

MACHVISION Inc. Co., LTD

2023 Annual Report

Notice to readers

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

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

Spokesperson

Name: CHEN FU-SHENG

Title: General Manager

Tel: 886-3-5638599

E-mail: spokesman@machvision.com.tw

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

Name: CHEN HUANG-CHIH

Title: Chief in the Marketing Department

Tel: 886-3-5638599

E-mail: spokesman@machvision.com.tw

Stock Transfer Agent

Transfer Agency Department of Chinatrust Commercial Bank

Address: 5th Floor, No. 83, Section 1, Chongching South Road, Zhongzheng District, Taipei City

Tel: 886-2-66365566

Website: <http://ecorp.ctbcbank.com/cts/index.jsp>

Auditors

KPMG Taiwan

Auditors: Chung Shun Wu, Chang Chun I

Address: 68th Floor, No. 7, Section 5, Xinyi Road, Taipei City

Tel.: 886-2-81016666

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

Overseas Securities Exchange

Not applicable.

Corporate Website

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

Contents

I. Letter to Shareholders.....	3
 II. Company Profile	
2.1 Date of Incorporation.....	5
2.2 Company History	5
 III. Corporate Governance Report	
3.1 Organization.....	8
3.2 Directors and Management Team.....	12
3.3 Remuneration of Directors, Independent Directors, President, and Vice Presidents.....	21
3.4 Implementation of Corporate Governance	26
3.5 Information Regarding the Company's Audit Fee and Independence.....	77
3.6 Replacement of CPA	78
3.7 Audit Independence	80
3.8 Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders	77
3.9 Relationship among the Top Ten Shareholders.....	81
3.10 Ownership of Shares in Affiliated Enterprises.....	82
 IV. Capital Overview	
4.1 Capital and Shares.....	83
4.2 Status of Corporate Bond	88
4.3 Status of Preferred Stocks	88
4.4 Status of GDR/ADR.....	88
4.5 Status of Employee Stock Option Plan.....	88
4.6 Status of New Employee Restricted Stock Issuance.....	88
4.7 Status of New Shares Issuance in Connection with Mergers and Acquisitions....	88
4.8 Financing Plans and Implementation.....	88
 V. Operational Highlights	
5.1 Business Activities.....	89
5.2 Market and Sales Overview.....	104
5.3 Human Resources.....	115
5.4 Environmental Protection Expenditure.....	116
5.5 Labor Relations.....	116
5.6 Information-Communication Security Management.....	122
5.7 Important Contracts.....	126

VI. Financial Information

6.1 Five-Year Financial Summary.....	127
6.2 Five-Year Financial Analysis.....	131
6.3 Audit Committee's Report in the Most Recent Year	135
6.4 Financial Statements for the Years Ended December 31, 2023 and 2022, and Independent Auditors' Report.....	135
6.5 Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022, and Independent Auditors' Report.....	135

VII. Review of Financial Conditions, Operating Results, and Risk Management

7.1 Analysis of Financial Status.....	136
7.2 Analysis of Financial Performance	137
7.3 Analysis of Cash Flow.....	138
7.4 Major Capital Expenditure Items.....	139
7.5 Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year.....	139
7.6 Analysis of Risk Management.....	140
7.7 Other material matters.....	143

VIII. Special Disclosure

8.1 Summary of Affiliated Companies.....	144
8.2 Private Placement Securities in the Most Recent Years.....	147
8.3 Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years	149
8.4 Other Necessary Supplementary Notes.....	149

IX. Occurrence of events that have a significant impact on shareholders' equity or the price of securities as specified in Article 36, Paragraph 3, Subparagraph 2 of Securities and Exchange Act in the most Recent Year up to the Publication Date of this Annual Report.....

149

I. Letter to Shareholders

2023 Business Report

Thank you for visiting shareholders' meeting in 2024. Over the past year, the Group's revenue in 2023 was NT\$ 1.7 billion, decline of 16.25%. The net profit after tax in 2023 was NTD\$412,619 thousands, decline of 30.27%. The operating net profit margin was 26.03%, the net profit after tax was 23.44%, the return on assets was 8.52%, and the return on equity was 10.07%

1. Business Performance in 2023

(1) Business Performance

Unit: NTD thousands

	2023		2022		Increase(decrease)	
	Amount	%	Amount	%	Amount	%
Operating revenues	1,760,590	100.00	2,102,302	100.00	(341,712)	(16.25)
Gross profit	1,044,697	59.34	1,214,188	57.76	(169,491)	(13.96)
Operating income	458,214	26.03	633,562	30.14	(175,348)	(27.68)
Net income before income tax	506,227	28.75	733,890	34.91	(227,663)	(31.02)
Net income after income tax	412,619	23.44	591,776	28.15	(179,157)	(30.27)
Earnings per share (NT\$)	8.21		13.35		(5.14)	

(2) Budget execution

The company did not disclose financial forecasts in 2023.

(3) Financial income and expenditure and profitability analysis

			2023	2022	2021
Profitability	Return on assets (%)		8.52	14.08	20.23
	Return on equity (%)		10.07	19.81	29.70
	Rate to paid-up capital (%)	Operating income	141.65	238.95	194.31
		Pre-tax net profit	164.08	233.63	179.84
	Net profit ratio (%)		23.44	28.15	30.05
	Earnings per share (NT\$)		8.21	13.35	18.51

(4) Research and development status

The main research and development of the company in 2023 were as follows:

1. Index 4W Tester
2. CSP 4W Tester
3. COLOR CSP AOI 4.0
4. Color FC AVI & Bump AOIM
5. Lead Frame AVI
6. Developing IC packaging 2 and 3D inspection technology.

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

Important production and sales policy and company development strategies :

With Taiwan's advantages in the field of semiconductors, several customers have greatly expanded their IC substrate and flexible board business in Taiwan. At Machvision, we will continue to invest in the research and development of niche products and develop new products. Through collaboration with the strategic investor, the group of Advanced Semiconductor Engineering, we are jointly developing high-cost-effective new products and continuously investing in the development of electrical testing equipment. This is to significantly reduce the purchase and labor costs of production equipment for customers, enhancing competitiveness. We are also introducing corresponding products for different industries to foster industrial development.

Under the uncertainties of global economic development, more than 20 PCB manufacturers from both sides of the Taiwan Strait have announced their entry into Thailand. Machvision has already laid out plans to establish manufacturing facilities in Thailand, coordinating with customers' factory construction plans to provide localized service capacity in a timely manner.

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 2024, the Smart Image R&D Center was established to invest more R&D resources to develop new products, create a larger market, and improve business performance and profits.

