tax assets (note 6(m))                                        | 46,993                   | 1          | 57,564                   | 2          | 25xx                          | <b>Non-Current liabilities:</b>                                        |                          |            |                          |            |
| 1920          | Refundable deposits                                                           | 12,923                   | -          | 11,872                   | 1          | 2540                          | Long-term borrowings (note 6(k))                                       | 173,190                  | 4          | 199,535                  | 5          |
| 1932          | Long-term receivables (notes 6(b) and (p))                                    | 132,127                  | 3          | 141,032                  | 4          | 2580                          | Non-current lease liabilities (note 6(i))                              | 250,300                  | 6          | 66,286                   | 2          |
| 1995          | Other non-current assets (note 8)                                             | 11,551                   | -          | 16,296                   | -          | 2630                          | Long-term deferred income (note 6(k))                                  | 1,445                    | -          | 2,552                    | -          |
|               | <b>Total non-current assets</b>                                               | <u>749,722</u>           | <u>16</u>  | <u>585,884</u>           | <u>16</u>  | 2640                          | Net defined benefit liabilities (note 6(l))                            | 11,692                   | -          | 11,286                   | -          |
|               |                                                                               |                          |            |                          |            |                               | <b>Total non-current liabilities</b>                                   | <u>436,627</u>           | <u>10</u>  | <u>279,659</u>           | <u>7</u>   |
|               |                                                                               |                          |            |                          |            | 2xxx                          | <b>Total liabilities</b>                                               | <u>1,550,858</u>         | <u>34</u>  | <u>1,101,557</u>         | <u>29</u>  |
|               |                                                                               |                          |            |                          |            |                               | <b>Equity attributable to shareholders of the company (note 6(n)):</b> |                          |            |                          |            |
|               |                                                                               |                          |            |                          |            | 3100                          | Ordinary shares                                                        | 447,282                  | 10         | 447,282                  | 12         |
|               |                                                                               |                          |            |                          |            | 3200                          | Capital surplus:                                                       |                          |            |                          |            |
|               |                                                                               |                          |            |                          |            | 3211                          | Additional paid-in capital                                             | 165,731                  | 4          | 568,285                  | 15         |
|               |                                                                               |                          |            |                          |            | 3235                          | Changes in equities of subsidiaries                                    | -                        | -          | 4                        | -          |
|               |                                                                               |                          |            |                          |            | 3280                          | Other capital surplus                                                  | 28                       | -          | 23                       | -          |
|               |                                                                               |                          |            |                          |            |                               |                                                                        | <u>165,759</u>           | <u>4</u>   | <u>568,312</u>           | <u>15</u>  |
|               |                                                                               |                          |            |                          |            | 3300                          | Retained earnings:                                                     |                          |            |                          |            |
|               |                                                                               |                          |            |                          |            | 3310                          | Legal reserve                                                          | 501,410                  | 11         | 438,263                  | 12         |
|               |                                                                               |                          |            |                          |            | 3320                          | Special reserve                                                        | 3,694                    | -          | 3,791                    | -          |
|               |                                                                               |                          |            |                          |            | 3350                          | Unappropriated retained earnings                                       | 1,738,098                | 39         | 1,064,573                | 29         |
|               |                                                                               |                          |            |                          |            |                               |                                                                        | <u>2,243,202</u>         | <u>50</u>  | <u>1,506,627</u>         | <u>41</u>  |
|               |                                                                               |                          |            |                          |            | 3400                          | Other equity interest:                                                 |                          |            |                          |            |
|               |                                                                               |                          |            |                          |            | 3410                          | Foreign currency translation differences for foreign operations        | (4,198)                  | -          | (3,514)                  | -          |
|               |                                                                               |                          |            |                          |            |                               | <b>Total equity attributable to shareholders of the company</b>        | <u>2,852,045</u>         | <u>64</u>  | <u>2,518,707</u>         | <u>68</u>  |
|               |                                                                               |                          |            |                          |            | 36xx                          | <b>Non-controlling interests</b>                                       | 106,179                  | 2          | 89,023                   | 3          |
|               |                                                                               |                          |            |                          |            | 3xxx                          | <b>Total equity</b>                                                    | <u>2,958,224</u>         | <u>66</u>  | <u>2,607,730</u>         | <u>71</u>  |
| 1xxx          | <b>Total assets</b>                                                           | <u>\$ 4,509,082</u>      | <u>100</u> | <u>3,709,287</u>         | <u>100</u> | 2-3xxx                        | <b>Total liabilities and equity</b>                                    | <u>\$ 4,509,082</u>      | <u>100</u> | <u>3,709,287</u>         | <u>100</u> |

See accompanying notes to consolidated financial statements.