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

Chairman: Wang, Guang-Shiah

General Manager: Chen, Fu-Sheng

Accounting Supervisor: Su, Yi-Fan

II. Company Profile

2.1 Date of Incorporation: June 9th, 1998.

2.2 Company History

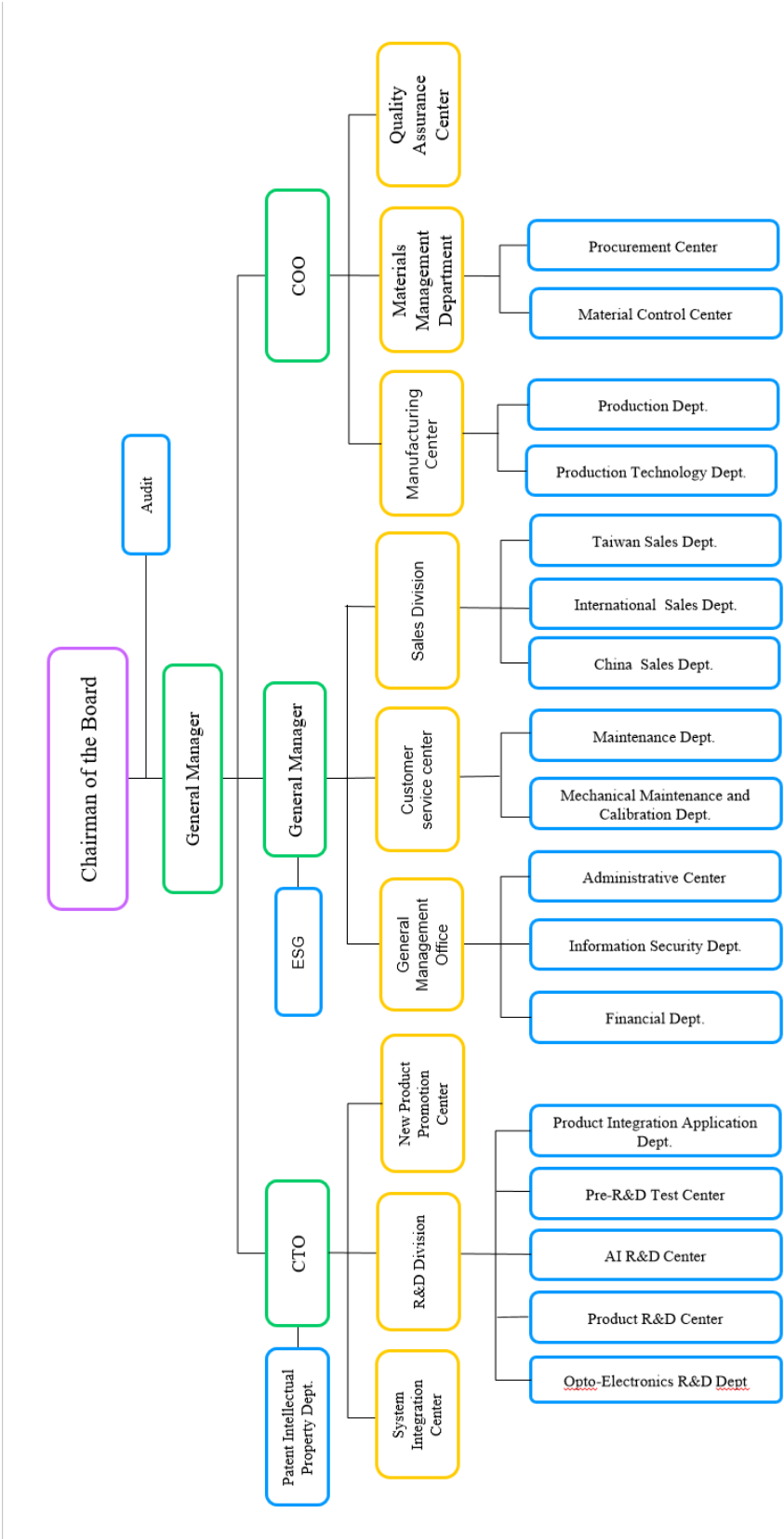
Year	Milestones
Jun. 1998	Established the research and development center of Machvision Technology Co., Ltd., with a paid-up capital of NTD\$39,900 thousands. Started development of general-purpose 2.5D measuring machine
Mar. 1999	Started to develop linear scanning technology.
Sep. 1999	Started development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

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

Year	Milestones
Aug. 2012	Capital increase by retained earnings for NTD\$30,668 thousands, and the paid-up capital after the capital increase was NTD\$337,347 thousands.
Sep. 2012	Launched FCCSP appearance inspection machine (elastic type).
Oct. 2012	Launched large countertop appearance inspection machine
Dec. 2012	Launched flexible appearance inspection machine.
Jul. 2013	Capital increase by retained earnings of NTD\$33,735 thousands, and the amount of paid-up capital after capital increase was NTD\$371,082 thousands.
Aug. 2013	Introduced new automatic appearance inspection machine AFI2 3000x400.
Oct. 2013	Capital increase for NTD\$55,000 thousands, and the paid-up capital after the capital increase was NTD\$426,735 thousands.
Jan. 2014	Moved to newly acquired building, No. 2~3, Industrial East 2nd Road, Hsinchu Science Park.
Mar. 2015	Launched PCB appearance inspection machine AOFI.
May. 2016	Introduced wafer appearance inspection machine Wafer AVI.
Apr. 2017	Introduced smart AOI 4.0.
Dec. 2017	Launched flexible PCB continuous circuit inspection machine
Aug. 2018	Launched thin film flip chip package appearance inspection machine and thin film flip chip packaging circuit inspection machine.
Sep. 2018	AI R&D Center established.
Mar. 2019	Established the Bethel Unicorn Incubation Center
Apr. 2019	Got listed on the Taiwan Stock Exchange Corporation (TSEC)
Oct. 2019	Introduced Color CSP AFI
May 2020	Capital increase for NTD\$21,200 thousands, and the paid-up capital after the capital increase was NTD\$447,282 thousands.
Oct. 2020	Introduced Tray In(Out) inspection equipment, including of AVI , bump, and board warpage.
Apr. 2021	Introduced Multifield Laservia Inspector
Sep. 2021	Introduced FPCB Assembly AVI
Nov. 2022	Introduced CSP AFI (High Throughput version)
Dec. 2022	Introduced Lead Frame AVI
Apr. 2023	A private placement of 134,180 thousand was conducted, and the actual capital received after the private placement was 581,462 thousand.

III. Corporate Governance Report

3.1 Organization



3.1.1 Organizational Chart

3.1.2 Major Corporate Functions

Department	Tasks and responsibility
Audit Department	1. Check whether company's internal control system continues to operate effectively, whether operational activities are carried out according to established plan, whether laws and regulations are actually followed and propose improvements. 2. Coordinate and promote self-inspection operations of relevant internal control implementations of various departments.
ESG Department	1. ESG-related publicity, event promotion and information exposure. 2. Company image publication planning. 3. Product Marketing Planning. 4. Promotion activities.
Sales Division	1. Responsible for sales, promotion and execution of various products. 2. Responsible for business gathering and market development, analysis and forecasting.
Customer Service Department	1. Installation, testing, upgrade, customer education training and question and answer after sales of domestic and foreign machines. 2. Various engineering support work within the company.
Product Operation Center	1. Integrate system resources of various departments. 2. Process improvement works in various departments.
Manufacturing Center	1. Responsible for the assembly of all project machines. 2. Support all projects to carry out a large number of on-site upgrades and installations. 3. Technical data management. 4. Responsible for the installation and testing of all project machines. 5. Responsible for all project machines to be handed over to the quality assurance inspection assembly.
Material Control Center	1. Production scheduling. 2. Production/logistics/warehousing management.

Department	Tasks and responsibility
Procurement Center	1. Plan various direct/indirect material procurement strategies and formulate procurement performance targets. 2. Collect market information on supply and demand and prices of materials in the industry, and maintain good relations with various manufacturers. 3. Integrate production schedule and material balance, and is responsible for production and sales coordination. 4. Inventory management.
Project Purchasing Department	1. Market Intelligence Search Set. 2. New supplier development and verification. 3. Negotiation of prices, distribution and evaluation of new suppliers.
Patent Intellectual Property Dept.	1. Patent application planning. 2. Patent management and dispute resolution.
R&D Department	Pre-development testing center: 1. Core algorithm development. 2. New technology integration design. 3. Feasibility assessment of new product development. Artificial
	Intelligence R&D Center: 1. Develop and improve AI technologies. 2. AI technologies import to AOI and AVI products
	Optics-Electronics R & D Department: 1. Support the core technologies required for each project development. 2. Optical machine designs and optical machine experiments. 3. Project image data maintenance. 4. Collection and summary of project documents. 5. R&D to production data and technology transfer. 6. Engineering change data transfer (drawing, material list, checklist).
	Product research and development: 1. Develop and develop new products. 2. Control and conduct development projects. 3. Support the core technologies required for each project development. 4. Collection/induction of project documentations.
	Product Integration Application Department 1. Product review in the initial R&D process and the improvement process. 2. Assembling and installing of all R&D machines. To improve and manage the technical and testing documents. 3. Support R&D Demo and PK.

Department	Tasks and responsibility
New Product Promotion Center	1. Market intelligence collection and customer demand function understanding. 2. New product development and function confirmation. 3. Customer product verification and feedback review. 4. New product education and training for business and customer service units.
Document Management Center	1. Responsible for the management of the issuance, recycling, destruction and archiving of related documents. 2. Production, modification, filing and storage of technical documents. 3. Technical drawings, engineering specifications, BOM changes/releases/management.
Administration center	Administrative Personnel Center: 1. Coordinating administrative, general affairs, and human resources matters. 2. Planning, coordination and promotion of project plans. 3. Company image and marketing affairs planning and execution. Labor Safety Center: 1. Responsible for work environment safety measures. 2. Emergency response plan. 3. Health implementation of labor safety operations. Human resources: 1. Human resources. 2. Responsible for shaping of the corporate image and developing PR strategies and campaigns.
Information Security Management Department	1. Responsible for the planning, promotion and management of company information operations. 2. Information computerization promotion center. 3. Various computerized information collection, provision and control. 4. Various software and hardware equipment planning and control. 5. Various computer knowledge education and training implementation promotion center.
Financial Department	1. Responsible for accounting operations, business analysis and tax planning. 2. Responsible for financing planning, fund management and scheduling, and customer credit management. 3. Long-term and short-term investment evaluation and management.

3.2 Directors and Management Team

3.2.1 Directors

March 27, 2023

Title	Nationality/ Place of Incorporation	Name	Gender/ Age	Date Elected MM/DD/YYYY	Term (Years)	Date First Elected MM/DD/YYYY	Shareholding when		Current		Spouse & Minor		Shareholding by		Experience (Education)	Other Position	Executives, Directors or			Remark(s) (Note)
							Elected		Shareholding		Shareholding		Arrangement				Supervisors Who are			
							Shares	%	Shares	%	Shares	%	Shares	%			Spouses or within Two Degrees of Kinship			
																	Title	Name	Relation	
Chairman	R.O.C.	WANG/ GUANG-SHIAH	Male/ 60-70	07/20/2021	3	05/26/1998	1,426,740	3.19%	1,456,740	2.51%	36,426	0.07%	-	-	Ph.D., Institute of Industrial Engineering, Pennsylvania State University Professor, Department of Industrial Engineering Management, Chung Hua University	Company's chief technical officer Director of Machvision (Dongguan) Inc.. Chairman of SISSCA Co.,Ltd. (legal representative)	-	-	-	
Director	R.O.C.	CHUANG/ YUNG-SHUN	Male/ 71-80	07/20/2021	3	12/07/2005	417,711	0.93%	447,711	0.77%	-	-	-	-	Master of International Business Studies, National Taiwan University Master of Business Administration, Tulane University, USA Bachelor of Electronic Engineering, National Taiwan University of Science and Technology Chairman of AAEON Technology Co., Ltd.	Chairman of AAEON Technology Co., Ltd. (legal representative) Chairman of AAENO Investment Co., Ltd. (legal representative) Chairman of ONYX Healthcare Inc. (legal representative) Chairman of AAEON Technology (Suzhou) Co., Ltd. (legal representative)	-	-	-	Please see note 1 for other concurrent positions.

Title	Nationality/ Place of Incorporation	Name	Gender/ Age	Date Elected MM/DD/YYYY	Term (Years)	Date First Elected MM/DD/YYYY	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark(s) (Note)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	R.O.C.	YU/ MING-CHANG	Male/ 61-70	07/20/2021	3	08/07/2008	1,073,940	2.40%	1,073,940	1.85%	16,636	0.03%	—	—	Master of Electrical Engineering, Tsinghua University Deputy General Manager of Stark Technology Co., Ltd.	Director of Stark Technology Inc. Director of Aspeed Technology Co., Ltd. (legal representative) Director of Atech OEM Technology Inc. Director of board of ChipAI Co., LTD.(legal representative) Independent director of CipherLab Co., Ltd.				
Director	R.O.C.	CHANG/ YUNG-YANG	Male/ 71-80	07/20/2021	3	05/25/2007	1,333,904	2.98%	1,366,904	2.35%	—	—	—	—	Doctor of Science and Technology, Institute of Science and Technology Management, Chung Hua University Associate Professor, Kainan University Vice-principal of Taoyuan community college Consultant of Changqiao Accounting firm	Chairman of Changhong Enterprise Management Consulting Co., Ltd. Director of JUIC International corporation Supervisor of Avountes Co., Ltd. Chairman of HUNG CHIAO ENVIRONMENT-TECHNOLOGY ENGINEERING INC.				
Director	R.O.C.	YAN/ WEI-CHYUN	Male/ 61-70	07/20/2021	3	06/10/2013	275,998	0.62%	296,000	0.51%	—	—	—	—	Master of Business Administration, City University of New York, USA Chairman and General Manager of Atech OEM Co., Ltd.	Chairman and General Manager of Atech OEM Co., Ltd. Director of CipherLab Co., Ltd. Director of AAEON Technology (Suzhou) Co., Ltd. (legal representative)				Please note 2 for other concurrent positions

Title	Nationality/ Place of Incorporation	Name	Gender/ Age	Date Elected MM/DD/YYYY	Term (Years)	Date First Elected MM/DD/YYYY	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark(s) (Note)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	R.O.C.	CHEN/ FU-SHEN	Male/ 51-60	07/20/2021	3	05/29/2019	27,034	0.06%	27,034	0.05%	—	—	—	—	Master of Industrial Engineering, Tsinghua University Wafer works Group Chairman Special Assistance and Deputy General Manager of Subsidiary Operations	Company's general manager Director of board of SISSCA Co.,Ltd.(legal representative) Chairman of Machvision Korea Co., Ltd				
Director	R.O.C.	LEE/ TSU-DER	Male/ 71-80	07/20/2021	3	05/27/2016	—	—	—	—	1,000	—	—	—	Bachelor of Dental Medicine, Taipei Medical University Chairman of Taipei Medical University	Independent director of China general plastics corporation				Please see note 3 for other concurrent positions

Title	Nationality/ Place of Incorporation	Name	Gender/ Age	Date Elected MM/DD/YYYY	Term (Years)	Date First Elected MM/DD/YYYY	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark(s) (Note)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	R.O.C.	YEN/ TZONG-MING	Male/ 71-80	07/20/2021	3	05/26/2017	—	—	—	—	—	—	—	—	Master of Economics, Soochow University Wharton School of the University of Pennsylvania PhD Program in Finance Director of Hsinchu Science Park Bureau Director of Mega Bills Adjunct Faculty, National Yang Ming EMEA Chiao Tung University Professor, Department of Business Administration, Hsuan Chuang University	Independent director of ACTION ELECTRONICS CO., LTD.				
Director	R.O.C.	DU/ MING-HAN	Male/ 61-70	07/20/2021	3	12/14/2018	—	—	—	—	—	—	—	—	Master of Management Science, Tamkang University Senior Deputy General Manager of Taiwan Microsoft Corporation President of Taiwan World Vision	Supervisor of KK Intelligent technology Inc.				

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

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

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

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

Major shareholders of the institutional shareholders: None.

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

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

April 1, 2024

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

3.2.3 Board Diversity Policy and Implementation Status

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

Core goals for diversification Name of director	Nationality	Age	Gender	Employee	Operational management and business judgment	Finance and accounting	Crisis handling	Industry knowledge	Global market perspectives	Leadership
WANG/ GUANG-SHIAH	R.O.C	61~70	Male	Yes	V		V	V	V	V
YU/ MING-CHANG	R.O.C	71~80	Male	No	V		V	V	V	V
CHANG/ YONGSHUN	R.O.C	61~70	Male	No	V		V	V	V	V
CHANG/ YUNG-YANG	R.O.C	71~80	Male	No	V	V	V	V	V	V
YAN/ WEI-CHYUN	R.O.C	61~70	Male	No	V	V	V	V	V	V
CHEN/ FU-SHEN	R.O.C	51~60	Male	Yes	V		V	V	V	V
LEE/ TSU-DER	R.O.C	71~80	Male	No	V		V	V	V	V
YEN/ TZONG-MING	R.O.C	71~80	Male	No	V	V	V	V	V	V
DU/ MING-HAN	R.O.C	61~70	Male	No	V		V	V	V	V

3.2.4 Management Team

Title	Nationality	Name	Gender	Date Effective MM/DD/YY	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark(s) (Note)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman and Chief Technology Officer of R/D dept.	R.O.C.	WANG/GUANG-SHIAH	Male	07/01/06	1,456,740	2.51%	39,426	0.07%	—	—	Ph.D., Institute of Industrial Engineering, Pennsylvania State University Professor, Department of Industrial Engineering Management, Chung Hua University	Director of Machvision (Dongguan) Inc.. Chairman of SISSCA Co.,Ltd. (legal representative)	—	—	—	
General Manager	R.O.C.	CHEN/FU-SHEN	Male	04/10/14	27,034	0.05%	—	—	—	—	Master of Industrial Engineering, Tsinghua University Wafer works Group Chairman Special Assistance and Deputy General Manager of Subsidiary Operations Associate deputy	Director of SISSCA Co. Ltd. (legal representative) Chairman of Machvision Korea Co., Ltd	—	—	—	
Chief Operating Officer	ROC	CHEN/CHIA-NAN	Male	06/01/22	—	—	—	—	—	—	Department of Mechanical Engineering, Chung Yuan Christian University General Manager of Taiwan Union Technology corporation.		—	—	—	

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

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

Note2 : Chief Operating Officer Chen Chia-nan experienced a job change on March 7th, 2024."