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

**Consolidated Statements of Comprehensive Income**

**For the years ended December 31, 2021 and 2020**

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

|      |                                                                                    | <b>2021</b>       |           | <b>2020</b>    |           |
|------|------------------------------------------------------------------------------------|-------------------|-----------|----------------|-----------|
|      |                                                                                    | <b>Amount</b>     | <b>%</b>  | <b>Amount</b>  | <b>%</b>  |
| 4000 | <b>Operating revenue (note 6(p))</b>                                               | \$ 2,750,264      | 100       | 2,397,855      | 100       |
| 5000 | <b>Operating costs (notes 6(c), (f), (g), (i), (j), (l), (q) and 7)</b>            | 1,055,693         | 38        | 878,190        | 37        |
| 5900 | <b>Gross profit from operations</b>                                                | 1,694,571         | 62        | 1,519,665      | 63        |
| 6000 | <b>Operating expenses (notes 6(b), (f), (g), (h), (i), (l), (q) and 7):</b>        |                   |           |                |           |
| 6100 | Selling expenses                                                                   | 266,095           | 10        | 234,554        | 10        |
| 6200 | Administrative expenses                                                            | 114,508           | 4         | 107,341        | 4         |
| 6300 | Research and development expenses                                                  | 282,238           | 10        | 243,672        | 10        |
| 6450 | Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9 | (37,036)          | (1)       | 65,002         | 3         |
|      | <b>Total operating expenses</b>                                                    | 625,805           | 23        | 650,569        | 27        |
| 6900 | <b>Net operating income</b>                                                        | 1,068,766         | 39        | 869,096        | 36        |
| 7000 | <b>Non-operating income and expenses (notes 6(d), (i) and (r)):</b>                |                   |           |                |           |
| 7100 | Interest income                                                                    | 3,203             | -         | 2,474          | -         |
| 7010 | Other income                                                                       | 11,356            | -         | 14,621         | -         |
| 7020 | Other gains and losses                                                             | (32,190)          | (1)       | (78,830)       | (3)       |
| 7050 | Financial costs                                                                    | (6,168)           | -         | (2,954)        | -         |
|      | <b>Total non-operating income and expenses</b>                                     | (23,799)          | (1)       | (64,689)       | (3)       |
| 7900 | <b>Net income before tax</b>                                                       | 1,044,967         | 38        | 804,407        | 33        |
| 7950 | <b>Less: Income tax expenses (note 6(m))</b>                                       | 218,498           | 8         | 149,892        | 6         |
|      | <b>Net income</b>                                                                  | 826,469           | 30        | 654,515        | 27        |
| 8300 | <b>Other comprehensive income (loss):</b>                                          |                   |           |                |           |
| 8310 | <b>Items that will not be reclassified subsequently to profit or loss:</b>         |                   |           |                |           |
| 8311 | Losses on remeasurements of defined benefit plans                                  | (397)             | -         | (803)          | -         |
| 8349 | Less: income tax related to items that will not be reclassified to profit or loss  | -                 | -         | -              | -         |
|      | <b>Total items that will not be reclassified subsequently to profit or loss</b>    | (397)             | -         | (803)          | -         |
| 8360 | <b>Items that will be reclassified subsequently to profit or loss:</b>             |                   |           |                |           |
| 8361 | Financial statements translation differences for foreign operations                | (848)             | -         | 1,007          | -         |
| 8399 | Less: income tax related to items that will be reclassified to profit or loss      | (171)             | -         | (76)           | -         |
|      | <b>Total items that will be reclassified subsequently to profit or loss</b>        | (677)             | -         | 1,083          | -         |
| 8300 | <b>Other comprehensive income (loss), net of tax</b>                               | (1,074)           | -         | 280            | -         |
| 8500 | <b>Total comprehensive income</b>                                                  | <b>\$ 825,395</b> | <b>30</b> | <b>654,795</b> | <b>27</b> |
|      | <b>Net income attributable to:</b>                                                 |                   |           |                |           |
| 8610 | Shareholders of the parent                                                         | \$ 827,745        | 30        | 660,048        | 27        |
| 8620 | Non-controlling interests                                                          | (1,276)           | -         | (5,533)        | -         |
|      |                                                                                    | <b>\$ 826,469</b> | <b>30</b> | <b>654,515</b> | <b>27</b> |
|      | <b>Total comprehensive income attributable to:</b>                                 |                   |           |                |           |
| 8710 | Shareholders of the parent                                                         | \$ 826,664        | 30        | 660,274        | 27        |
| 8720 | Non-controlling interests                                                          | (1,269)           | -         | (5,479)        | -         |
|      |                                                                                    | <b>\$ 825,395</b> | <b>30</b> | <b>654,795</b> | <b>27</b> |
|      | <b>Earnings per share (note 6(o)):</b>                                             |                   |           |                |           |
| 9710 | Basic earnings per share (in New Taiwan dollars)                                   | <b>\$ 18.51</b>   |           | <b>15.02</b>   |           |
| 9810 | Diluted earnings per share (in New Taiwan dollars)                                 | <b>\$ 18.36</b>   |           | <b>14.93</b>   |           |

See accompanying notes to consolidated financial statements.

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

**Consolidated Statements of Changes in Equity**

**For the years ended December 31, 2021 and 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

|                                                      | Equity attributable to owners of parent |                 |               |                 |                         |           | Total other equity interest                                         |                                               |                           |              |
|------------------------------------------------------|-----------------------------------------|-----------------|---------------|-----------------|-------------------------|-----------|---------------------------------------------------------------------|-----------------------------------------------|---------------------------|--------------|
|                                                      |                                         |                 |               |                 | Retained earnings       |           | Exchange differences on translation of foreign financial statements | Total equity attributable to owners of parent | Non-controlling interests | Total equity |
|                                                      | Ordinary shares                         | Capital surplus | Legal reserve | Special reserve | Unappropriated earnings | Total     |                                                                     |                                               |                           |              |
| Balance at January 1, 2020                           | \$ 426,082                              | 59,512          | 309,915       | 2,957           | 1,115,977               | 1,428,849 | (4,543)                                                             | 1,909,900                                     | 132,918                   | 2,042,818    |
| Appropriation and distribution of retained earnings: |                                         |                 |               |                 |                         |           |                                                                     |                                               |                           |              |
| Legal reserve appropriated                           | -                                       | -               | 128,348       | -               | (128,348)               | -         | -                                                                   | -                                             | -                         | -            |
| Special reserve appropriated                         | -                                       | -               | -             | 834             | (834)                   | -         | -                                                                   | -                                             | -                         | -            |
| Cash dividends of ordinary share                     | -                                       | -               | -             | -               | (581,467)               | (581,467) | -                                                                   | (581,467)                                     | (8,971)                   | (590,438)    |
| Net income (loss)                                    | -                                       | -               | -             | -               | 660,048                 | 660,048   | -                                                                   | 660,048                                       | (5,533)                   | 654,515      |
| Other comprehensive income                           | -                                       | -               | -             | -               | (803)                   | (803)     | 1,029                                                               | 226                                           | 54                        | 280          |
| Total comprehensive income                           | -                                       | -               | -             | -               | 659,245                 | 659,245   | 1,029                                                               | 660,274                                       | (5,479)                   | 654,795      |
| Issue of shares                                      | 21,200                                  | 508,800         | -             | -               | -                       | -         | -                                                                   | 530,000                                       | -                         | 530,000      |
| Disposal of subsidiaries                             | -                                       | -               | -             | -               | -                       | -         | -                                                                   | -                                             | (31,886)                  | (31,886)     |
| Changes in non-controlling interests                 | -                                       | -               | -             | -               | -                       | -         | -                                                                   | -                                             | 2,441                     | 2,441        |
| Balance at December 31, 2020                         | 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)     |
| Special reserve reversal                             | -                                       | -               | -             | (97)            | 97                      | -         | -                                                                   | -                                             | -                         | -            |
| Cash dividends from capital surplus                  | -                                       | (402,554)       | -             | -               | -                       | -         | -                                                                   | (402,554)                                     | -                         | (402,554)    |
| Other changes in capital surplus                     | -                                       | 5               | -             | -               | -                       | -         | -                                                                   | 5                                             | -                         | 5            |
| 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    |

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, 2021 and 2020**  
**(Expressed in Thousands of New Taiwan Dollars)**

|                                                                                    | <u>2021</u>         | <u>2020</u>      |
|------------------------------------------------------------------------------------|---------------------|------------------|
| <b>Cash flows from operating activities:</b>                                       |                     |                  |
| Net income before tax                                                              | \$ 1,044,967        | 804,407          |
| <b>Adjustments:</b>                                                                |                     |                  |
| Adjustments to reconcile profit and loss:                                          |                     |                  |
| Depreciation                                                                       | 39,673              | 35,478           |
| Amortization                                                                       | 83                  | 110              |
| Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9 | (37,036)            | 65,002           |
| Interest expense                                                                   | 6,168               | 2,954            |
| Interest income                                                                    | (3,203)             | (2,474)          |
| Dividend income                                                                    | (1,055)             | (1,054)          |
| Loss on disposal of property, plant and equipment                                  | 153                 | 49               |
| Loss on disposal of investments                                                    | -                   | 4,074            |
| Lease modification gains                                                           | (21)                | (380)            |
| Total adjustments to reconcile profit                                              | 4,762               | 103,759          |
| Changes in assets / liabilities relating to operating activities:                  |                     |                  |
| Net changes in operating assets:                                                   |                     |                  |
| Notes receivable                                                                   | (21,554)            | (1,575)          |
| Accounts receivable and long-term accounts receivable                              | (177,609)           | 33,865           |
| Inventories                                                                        | (39,608)            | 8,609            |
| Prepayments                                                                        | (2,330)             | 11,913           |
| Other current assets                                                               | 8,015               | 1,145            |
| Total changes in operating assets, net                                             | (233,086)           | 53,957           |
| Net changes in operating liabilities:                                              |                     |                  |
| Contract liabilities                                                               | 62,019              | 29,499           |
| Notes payable                                                                      | (100)               | (777)            |
| Accounts payable                                                                   | 56,973              | (115,978)        |
| Other payables                                                                     | 33,222              | (98,766)         |
| Provisions                                                                         | 3,114               | 1,317            |
| Other current liabilities                                                          | 7,536               | (4,602)          |
| Net defined benefit liability                                                      | 9                   | 54               |
| Total changes in operating liabilities, net                                        | 162,773             | (189,253)        |
| Total changes in operating assets / liabilities, net                               | (70,313)            | (135,296)        |
| Total adjustments                                                                  | (65,551)            | (31,537)         |
| Cash provided by operating activities                                              | 979,416             | 772,870          |
| Interest income received                                                           | 3,064               | 2,247            |
| Income tax paid                                                                    | (182,535)           | (31,373)         |
| <b>Net cash provided by operating activities</b>                                   | 799,945             | 743,744          |
| <b>Cash flows from investing activities:</b>                                       |                     |                  |
| Acquisition of financial assets designated at fair value through profit or loss    | (5,000)             | (1,100)          |
| Proceeds from disposal of subsidiaries                                             | -                   | 17,397           |
| Acquisition of property, plant and equipment                                       | (18,581)            | (37,798)         |
| Proceeds from disposal of property, plant and equipment                            | -                   | 2,252            |
| Decrease (increase) in refundable deposits                                         | (1,051)             | 4,659            |
| Decrease (increase) in other non-current assets                                    | 4,745               | (2,095)          |
| Dividends received                                                                 | 1,055               | 1,054            |
| <b>Net cash used in investing activities</b>                                       | (18,832)            | (15,631)         |
| <b>Cash flows from financing activities:</b>                                       |                     |                  |
| Proceeds from long-term debt                                                       | -                   | 220,000          |
| Repayments of long-term debt                                                       | (16,875)            | -                |
| Payment of lease liabilities                                                       | (13,981)            | (10,915)         |
| Cash dividends paid                                                                | (402,554)           | (590,438)        |
| Proceeds from issuing shares                                                       | -                   | 530,000          |
| Interest paid                                                                      | (3,469)             | (3,710)          |
| Changes in non-controlling interests                                               | 17,105              | 2,441            |
| Surplus not paid due to overdue                                                    | 5                   | -                |
| <b>Net cash used in financing activities</b>                                       | (419,769)           | 147,378          |
| <b>Effect of exchange rate changes on cash and cash equivalents</b>                | (980)               | (783)            |
| <b>Net increase in cash and cash equivalents</b>                                   | 360,364             | 874,708          |
| <b>Cash and cash equivalents at beginning of period</b>                            | 1,616,607           | 741,899          |
| <b>Cash and cash equivalents at end of period</b>                                  | <u>\$ 1,976,971</u> | <u>1,616,607</u> |