Note3 : Business Deputy General Manager Tseng Wei-lun resigned on April 30th, 2023."

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

3.3.1 Remuneration of Directors and Independent Directors

Unit: NT\$ thousands

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Remuneration from ventures other than subsidiaries or from the parent company (Note 1)
		Base Compensation (A)		Severance Pay (B)		Directors Compensation(C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)						
		The company	All companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
Director	WANG/GUANG-SHIAH	-	-	-	-	3,721	3,721	105	105	0.90%	0.90%	12,153	12,153	108	108	11,087	-	11,087	-	6.38%	6.38%	-
	YU/MING-CHANG																					
	CHANG/YONGSHUN																					
	CHUANG/YUNGSHUN																					
	YAN/WEI-CHYUN																					
	CHEN/FU-SHEN																					
Independent Director	LEE/TSU-DER	-	-	-	-	1,861	1,861	210	210	0.49%	0.49%	-	-	-	-	-	-	-	-	0.49%	0.49%	-
	YEN/TZONG-MING																					
	DU/MING-HAN																					
	1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration: 2.In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements in the most recent year to compensate directors for their services, such as being independent contractors. 3. The remuneration of directors and the remuneration of employees have not yet been decided, which is based on the percentage of the allocation in previous year.																					

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

3.3.2 Remuneration of the President and Vice Presidents

Unit: NT\$ thousands

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Remuneration from ventures other than subsidiaries or from the parent company (Note)
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
Chief Technical Officer	WANG/GUANG-SHIAH	14,036	14,036	432	432	7,868	7,868	13,763	-	13,763	-	8.48%	8.48%	-
General Manager	CHEN/FU-SHEN													
Chief Operating Officer	CHEN/CHIA-NAN													
Business Deputy General Manager	TSENG/WEI-LUN													
Research and Development Deputy General Manager	WANG/YUAN-NAN													

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

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

	Title	Name	Stock	Cash	Total	Proportion of total to net profit after tax of parent company only (%)
Managerial Officers	Chief Technical Officer	WANG/GUANG-SHIAH	-	14,040	14,040	3.30%
	General Manager	CHEN/FU-SHEN				
	Chief Operating Officer	CHEN/ CHIA-NAN				
	Business Deputy General Manager	TSENG/WEI-LUN				
	Research and Development Deputy General Manager	WANG/YUAN-NAN				
	Financial and accounting officer corporate governance officer	SU/YI-FAN				

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

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

Year	Ratio of total remuneration paid to president and vice presidents to net income (%)		Ratio of total remuneration paid to directors to net income (%)	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
2022	6.65%	6.65%	5.72%	5.72%
2023	8.48%	8.48%	6.87%	6.87%

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

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

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

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

3.4 Implementation of Corporate Governance

3.4.1 Operations of the Board of Directors

A total of 8 (A) meetings of the Board of Directors were held in the previous period.

The attendance of director and supervisor were as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【 B / A 】	Remarks
Chairman	WANG/GU ANG-SHI AH	8	0	100.00	None
Director	YU/MING- CHANG	7	0	87.5	None
Director	CHANG/Y ONGSHU N	8	0	100.00	None
Director	CHUANG/ YUNGSH ON	8	0	100.00	None
Director	YAN/WEI- CHYUN	7	0	87.5	None
Director	CHEN/FU- SHEN	8	0	100.00	None
Independent director	LEE/TSU- DER	8	0	100.00	None
Independent director	YEN/TZO NG-MING	8	0	100.00	None
Independent director	DU/MING- HAN	8	0	100.00	None

Other mentionable items:

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

Date	Proposal and resolution	Matters referred to in Article 14-3 of the Securities and Exchange Act	Other matters involving objections or expressed reservations by independent directors
2023/2/16 Ninth 12th time	1. Approved the 2022 remuneration to directors (including independent directors) and employees.	yes	no
	2. Approved the company's 2022 "Internal Control System Effectiveness Assessment" and "Internal Control System Statement".	yes	no
	3. Approved the company's visa accountant remuneration case and changing the certifying accountant.	yes	no
	Independent directors' opinions: NA		
	The reaction of independent directors' opinions: NA		
	1. Resolution (1): Reviewed by Compensation Committee and all attendees of directors and independent directors passed without objection except CTO (WANGGUANG-SHIAH) and General Manager (CHEN FU-SHEN) were not participate in discussions and voting due to interest avoidance. 2. Resolution (2~3): All Attendees of directors and independent directors passed without objection.		
2023/4/10 Ninth 13th time	1. The company plans to conduct a private placement of securities.	yes	no
	Independent directors' opinions: NA		
	The reaction of independent directors' opinions: NA		
	Resolution: All Attendees of directors and independent directors passed without objection.		
2023/4/28 Ninth 14th time	1. New plant joint construction project.	yes	no
	Independent directors' opinions: NA		
	The reaction of independent directors' opinions: NA		
	Resolution: All Attendees of directors and independent directors passed without objection.		

Date	Proposal and resolution	Matters referred to in Article 14-3 of the Securities and Exchange Act	Other matters involving objections or expressed reservations by independent directors
2023/6/7 Ninth 15th time	1. Plans to set the pricing date, private placement targets, and the base date for the capital increase for the first private placement of common stock for cash in fiscal year 2023, among other related matters.	yes	no
	2. Plans to establish a subsidiary in Thailand.	yes	no
	Independent directors' opinions: NA		
	The reaction of independent directors' opinions: NA		
	Resolution: All Attendees of directors and independent directors passed without objection.		
2023/8/2 Ninth 16th time	1. The internal audit supervisor change case.	yes	no
	2. New internal audit supervisor's salary structure and amount in the company.		
	3. Adopted the revision of some clauses from "Corporate Governance Best Practice Principles."		
	4. Approved the 2022 remuneration to directors (including independent directors).		
	5. Approved the distribution of remunerations to key management and employees for 2022.		
	6. Approved the routine adjustment in the salary of key management for 2023.		
	Independent directors' opinions: NA		
	The reaction of independent directors' opinions: NA		
	1. Resolution (1~3): All Attendees of directors and independent directors passed without objection. 2. Resolution (4~6): Reviewed by Compensation Committee and all attendees of directors and independent directors passed without objection expect CTO (WANGGUANG-SHIAH) and General Manager (CHEN FU-SHEN) were not participate in discussions and voting due to interest avoidance.		

Date	Proposal and resolution	Matters referred to in Article 14-3 of the Securities and Exchange Act	Other matters involving objections or expressed reservations by independent directors
2023/11/11 Ninth 11th time	1. Approved the proposed renewal of the “Liability Insurance of Directors, Supervisors, and Managerial Officers” from Tokio Marine Nawa Insurance Co., Ltd	yes	no
	2. Capital surplus distribution in cash case.	yes	no
	Independent directors' opinions: NA		
	The reaction of independent directors' opinions: NA		
	Resolution: All Attendees of directors and independent directors passed without objection.		
2023/12/27 Ninth 19th time	1. Adopted 2023 proposition for distribution amount of year-end bonus for managerial officers.	yes	no
	2. Adopted MACHVISION 2024 audit plan.	yes	no
	3. Sign a bank derivative financial instrument credit contract.	yes	no
	Independent directors' opinions: NA		
	The reaction of independent directors' opinions: NA		
	1. Resolution (1): Reviewed by Compensation Committee and all attendees of directors and independent directors passed without objection expect CTO (WANGGUANG-SHIAH) and General Manager (CHEN FU-SHEN) were not participate in discussions and voting due to interest avoidance. 2. Resolution (2~3): All Attendees of directors and independent directors passed without objection.		