See accompanying notes to consolidated financial statements.

## **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, 2021 and 2020, 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, 2021 and 2020, 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 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 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 37% of total assets of the Company as of December 31, 2021, and the impairment of notes, accounts and long-term accounts receivable depends on the evaluation of the management based on the evidence of internal and external factors, both subjective and objective. Therefore, we consider them as one of our key audit matters.

How the matter was addressed in our audit:

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

## 3. Inventory measurement

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

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

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

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

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)  
February 9, 2022

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

Parent Company Only Balance Sheets

(In Thousands of New Taiwan Dollars)

|                          |                                                                               | December 31, 2021 |     | December 31, 2020 |     |                               |                                                                   | December 31, 2021 |     | December 31, 2020 |     |
|--------------------------|-------------------------------------------------------------------------------|-------------------|-----|-------------------|-----|-------------------------------|-------------------------------------------------------------------|-------------------|-----|-------------------|-----|
|                          |                                                                               | Amount            | %   | Amount            | %   |                               |                                                                   | Amount            | %   | Amount            | %   |
| Assets                   |                                                                               |                   |     |                   |     | Liabilities and Equity        |                                                                   |                   |     |                   |     |
| Current assets:          |                                                                               |                   |     |                   |     | Current liabilities:          |                                                                   |                   |     |                   |     |
| 1100                     | Cash and cash equivalents (note 6(a))                                         | \$ 1,727,941      | 39  | 1,374,032         | 38  | 2130                          | Current contract liabilities (note 6(p))                          | \$ 75,607         | 2   | 22,048            | 1   |
| 1151                     | Notes receivable (notes 6(b) and (p))                                         | ,205              | -   | 175               | -   | 2150                          | Notes payable                                                     | 116               | -   | 216               | -   |
| 1170                     | Accounts receivable, net (notes 6(b) and (p))                                 | 1,019,149         | 23  | 807,253           | 22  | 2170                          | Accounts payable                                                  | 298,884           | 7   | 228,059           | 6   |
| 1180                     | Accounts receivable-related parties (notes 6(b), (p) and 7)                   | 340,347           | 8   | 203,697           | 6   | 2180                          | Accounts payable-related parties (note 7)                         | 42,021            | 1   | 40,788            | 1   |
| 1210                     | Other receivables-related parties(note 7)                                     | 3,620             | -   | 24,579            | 1   | 2209                          | Other payables (note 6(q))                                        | 300,689           | 7   | 284,794           | 8   |
| 130x                     | Inventories (note 6(c))                                                       | 385,442           | 9   | 338,993           | 9   | 2216                          | Dividends payable (note 6(n))                                     | 89,457            | 2   | -                 | -   |
| 1410                     | Prepayments                                                                   | 2,633             | -   | 2,740             | -   | 2220                          | Other payables-related parties (note 7)                           | 78,900            | 2   | 69,615            | 2   |
| 1479                     | Other current assets                                                          | 17                | -   | 5,113             | -   | 2230                          | Current tax liabilities                                           | 194,852           | 4   | 166,590           | 5   |
| Total current assets     |                                                                               | 3,479,354         | 79  | 2,756,582         | 76  | 2250                          | Provisions — current (note 6(j))                                  | 16,556            | -   | 13,442            | -   |
| Non-current assets:      |                                                                               |                   |     |                   |     | 2280                          | Current lease liabilities (note 6(i))                             | 14,684            | -   | 10,326            | -   |
| 1510                     | Financial assets at fair value through profit or loss—non-current (note 6(e)) | 9,644             | -   | 9,644             | -   | 2313                          | Deferred income (note 6(k))                                       | 990               | -   | 1,038             | -   |
| 1550                     | Investment using the equity method (note 6(d))                                | 131,297           | 3   | 104,717           | 3   | 2322                          | Current portion of long-term borrowings (note 6(k))               | 27,500            | 1   | 16,875            | -   |
| 1600                     | Property, plant and equipment (note 6(f))                                     | 237,639           | 5   | 240,404           | 7   | 2399                          | Other current liabilities                                         | 4,529             | -   | 1,785             | -   |
| 1755                     | Right-of-use assets (note 6(g))                                               | 259,549           | 6   | 73,376            | 2   | Total current liabilities     |                                                                   | 1,144,785         | 26  | 855,576           | 23  |
| 1780                     | Intangible assets (note 6(h))                                                 | -                 | -   | 83                | -   | Non-current liabilities:      |                                                                   |                   |     |                   |     |