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

3. Implementation Status of Board Evaluations

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items
Once a year	2023/01/01 ~ 2023/12/31	Board of Directors, individual directors, and functional committees	internal self-evaluation by the Board of Directors, self-assessment by directors, peer evaluation	Note 1
Once three year	2022/1/1 ~ 2023/12/31	Board of Directors, individual directors, and functional committees	Hiring an external professional organization. Taiwan Corporate Governance Association	Note 2

Our company appointed the Taipei Foundation of Finance to conduct an external professional organization assessment from January 2022th to December 2023th, with the appointment made in February 2024. For the assessment report, please refer to this year's Chinese annual report.

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

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

Note 2: The seven performance evaluation indicators or dimensions are as follows:

- (1) Maintenance of Shareholders' Equity: Ensuring protection and enhancement of shareholders' interests.
- (2) Strengthening Board Structure and Operations: Enhancing the effectiveness and efficiency of the board's organization and functioning.
- (3) Level of Participation in Company Operations: Assessing the degree of involvement and engagement of the board in the company's operational matters.
- (4) Improvement of Board Decision-making Quality: Enhancing the quality and effectiveness of the board's decision-making processes.
- (5) Enhancement of Information Transparency: Increasing transparency in the disclosure of relevant information to stakeholders.
- (6) Internal Control: Ensuring the adequacy and effectiveness of internal control mechanisms.
- (7) Promotion of Sustainable Development: Initiatives and efforts aimed at fostering sustainable development practices within the company.

3.4.2 Audit Committee

A total of 7 (A) Audit Committee meetings were held in the previous period. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【 B / A 】	Remarks
Independent director	LEE/TSU- DER	7	0	100.00	-
Independent director	YEN/TZO NG-MING	7	0	100.00	-
Independent director	DU/MING -HAN	7	0	100.00	-

Other mentionable items:

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

- (1) Matters referred to in Article 14-5 of the Securities and Exchange Act.
- (2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors.

Date	Proposal and resolution	Article 14-5 of the Securities and Exchange Act	Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors.
2023/2/16 2 st 11th time	Approved the company's 2022 "Internal Control System Effectiveness Assessment" and "Internal Control System Statement".	yes	no
	Approved the company's 2022 financial reports	yes	no
	Proposed formulation of general principles for the company's pre-approval policy on non-assurance services.	yes	no
	The accountant remuneration case for the fiscal year 2023 and the case for changing the certifying accountant.	yes	no
	Audit Committee's resolution : Agree.		
	Company's response to the Audit Committee's opinion : Agree.		
2023/4/10 2 st 12th time	Plans to conduct a private placement of securities.	yes	no
	Audit Committee's resolution : Agree.		
	Company's response to the Audit Committee's opinion : Agree.		
2023/4/28 2 nd 13th time	Approved the financial statements for the first quarter of 2023.	yes	no
	The project for the construction of a new factory building through joint collaboration.	yes	no
	Audit Committee's resolution : Agree.		
	Company's response to the Audit Committee's opinion : Agree.		
2023/6/7 2 nd 14th time	Plans to set the pricing date, private placement targets, and the base date for the capital increase for the first private placement of common stock for cash in fiscal year 112, among other related matters.	yes	no
	The company plans to establish a subsidiary in Thailand.	yes	no
	Audit Committee's resolution : Agree.		
	Company's response to the Audit Committee's opinion : Agree.		

Date	Proposal and resolution	Article 14-5 of the Securities and Exchange Act	Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors.
2023/8/2 2 nd 15th time	Approved the financial statements for the second quarter of 2023.	yes	no
	The internal audit supervisor change case.	yes	no
	Adopted the revision of some clauses from “Corporate Governance Best Practice Principles.”	yes	no
	Audit Committee’s resolution : Agree.		
	Company’s response to the Audit Committee’s opinion : Agree.		
2023/11/1 2 nd 16th time	Approved the financial statements for the third quarter of 2023.	yes	no
	Approved the proposed renewal of the “Liability Insurance of Directors, Supervisors, and Managerial Officers” from Tokio Marine Nawa Insurance Co., Ltd.	yes	no
	Audit Committee’s resolution : Agree.		
	Company’s response to the Audit Committee’s opinion : Agree.		
2023/12/27 2 st 17th time	Adopted MACHVISION 2024 audit plan.	yes	no
	Audit Committee’s resolution : Agree.		
	Company’s response to the Audit Committee’s opinion : Agree.		

2. If there are independent directors’ avoidance of motions in conflict of interest, the directors’ names, contents of motion, causes for avoidance and voting should be specified: Please refer previous item : None.

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

Date	Communications
Feb. 2023	Discuss the financial report, new amendments to laws and regulations, and other related issues with the accounting supervisors and audit supervisors.
Apr. 2023	Discussion with the finance and accounting supervisor, as well as the audit supervisor, regarding the status of financial statement review and related issues.
Jun 2023	Discuss the new amendments to laws and regulations with the financial and accounting supervisor and establish a subsidiary in Thailand and the audit supervisor °
Aug. 2023	Discuss the financial report, new amendments to laws and regulations, and other related issues with the accounting supervisors and audit supervisors.
Nov. 2023	Discussion with the finance and accounting supervisor, as well as the audit supervisor, regarding the status of financial statement review and related issues.
Dec. 2023	Meeting with the accounting supervisor and the audit supervisor to explain the relevant matters of the audit matters. Discuss with the audit supervisor about issues related to the 2024 annual audit plan and risk assessment.
Independent directors have direct communication channels with internal audits and accountants. The internal audit supervisor reports to the audit committee in the audit committee held every quarter. Accountants attend audit committees held from time to time.	

4. 2023 annual work focus :

- (1) Review annual working plans for internal audits, receive monthly reports from the department of internal audit, check management's feedback on issues found by internal audits, and periodically communicate with the head of internal audits.
- (2) The former auditing supervisor of our company resigned on June 30th, 2023. The new auditing supervisor took office on August 2nd, 2023. Relevant information has been disclosed on the Public Information Observation Station.
- (3) Review semi-annual financial reports and annual financial reports for the year 2023, and submit it to the Board of Directors after the discussion and approval by the Audit Committee, in addition, communicate with accountants regarding audit work and impact on changes in laws and regulations.
- (4) Review and revise the "Code of Practice for Corporate Management" of the Company in accordance with the Decrees of Jin-Guan-Zheng-Fa-Zi No.

1110024366.

- (5) Review the appointment of WU Chung-Shun and Chang Chun-I, certified accountants at KPMG Taiwan, for the year 2023.
- (6) Evaluate “Directors’ and Managers’ liability Insurance” for the year 2024 in accordance with the law
- (7) According to the revised standards of the International Ethics Board of Accountants (IESBA), formulate general principles for the pre-approval policy of non-assurance services in our company.
- (8) Reviewing the handling of private placement securities cases.
- (9) Reviewing the joint construction project for the new factory.
- (10) Evaluate the effectiveness of the internal control system: The Company has conducted a self-assessment on each of the five major elements of the internal control system, including environment control, risk assessment, control operation, information and communication, and monitoring operation. Among these, the control operation was evaluated by each department itself based on its operation level. In addition, an internal control review meeting was held to review the results of evaluation, and it is determined that the overall evaluation results conformed to the standards of internal control system. Both the design and the implementation of internal control system are effective. The Audit Committee has evaluated the effectiveness of the policies and procedures of the Company’s internal control system, including financial, operational, risk management, information security, outsourcing, legal compliance, and other control measures, and has reviewed the periodic reports from the auditors, certified accountants, and management of the Company, and they believe that the Company’s risk management and internal control systems are effective, and the Company has adopted necessary control system to monitor and rectify irregularities.

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

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

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

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

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

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

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			C. The composition and structure of the Board of Directors; D. The election of the directors and their continuing professional education. E. Internal controls. The Company conducts director self-assessments and peer assessments in the first quarter each year. Assessment results were reported to the Board of Directors in 25 Dec 2023, and are referenced when determining the remuneration of individual directors and nominations for reelection. F. The external board performance evaluation is conducted at least once every three years by an external professional independent organization or a team of external expert scholars, and an annual performance	

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(4) Does the company regularly evaluate the independence of CPAs?			evaluation is conducted at the end of each year. At the end of 112th year, our company commissioned the external organization "Taipei Foundation of Finance " to conduct a board performance evaluation for the period from January 2022 year to December 2023 year. The association issued the evaluation report on March 18th, 2024 year. For the overall evaluation and recommended actions, please refer to the Corporate Governance section on our company's website. The Company evaluates the independence of CPAs annually, ensuring that that they are not stakeholders such as a Board member, supervisor, shareholder or person paid by the Company.	