| 1840                     | Deferred income tax assets (note 6(m))                                        | 46,831            | 1   | 54,030            | 1   | 2540                          | Long-term borrowings (note 6(k))                                  | 173,190           | 4   | 199,535           | 6   |
| 1920                     | Refundable deposits                                                           | 8,401             | -   | 8,720             | -   | 2580                          | Non-current lease liabilities (note 6(i))                         | 248,383           | 6   | 64,313            | 2   |
| 1932                     | Long-term receivables (notes 6(b) and (p))                                    | 132,127           | 3   | 141,032           | 4   | 2630                          | Long-term deferred income (note 6(k))                             | 1,445             | -   | 2,552             | -   |
| 1942                     | Long-term receivable-related parties ( notes 6(b) 、(p) and 7 )                | 118,436           | 3   | 258,003           | 7   | 2640                          | Net defined benefit liabilities (note 6(l))                       | 11,692            | -   | 11,286            | -   |
| 1995                     | Other non-current assets (notes 8)                                            | 11,551            | -   | 16,296            | -   | 2650                          | Investment using the equity method with credit balance(note 6(d)) | 3,289             | -   | 10,918            | -   |
| Total non-current assets |                                                                               | 955,475           | 21  | 906,305           | 24  | Total non-current liabilities |                                                                   | 437,999           | 10  | 288,604           | 8   |
|                          |                                                                               |                   |     |                   |     | Total liabilities             |                                                                   | 1,582,784         | 36  | 1,144,180         | 31  |
|                          |                                                                               |                   |     |                   |     | Equity(note 6(n)):            |                                                                   |                   |     |                   |     |
|                          |                                                                               |                   |     |                   |     | Ordinary shares               |                                                                   | 447,282           | 10  | 447,282           | 12  |
|                          |                                                                               |                   |     |                   |     | Capital surplus:              |                                                                   |                   |     |                   |     |
|                          |                                                                               |                   |     |                   |     | 3211                          | Additional paid-in capital                                        | 165,731           | 4   | 568,285           | 16  |
|                          |                                                                               |                   |     |                   |     | 3235                          | Changes in equities of subsidiaries                               | -                 | -   | 4                 | -   |
|                          |                                                                               |                   |     |                   |     | 3280                          | Other capital surplus                                             | 28                | -   | 23                | -   |
|                          |                                                                               |                   |     |                   |     |                               |                                                                   | 165,759           | 4   | 568,312           | 16  |
|                          |                                                                               |                   |     |                   |     | Retained earnings:            |                                                                   |                   |     |                   |     |
|                          |                                                                               |                   |     |                   |     | 3310                          | Legal reserve                                                     | 501,410           | 11  | 438,263           | 12  |
|                          |                                                                               |                   |     |                   |     | 3320                          | Special reserve                                                   | 3,694             | -   | 3,791             | -   |
|                          |                                                                               |                   |     |                   |     | 3350                          | Unappropriated retained earnings                                  | 1,738,098         | 39  | 1,064,573         | 29  |
|                          |                                                                               |                   |     |                   |     |                               |                                                                   | 2,243,202         | 50  | 1,,506,627        | 41  |
|                          |                                                                               |                   |     |                   |     | Other equity interest:        |                                                                   |                   |     |                   |     |
|                          |                                                                               |                   |     |                   |     | 3410                          | Foreign currency translation differences for foreign operations   | (4,198)           | -   | (3,514)           | -   |
| Total assets             |                                                                               | \$ 4,434,829      | 100 | 3,662,887         | 100 | Total equity                  |                                                                   | 2,852,045         | 64  | 2,518,707         | 69  |
|                          |                                                                               |                   |     |                   |     | Total liabilities and equity  |                                                                   | \$ 4,434,829      | 100 | 3,662,887         | 100 |