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

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			communicate with the Company.	
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company designates Agency Department of Chinatrust to deal with shareholder affairs.	None
7. Information Disclosure (1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance? (2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V		The Company has set up a Chinese/English website (www.machvision.com.tw) to disclose information regarding the Company’s financials, business and corporate governance status. The Company has established a spokesman system. Investor conference information is disclosed on the corporate website.	None

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(3) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?			The Company has reported annual financial statements within two months after the end of each fiscal year and announced them on the company website. The Company announced and reported its financial statements for Q1, Q2, and Q3 and filed monthly operating status before the deadline.	
8. Is there any other important information to facilitate a better understanding of the company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)? Please refer to note 2.				
9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures. Every year, the company reviews the indicators that have not yet met the scoring standards based on the recent corporate governance evaluation results and the corporate governance evaluation indicators released in the most recent year, arranges improvement schedules, and has completed the improvement of most of the projects that did not meet the standards.				

Note1 : CPAs' independence evaluation criteria

Items for Evaluation	Evaluation Result	Compliance with Independence
1.As of the most recent Assurance Service, there has been no instance where the CPA has remained unchanged for seven years.	Yes	Yes
2. The CPA has no significant financial interests with the principal.	Yes	Yes
3. The CPA avoids any inappropriate relationships with the principal	Yes	Yes
4. The accountant should ensure that their assistant personnel adhere to honesty, fairness, and independence.	Yes	Yes
5. Financial statements of the serving organization within the first two years of practice shall not be audited for certification.	Yes	Yes
6. The accountant's name must not be used by others.	Yes	Yes
7. CAP does not hold shares in this company or related enterprises	Yes	Yes
8. The CPA has not engaged in any monetary borrowing or lending with this company or related enterprises.	Yes	Yes
9. The CPA does not have a common investment or shared interest relationship with this company or its affiliated enterprises.	Yes	Yes
10. The CPA does not concurrently hold regular employment with this company or its affiliated enterprises and receive fixed salary.	Yes	Yes
11. The CPA is not involved in managerial functions related to decision-making for this company or its affiliated enterprises.	Yes	Yes
12. The CPA does not engage in other businesses that may compromise their independence.	Yes	Yes
13. The CPA does not have any spousal, direct blood relationship, direct in-law relationship, or second-degree collateral blood relationship with the management personnel of this company.	Yes	Yes
14. The CPA does not receive any commissions related to business activities.	Yes	Yes
15. As of now, the CPA has not been subject to any disciplinary actions or incidents compromising their independence principles.	Yes	Yes

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

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

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

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

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

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

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

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

2. Continuing studying status for directors and independent directors.

Name	Date	Organizer	Course	Training hours
WANG/GUANG-SHIAH	2023/6/2	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	2023 Taishin Net Zero Summit Go Towards Green Energy	3
WANG/GUANG-SHIAH	2023/11/29	Securities and Futures Institute	2023 Insider Equity Transaction Law Compliance Publicity Briefing	3
CHANG/YUNG-YANG	2023/11/7	Taiwan Project Management Association	International industry trends and management of multinational enterprise operations	3
CHANG/YUNG-YANG	2022/11/30	Securities and Futures Institute	ChatGPT technology development and application opportunities	3
YU/MING-CHANG	2023/8/17	Securities and Futures Institute	Introduction to short-term trading of company insiders and case analysis	3
YU/MING-CHANG	2023/11/15	Securities and Futures Institute	2023 Insider Equity Transaction Law Compliance Publicity Briefing	3
CHUANG/YUNG-SHUN	2023/3/27	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	Corporate Resilience and Taiwan's Competitiveness	3
CHUANG/YUNG-SHUN	2023/4/13	TAIWAN ACADEMY OF BANKING AND FINANCE	Corporate Governance	3
YAN/WEI-CHYUN	2023/3/27	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	Corporate Resilience and Taiwan's Competitiveness	3
YAN/WEI-CHYUN	2023/6/2	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	2023 Taishin Net Zero Summit Go Towards Green Energy	3

Name	Date	Organizer	Course	Training hours
CHEN/FU-SHEN	2023/4/27	Taiwan Stock Exchange	Promotion of sustainable development action plans for publicly traded companies	3
CHEN/FU-SHEN	2023/6/2	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	2023 Taishin Net Zero Summit Go Towards Green Energy	3
CHEN/FU-SHEN	2023/11/29	Securities and Futures Institute	2023 Insider Equity Transaction Law Compliance Publicity Briefing	3
LEE/TSU-DER	2023/7/5	Securities and Futures Institute	The political economy of the Chinese Communist Party, the international situation and cross-strait relations	3
LEE/TSU-DER	2023/10/13	Securities and Futures Institute	How directors supervise the company's enterprise risk management and crisis management	3
YEN/TZONG-MING	2023/9/13	Taiwan Corporate Governance Association	Corporate Governance and ESG	3
YEN/TZONG-MING	2023/9/28	Taiwan Institute of Directors	Thinking outside the organizational framework and the key point of enterprise transformation strategy	3
DU/MING-HAN	2023/12/14	Taiwan Project Management Association	Analysis of stakeholders in corporate governance and integrated project management	3
DU/MING-HAN	2023/12/21	Taiwan Project Management Association	ESG investing and CSR	3

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

Name	Date	Organizer	Course	Training hours
WANG/GUANG-SHIAH	2023/6/2	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	2023 Taishin Net Zero Summit Go Towards Green Energy	3
WANG/GUANG-SHIAH	2023/11/29	Securities and Futures Institute	2023 Insider Equity Transaction Law Compliance Publicity Briefing	3
CHEN/FU-SHEN	2023/4/27	Taiwan Stock Exchange	Promotion of sustainable development action plans for publicly traded companies	3
CHEN/FU-SHEN	2023/6/2	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	2023 Taishin Net Zero Summit Go Towards Green Energy	3
CHEN/FU-SHEN	2023/11/29	Securities and Futures Institute	2023 Insider Equity Transaction Law Compliance Publicity Briefing	3
SU/YI-FAN	2023/5/22	Accounting Research and Development Foundation	Greenhouse gas inventories and Assurance	3
SU/YI-FAN	2023/6/2	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	2023 Taishin Net Zero Summit Go Towards Green Energy	3
SU/YI-FAN	2023/7/4	Taiwan Stock Exchange	Cathay Sustainable Finance and Climate Change Summit	3
SU/YI-FAN	2023/7/26	Taiwan Corporate Governance Association	Seminar on Board of Directors Performance Appraisal	3
SU/YI-FAN	2023/10/25	Accounting Research and Development Foundation	Intangible Assets Seminar	3
SU/YI-FAN	2023/11/29	Securities and Futures Institute	2023 Insider Equity Transaction Law Compliance Publicity Briefing	3
SU/YI-FAN	2023/12/18	Accounting Research and Development Foundation	Accounting Manager Continuing Education Course	12

4. Implementation of risk management policies and risk measurement standards: The Company has established the “Risk Management Measures” and “Risk Control Procedures” to actively promote the implementation of risk management system. Each management unit will evaluate and review risk factors regularly, compile the major risk factors annually and report it to the Board of Directors on a regular basis, and through the evaluation of major risks, adjust key audit items of next year’s audit plan. Please refer to the website of the Company for details of the operation activities in 2023.
5. Implementation of customer policies: The Company strictly complies with the agreements signed with customers, as well as other relevant regulations. We ensure the rights and interests of customers are well protected while providing them with high quality services.
6. The Company's purchases of liability insurance for directors: The Company purchases liability insurance for directors every year. The insured amount in 2023 was NT\$32,345,000 and the insured period was December 29, 2023 to December 29, 2024. Relevant information is also available in the Market Observation Post System.

3.4.4 Composition, Responsibilities and Operations of the Remuneration Committee

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

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

A. Professional Qualifications and Independence Analysis of Compensation Committee Members

Title	Criteria Name	Professional qualification and experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member
Independent Director	LEE/ TSU-DER	Please refer to page 12-16 of this Directors.	Independent directors are in compliance with Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies	0
Independent Director	YEN/ TZONG-MING			0
Other	Fu/ Hsin-Pin	1. Professor of Marketing and Process Management, Kaohsiung First University of Science and Technology 2. Chairperson of the Independent Directors and Remuneration Committee of Taijun Technology Co., Ltd. 3. Director and Supervisor of Machvision Technology Co., Ltd. 4. Chief of the Electronic Information Section and Knowledge Services Section, Industrial Development Bureau, Ministry of Economic Affairs	Holding less than 1% of shares does not affect the independence of serving as a compensation committee member executing duties as an expert.	1

B. Attendance of Members at Compensation Committee Meetings

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

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%) 【 B / A 】	Remarks
Convener	YEN/TZONG-MING	3	0	100.00%	-
Committee Member	LEE/TSU-DER	3	0	100.00%	-
Committee Member	HO/LI-HSING	1	0	100.00%	Resigned on April 26, 2023
Committee Member	FU/HSIN-PIN	2	0	100.00%	Appointed on June 7, 2023

Other mentionable items:

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

Compensation Committee Meeting Date	Content of Proposal and Subsequent Handling
2023/2/16	Approved the company's employee remuneration (including managers) distribution standards.
	Approved the 2022 remuneration to directors (including independent directors) and employees.
	Unanimously approved by all committee members.

Compensation Committee Meeting Date	Content of Proposal and Subsequent Handling
	The Company's handling of Compensation Committee's resolutions: CTO (WANGGUANG-SHIAH) and General Manager (CHEN FU-SHEN) voluntarily avoided the discussion and the proposals involved personal interest, all proposals suggested by the Compensation Committee were unanimously approved by other directors who were present.
2023/8/3	Approved the distribution of remunerations to directors (including independent directors) for 2022.
	Approved the distribution of remunerations to key management and employees for 2022.
	Approved the routine adjustment in the salary of key management for 2023.
	Unanimously approved by all committee members.
	The Company's handling of Compensation Committee's resolutions: CTO (WANGGUANG-SHIAH) and General Manager (CHEN FU-SHEN) voluntarily avoided the discussion and the proposals involved personal interest, all proposals suggested by the Compensation Committee were unanimously approved by other directors who were present.
2023/12/27	Adopted 2023 proposition for distribution amount of year-end bonus for managerial officers.
	Unanimously approved by all committee members.
	The Company's handling of Compensation Committee's resolutions: CTO (WANGGUANG-SHIAH) and General Manager (CHEN FU-SHEN) voluntarily avoided the discussion and the proposals involved personal interest, all proposals suggested by the Compensation Committee were unanimously approved by other directors who were present.

3.4.5 Implementation of Sustainable Development Promotion

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

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

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

Evaluation Item	Implementation Status						Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation				
greenhouse gas reduction, water reduction, or waste management?				Item/Unit	2022	2023	
				Greenhouse gas emissions /CO2e	726.8	582.4	
				Water consumption / kWh	10,240	8,044	
				Total weight of waste /Ton	10	9	
4. Social issues (1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		<u>Comply with Relevant Regulations</u> Machvision not only complies with local regulations but also upholds the internationally-recognized human rights of workers and respects the United Nations Universal Declaration on Human Rights, and the International Labor Organization’s fundamental conventions on core labor standards. Machvision hires all employees equally based on his or her job qualifications regardless of gender, religion, race, nationality or political affiliation. <u>Human Resource Policies and Measures</u> The following is an overview of relevant human resource policies and measures: (a)Labor Insurance, National Health Insurance, and group insurance coverage from the first day of work. (b) The Company has specific Employee Retirement Guidelines. In February 1998, we established a Labor Pension Supervision Committee approved by the Taipei City Government. Since May 1998, we have been allocating a retirement pension equivalent to 2% of employees’ monthly salaries on a monthly basis. In 2005, the new Labor Pension Act came into force. Consequently, Machvision now deposits 6% of each employee's monthly salary into a dedicated account at				None

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

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?				
(6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	V		In order to implement Sustainable Development Promotion the company has established supplier management operating procedures to communicate with suppliers on issues such as environmental protection, safety and hygiene.	None
5. Does the company		V	Please refer to Taiwan Stock Exchange Market Observation Post System	None

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

The appendix details can be found on pages 43-1 to 43-3 of the Chinese annual report.

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

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

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?	V		The Company conducts quarterly evaluations of operating activities with relatively high risk of unethical conduct. The Company’s Ethical Corporate Management Best-Practice Principles have established preventive measures against the following: (a) Offering and acceptance of bribes; (b) illegal political donations; (c) improper charitable donations or sponsorship; (d) offering or acceptance of unreasonable presents or hospitality, or other improper benefits;	

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

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

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

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
regularly (at least once a year) to the Board of Directors while overseeing such operations? (3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		reported to the audit committee or the board of directors in accordance with relevant laws and procedures. Report to the audit committee or the board of directors on relevant implementation status every year. The report date for this year was December 27, 2023. The Company follows the Company Act, the Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Law Against Accepting Bribes Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest and other relevant regulations for listed companies. The Company also conducts due diligence before trading with upstream and downstream companies	

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(4) Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?	V		to minimize the risks. At the same time, the Company has made a hotline available for submissions of regarding conflicts of interest. The Company has established accounting and internal control systems to ensure integrity in our operations. After internal auditors have analyzed and reviewed the annual audit program according to the risk evaluation results, the Company will compile them into an audit report.	
(5) Does the company regularly hold internal and external educational trainings on operational	V		The Company carries out regular training for employees every quarter. For new employees,	

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
integrity?			training on ethical rules, conflicts of interest, business morals, and all other related subjects are carried out during their first week of work. All employees are required to attend integrity and ethical training held from time to time every year. (a) On May 18, 2023, a "Supplier Management" course was held for 15 employees in the purchasing and material control departments who often do business with external suppliers. This course lasted for 1.5 hours. (b) On June 6, 2023, a "Correct Supervisor Responsibilities and Attitudes" course was held for all supervisors, a total of 75 people. This course lasted for one hours. Both of the above courses illustrate the principles of integrity and ethics. The courses also require	

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			employees not to engage in illegal behavior that violates integrity in business operations.	
3. Operation of the integrity channel (1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	V		The Company establishes various reporting channels so that employees and relevant people can report improper business behaviors through the system. After a confidential investigation, anyone who violates the regulations on operational integrity will be punished according to the Company’s regulations on reward and punishment. In cases of illegal conduct, legal actions will be taken as well.	None
(2) Does the company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality	V		The Company has in place SOPs authorized by the Board which could be applied on any confidential investigations and follow-up actions on such cases after completing investigation.	

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

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

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

3.4.7 Corporate Governance Guidelines and Regulations

Please refer to the Company's website at <https://www.machvision.com.tw>

3.4.8 Other Important Information Regarding Corporate Governance

None.

3.4.9 Internal Control Systems

Disclosures Required for the Implementation of the Internal Control System

Please refer to page 52 of the Chinese annual report.

3.4.10 Penal Provisions

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

3.4.11 Major Resolutions of Shareholders' Meeting and Board Meetings

Shareholders' meeting

Date 2023/05/25

Major resolutions	Results
2022 annual financial report and annual business report.	Comply with the resolution result. Please refer to the Company's website.
2022 earnings distribution.	Allocation has been completed according to the decision content. Please refer to the Company's website.
Amendment to the Asset Acquisition or Disposal Procedure.	Approved. Please refer to the Company's website.
Amendment to the Shareholders Meeting Rules.	Approved. Please refer to the Company's website.
The proposal for the Company to conduct a private placement of securities.	Approved. Please refer to the report item Proposal 5 in the 2024 Annual Shareholders Meeting Handbook for the report.