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

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

|      |                                                                                    | 2021              |           | 2020           |           |
|------|------------------------------------------------------------------------------------|-------------------|-----------|----------------|-----------|
|      |                                                                                    | Amount            | %         | Amount         | %         |
| 4000 | <b>Operating revenue (note 6(p) and 7)</b>                                         | \$ 2,573,526      | 100       | 2,263,325      | 100       |
| 5000 | <b>Operating costs (notes 6(c), (f), (g), (i),(j),(l),(q)and 7)</b>                | 1,030,315         | 40        | 848,714        | 37        |
|      | <b>Gross profit</b>                                                                | 1,543,211         | 60        | 1,414,611      | 63        |
| 5910 | Decrease: unrealized sales benefits                                                | 5,032             | -         | 4,580          | -         |
| 5900 | <b>Gross profit from operations</b>                                                | 1,538,179         | 60        | 1,410,031      | 63        |
| 6000 | <b>Operating expenses (notes 6(b), (f), (g), (h) ,(i), (l),(q)and 7):</b>          |                   |           |                |           |
| 6100 | Selling expenses                                                                   | 155,856           | 6         | 148,791        | 6         |
| 6200 | Administrative expenses                                                            | 113,323           | 5         | 102,152        | 5         |
| 6300 | Research and development expenses                                                  | 253,190           | 10        | 221,156        | 10        |
| 6450 | Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9 | (15,520)          | (1)       | 38,024         | 2         |
|      | <b>Total operating expenses</b>                                                    | 506,849           | 20        | 510,123        | 23        |
|      | <b>Net operating income</b>                                                        | 1,031,330         | 40        | 899,908        | 40        |
| 7000 | <b>Non-operating income and expenses (note 6(i), (r) and 7)):</b>                  |                   |           |                |           |
| 7100 | Interest income                                                                    | 2,754             | -         | 1,833          | -         |
| 7010 | Other income                                                                       | 33,411            | 1         | 34,667         | 1         |
| 7020 | Other gains and losses                                                             | (26,662)          | (1)       | (77,844)       | (3)       |
| 7050 | Financial costs                                                                    | (6,149)           | -         | (2,894)        | -         |
| 7775 | Share of profit (losses) of subsidiaries for using equity method                   | 5,121             | -         | (48,387)       | (2)       |
|      | <b>Total non-operating income and expenses</b>                                     | 8,475             | -         | (92,625)       | (4)       |
|      | <b>Net income before tax</b>                                                       | 1,039,805         | 40        | 807,283        | 36        |
| 7950 | <b>Less: Income tax expenses (note 6(m))</b>                                       | 212,060           | 8         | 147,235        | 7         |
|      | <b>Net income</b>                                                                  | 827,745           | 32        | 660,048        | 29        |
| 8300 | <b>Other comprehensive income (loss):</b>                                          |                   |           |                |           |
| 8310 | <b>Items that will not be reclassified subsequently to profit or loss:</b>         |                   |           |                |           |
| 8311 | Losses on remeasurements of defined benefit plans                                  | (397)             | -         | (803)          | -         |
| 8349 | Less: income tax related to items that will not be reclassified to profit or loss  | -                 | -         | -              | -         |
|      | <b>Total items that will not be reclassified subsequently to profit or loss</b>    | (397)             | -         | (803)          | -         |
| 8360 | <b>Items that will be reclassified subsequently to profit or loss:</b>             |                   |           |                |           |
| 8361 | Financial statements translation differences for foreign operations                | (855)             | -         | 953            | -         |
| 8399 | Less: income tax related to items that will be reclassified to profit or loss      | (171)             | -         | (76)           | -         |
|      | <b>Total items that will be reclassified subsequently to profit or loss</b>        | (684)             | -         | 1,029          | -         |
| 8300 | <b>Other comprehensive income (loss), net of tax</b>                               | (1,081)           | -         | 226            | -         |
| 8500 | <b>Total comprehensive income</b>                                                  | <u>\$ 826,664</u> | <u>32</u> | <u>660,274</u> | <u>29</u> |
|      | <b>Earnings per share (note 6(o)):</b>                                             |                   |           |                |           |
| 9710 | Basic earnings per share (in New Taiwan dollars)                                   | <u>\$ 18.51</u>   |           | <u>15.02</u>   |           |
| 9810 | Diluted earnings per share (in New Taiwan dollars)                                 | <u>\$ 18.36</u>   |           | <u>14.93</u>   |           |

(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)

|                                                      |                 |                 | Retained earnings |                 |                         |           | Total other equity interest                                         |              |
|------------------------------------------------------|-----------------|-----------------|-------------------|-----------------|-------------------------|-----------|---------------------------------------------------------------------|--------------|
|                                                      | Ordinary shares | Capital surplus | Legal reserve     | Special reserve | Unappropriated earnings | Total     | Exchange differences on translation of foreign financial statements | Total equity |
| Balance at January 1, 2020                           | \$ 426,082      | 59,512          | 309,915           | 2,957           | 1,115,977               | 1,428,849 | (4,543)                                                             | 1,909,900    |
| Appropriation and distribution of retained earnings: |                 |                 |                   |                 |                         |           |                                                                     |              |
| Legal reserve appropriated                           | -               | -               | 128,348           | -               | (128,348)               | -         | -                                                                   | -            |
| Special reserve appropriated                         | -               | -               | -                 | 834             | (834)                   | -         | -                                                                   | -            |
| Cash dividends of ordinary share                     | -               | -               | -                 | -               | (581,467)               | (581,467) | -                                                                   | (581,467)    |
| Net income                                           | -               | -               | -                 | -               | 660,048                 | 660,048   | -                                                                   | 660,048      |
| Other comprehensive income                           | -               | -               | -                 | -               | (803)                   | (803)     | 1,029                                                               | 226          |
| Total comprehensive income                           | -               | -               | -                 | -               | 659,245                 | 659,245   | 1,029                                                               | 660,274      |
| Issue of shares                                      | 21,200          | 508,800         | -                 | -               | -                       | -         | -                                                                   | 530,000      |
| Balance at December 31, 2020                         | 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)     |
| Special reserve reversal                             | -               | -               | -                 | (97)            | 97                      | -         | -                                                                   | -            |
| Cash dividends from ordinary share                   | -               | (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    |

## MACHVISION INC.

## Parent Company Only Statements of Cash Flows

(In Thousands of New Taiwan Dollars)

|                                                                                    | 2021                | 2020             |
|------------------------------------------------------------------------------------|---------------------|------------------|
| <b>Cash flows from operating activities:</b>                                       |                     |                  |
| Net income before tax                                                              | \$ 1,039,805        | 807,283          |
| <b>Adjustments:</b>                                                                |                     |                  |
| Adjustments to reconcile profit and loss:                                          |                     |                  |
| Depreciation                                                                       | 34,660              | 30,613           |
| Amortization                                                                       | 83                  | 110              |
| Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9 | (15,520)            | 38,024           |
| Interest expense                                                                   | 6,149               | 2,894            |
| Interest income                                                                    | (2,754)             | (1,833)          |
| Dividend income                                                                    | (884)               | (884)            |
| Net loss(gain) of investment using equity method                                   | (5,121)             | 48,387           |
| Loss on disposal of property, plant and equipment                                  | 121                 | -                |
| Loss on disposal of investments                                                    | -                   | 1,826            |
| Unrealized sales benefits                                                          | 5,032               | 4,580            |
| Lease modification gains                                                           | -                   | (379)            |
| Total adjustments to reconcile profit                                              | 21,766              | 123,338          |
| Changes in assets / liabilities relating to operating activities:                  |                     |                  |
| Net changes in operating assets:                                                   |                     |                  |
| Notes receivable                                                                   | (30)                | (130)            |
| Accounts receivable(long-term included)                                            | (187,332)           | 107,405          |
| Accounts receivable-related parties(long-term included)                            | 3,337               | (119,251)        |
| Other receivables-related parties                                                  | 20,959              | 1,088            |
| Inventories                                                                        | (50,022)            | 24,126           |
| Prepayments                                                                        | 107                 | 10,665           |
| Other current assets                                                               | 5,096               | 5,015            |
| Total changes in operating assets, net                                             | (207,885)           | 28,918           |
| Net changes in operating liabilities:                                              |                     |                  |
| Contract liabilities                                                               | 53,599              | 20,558           |
| Notes payable                                                                      | (100)               | (777)            |
| Accounts payable                                                                   | 71,110              | (116,033)        |
| Accounts payable-related parties                                                   | 1,233               | 8,999            |
| Other payables                                                                     | 15,895              | (93,067)         |
| Other payables-related parties                                                     | 9,285               | 11,257           |
| Provisions                                                                         | 3,114               | 1,317            |
| Other current liabilities                                                          | 2,744               | (3,235)          |
| Net defined benefit liability                                                      | 9                   | 54               |
| Total changes in operating liabilities, net                                        | 156,849             | (170,927)        |
| Total changes in operating assets / liabilities, net                               | (51,036)            | (142,009)        |
| Total adjustments                                                                  | (29,270)            | (18,671)         |
| Cash provided by operating activities                                              | 1,010,535           | 788,612          |
| Interest income received                                                           | 2,195               | 1,684            |
| Income tax paid                                                                    | (176,428)           | (27,281)         |
| <b>Net cash provided by operating activities</b>                                   | <b>836,302</b>      | <b>763,015</b>   |
| <b>Cash flows from investing activities:</b>                                       |                     |                  |
| Acquisition of investments accounted for using the equity method                   | (36,295)            | (48,725)         |
| Proceeds from disposal of subsidiaries                                             | -                   | 32,079           |
| Proceeds from capital reduction of investments accounted for using equity method   | -                   | 5,016            |
| Acquisition of property, plant and equipment                                       | (16,523)            | (25,773)         |
| Proceeds from disposal of property, plant and equipment                            | -                   | 2,252            |
| Decrease in refundable deposits                                                    | 319                 | 996              |
| Decrease (increase) in other non-current assets                                    | 4,745               | (2,095)          |
| Dividends received                                                                 | 884                 | 12,734           |
| <b>Net cash used in investing activities</b>                                       | <b>(46,870)</b>     | <b>(23,516)</b>  |
| <b>Cash flows from financing activities:</b>                                       |                     |                  |
| Proceeds from long-term debt                                                       | -                   | 220,000          |
| Payment of lease liabilities                                                       | (16,875)            | -                |
| Payment of lease liability                                                         | (12,649)            | (8,991)          |
| Cash dividends paid                                                                | (402,554)           | (581,467)        |
| Proceeds from issuing shares                                                       | -                   | 530,000          |
| Interest paid                                                                      | (3,450)             | (3,559)          |
| Surplus not paid due to overdue                                                    | 5                   | -                |
| <b>Net cash used in financing activities</b>                                       | <b>(435,523)</b>    | <b>155,983</b>   |
| <b>Net increase in cash and cash equivalents</b>                                   | <b>353,909</b>      | <b>895,482</b>   |
| <b>Cash and cash equivalents at beginning of period</b>                            | <b>1,374,032</b>    | <b>478,550</b>   |
| <b>Cash and cash equivalents at end of period</b>                                  | <b>\$ 1,727,941</b> | <b>1,374,032</b> |

**Attachment 4**

**MACHVISION, INC.**  
**Earnings distribution statement**  
**2021**

**Unit: NTD**

|                                                                                                                                                                            |                      |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| <b>Undistributed earnings at the beginning of the period</b>                                                                                                               | <b>1,042,099,922</b> |
| Increase : Net income-after tax, in 2021                                                                                                                                   | 827,745,364          |
| Decrease: Determine the welfare plan (loss) benefits                                                                                                                       | (397,030)            |
| Decrease: Changes in ownership interests in subsidiaries                                                                                                                   | (1,315,960)          |
| Undistributed earnings in the current year                                                                                                                                 | 1,868,132,296        |
| Decrease: Legal reserve (10%)                                                                                                                                              |                      |
| For the six months ended June 30, 2021                                                                                                                                     | (40,397,925)         |
| Differences                                                                                                                                                                | (42,205,312)         |
| Reversal of Special reserve                                                                                                                                                |                      |
| For the six months ended June 30, 2021                                                                                                                                     | (180,332)            |
| Differences                                                                                                                                                                | (503,686)            |
| Item :                                                                                                                                                                     |                      |
| Less : Distributed earnings<br>Cash dividends-2021 midterm                                                                                                                 | (89,456,468)         |
| Less : Distributed earnings<br>Cash dividends-2021                                                                                                                         | (402,554,106)        |
| Undistributed earnings at the end of the period                                                                                                                            | 1,292,834,467        |
| 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: Wen, Pei-Chun**

## **Appendix 1**

### **Corporate Charter of MACHVISION Inc Co., Ltd.**

#### **Chapter 1 General Provisions**

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

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

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

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

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

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

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

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

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

#### **Chapter 2 Shares**

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

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

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

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

### **Chapter 3 Shareholders' Meeting**

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

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

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

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

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

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

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

### **Chapter 4 Directors, Audit Committees**

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

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

Article 17: When the number of vacancies in the Board of Directors of the Company equals to one third of the total number of Directors or all the Independent Directors have been dismissed for any reason, the Board of Directors shall call a meeting of shareholders to elect succeeding

Directors to fill the vacancies. The new Directors shall serve the remaining term of service until the expiry of the existing Directors' present term of office, except for the overall re-election of Directors.

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

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

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

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

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

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

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

Article 22-1: The Company shall set up the Audit Committee according to laws, which shall consist of the entire Independent Directors. Powers conferred by the Company Act, the Securities and Exchange Act and any other law to be exercised by supervisors shall be exercised by the Audit Committee.

Matters concerning the number of committee members, the tenure, the authority and

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

## **Chapter 5 Managerial officers and staffs**

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

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

## **Chapter 6 Final Accounts**

Article 25: At the end of each fiscal year, the Board of Directors shall prepare the following documents:

(1) Business report (2) Financial report (3) Proposal for allocating profit or covering loss, which shall be submitted to the Audit Committee for review and approval 30 days prior to the regular shareholders' meetings in accordance with the laws, and submitted to the regular shareholders' meetings for approval.

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

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

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

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

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

According to Paragraph 5, Article 240 of the Company Act, the Company may authorize the distributable dividends and bonuses, or legal reserve and capital reserve set forth in Paragraph 1, Article 241 of the Company Act, in whole or in part, to be paid in cash after a

resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; in addition thereto, a report of such distribution shall be submitted to the shareholders' meeting.

## **Chapter 7 Supplemental Provisions**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The 17th amendment was made on May 29, 2019

MACHVISION Inc Co., Ltd.

Chairman: Wang, Guang-Shiah

## Appendix 2

### **MACHVISION Inc Co., Ltd.** **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 armband. 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 3

### Shareholding of All Directors

As of the date of transfer termination (March 28, 2022), 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    | 275,998               | 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 28, 2022), 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% ; 4,558,327 shares

## Appendix 4

### 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 15, 2022 to March 25, 2022. And which is released and publicized at <http://mops.twse.com.tw>.
3. No shareholders' proposed motions during the specified time period.