Board meeting

Date	Major resolutions
2023/2/16 The 9 th Session of 12th Board Meeting	1. Approved the 2022 remuneration to directors (including independent directors) and employees. 2. Approved the explanations on whether the company' s outstanding account receivable over the granted 3-month term for a significant amount are capital loans. 3. Approved the company' s 2022 "Internal Control System Effectiveness Assessment" and "Internal Control System Statement" . 4. Approved the company' s 2022 financial reports. 5. Approved the company' s 2022 business report. 6. Approved the company' s 2022 earnings distribution proposal. 7. Approved general principles for formulating the company' s pre-approved non-confidence service policy. 8. Approved the company's visa accountant remuneration and change visa accountant case. 9. Approved the company' s cash dividend distribution proposal. 10. Approved the company' s cash dividend distribution from the additional paid-in capital proposal. 11. Approved the company' s 2023 regular shareholders meeting related matters.
2023/4/10 The 9 th Session of 13th Board Meeting	1. Approved private placement of securities. 2. Approved the company' s 2023 regular shareholders meeting date ,place and related matters.
2023/4/28 The 9 th Session of 14th Board Meeting	1. Report on the financial report for the first quarter of 2023. 2. Approved the explanations on whether the company' s outstanding account receivable over the granted 3-month term for a significant amount are capital loans. 3. Approved the construct of factory and building.
2023/6/7 The 9 th Session of 15th Board Meeting	1. Approved actual private placement price of common shares and the information of the counterparties for private placement. 2. Approved an investment to establish a subsidiary in Thailand. 3. Approved members of the Company' s Remuneration Committee change.
2023/8/2	1. Approved the financial statements for Q2 of 2023.

Date	Major resolutions
The 9 th Session of 16th Board Meeting	2. Approved the explanations on whether the company’ s outstanding account receivable over the granted 3-month term for a significant amount are capital loans. 3. Approved Internal Audit Manager change. 4. Approved the salary of the new internal audit manager officer, and the salary of the new chief of operation. 5. Adopted the revision of some clauses from “Corporate Governance Best Practice Principles.” 6. Approved the distribution of remunerations to directors (including independent directors) for 2022. 7. Approved the distribution of remunerations to key management and employees for 2022. 8. Approved the routine adjustment in the salary of key management for 2023.
2023/11/01 The 9 th Session of 17th Board Meeting	1. Approved the financial statements for Q3 of 2023. 2. Approved the explanations on whether the company’ s outstanding account receivable over the granted 3-month term for a significant amount are capital loans. 3. Approved the proposed renewal of the “Liability Insurance of 6th of 2023 Directors, Supervisors, and Managerial Officers ” from Tokio Marine Nawa Insurance Co., Ltd. 4. Approved the business report for the first half of 2023. 5. Approved the distribution of earnings for the first half of 2023. 6. Approved the distribution of earnings for the first half of 2023. 7. Approved the company’ s cash dividend distribution proposal for the first half of 2023. 8. Adopted the new formulation and renewal of short-term financing credit line contract with banks, with regards to the flexible use of corporate funds and establishment of excellent relationships with banks.
2023/12/11 The 9 th Session of 18th Board Meeting	1. Approved the National Science Council’ s response to the announcement of the list of sensitive technologies.
2023/12/27 The 9 th	1. Adopted 2023 proposition for distribution amount of year-end bonus for managerial officers.

Date	Major resolutions
Session of 19th Board Meeting	2. Adopted MACHVISION 2024 audit plan.” 3. Adopted the new formulation and derivative financial products credit line contract with banks, with regards to the flexible use of corporate funds and establishment of excellent relationships with banks. 4. Adopted proposition for 2024 MACHVISION Business Plan.

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

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

Title	Name	Date of Appointment	Date of Termination	Reasons for Resignation or Dismissal
Business Deputy General Manager	TSENG/WEI-LUN	07/01/2019	04/30/2023	Resignation
Internal Audit	TSENG/WEI-LUN	08/15/2018	06/30/2023	Resignation
Chief Operating Officer	CHEN/CHIA-NAN	06/01/2022	03/07/2024	position adjustment

3.5 Information Regarding the Company's Audit Fee and Independence

3.5.1 Audit Fee

Unit: NT\$ thousands

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee	Total	Note
KPMG	WU/ CHUNG-SHUN	2023.1.1~ 2023.12.31	2,480	250(Note)	2,730	-
	CHANG/ CHUN-I					

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

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

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

3.6 Replacement of CPA

A. Regarding the former CPA

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

B. Regarding the successor CPA

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

3.7 Audit Independence

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

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

Title	Name	2023		As of April. 1, 2024	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	WANG/GUANG-SHIAH	30,000	-	-	-
Director	YU/MING-CHANG	-	-	-	-
Director	CHANG/YUNG-YANG	-	-	-	-
Director	CHUANG/YUNG-SHUN	30,000	-	-	-
Director	YAN/WEI-CHYUN	20,000	-	-	-
Director General Manager	CHEN/FU-SHEN	-	-	-	-
Independent Director	LEE/TSU-DER	-	-	-	-
Independent Director	YEN/TZONG-MING	-	-	-	-
Independent Director	DU/MING-HAN	-	-	-	-
Business Deputy General Manager	TSENG/WEI-LUN (Resignation 2023.04.28)	-	-	-	-
R&D Deputy General Manager	WANG/YUAN-NAN	-	-	-	-
Finance and Accounting Officer Corporate governance officer	SU/YI-FAN	-	-	-	-
Chief Operating Officer	CHEN/CHIA-NAN (Position adjustment 2024.03.07)	-	-	-	-
Major Shareholders	Advanced Semiconductor Engineering, Inc.	13,418,000	-	-	-

Unit: Shares

3.8.1 Shares Trading with Related Parties: None

3.8.2 Shares Pledge with Related Parties: None

3.9 Relationship among the Top Ten Shareholders

As of 04/1/2024

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Advanced Semiconductor Engineering, Inc.	13,418,000	23.08%	-	-	-	-	-	-	-
WANG/GUANG-SHIAH	1,456,740	2.51%	39,426	0.07%	-	-	-	-	-
CHANG/YUNG-YANG	1,366,904	2.35%	-	-	-	-	-	-	-
LI/JIN-GJU	1,240,000	2.13%	-	-	-	-	-	-	-
AAEON Technology Inc.	1,180,198	2.03%	-	-	-	-	-	-	-
Representative: CHUANG/YUNG-SHUN	417,711	0.77%	-	-	-	-	-	-	-
YU/MING-CHANG	1,073,940	1.85%	16,636	0.03%	-	-	-	-	-
LIAO/ SU-YUN	930,000	1.60%	-	-	-	-	-	-	-
HU/CHUN-MEI	874,000	1.50%	-	-	-	-	-	-	-
Qunyi Jinding Securities Co., Ltd. is entrusted with the custody of the investment account of Ruili International Co., Ltd	840,000	1.44%	-	-	-	-	-	-	-
Representative: NA			-	-	-	-	-	-	-
HUANG/ YANG-JI	820,000	1.41%	-	-	-	-	-	-	-

3.10 Ownership of Shares in Affiliated Enterprises

12/31/2023

Unit: shares/ %

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
MACHVISION INC. (Samoa)	3,463,650	100.00%	-	-	3,463,650	100.00%
Machvision Korea Co., Ltd.	10,000	100.00%	-	-	10,000	100.00%
SISSCA Co.,Ltd	11,477,463	52.86%	1,771,792	8.16%	13,249,255	61.01%
Machvision (Thailand) Co., Ltd.	2,499,750	99.99%	250	0.01%	2,500,000	100.00%

Note 1: Investment using the equity method.

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Source of Capital

A. Issued Shares

Unit: NTD\$/share

Date	Par Value (NT\$)	Authorized Capital		Paid-up capital		Remarks		
		Shares	Amount (NT\$ thousands)	Shares	Amount (NT\$ thousands)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
06/98	10	3,990,000	39,900,000	3,990,000	39,900,000	Set up capital 39,900,000	-	Note 1
06/03	10	10,000,000	100,000,000	5,770,000	57,700,000	Capital increase by retained earnings 15,960,000 Employee bonus 1,840,000	-	Note 2
05/04	10	10,000,000	100,000,000	7,100,000	71,000,000	Capital increase by retained earnings 11,540,000 Employee bonus 1,760,000	-	Note 3
06/05	10	10,000,000	100,000,000	10,000,000	100,000,000	Capital increase by retained earnings 25,560,000 Employee bonus 3,440,000	-	Note 4
06/06	10	25,000,000	250,000,000	14,000,000	140,000,000	Capital increase by retained earnings 35,500,000 Employee bonus 4,500,000	-	Note 5
02/07	20	25,000,000	250,000,000	16,100,000	161,000,000	Capital increase 21,000,000	-	Note 6
08/07	10	25,000,000	250,000,000	19,491,939	194,919,390	Capital increase by retained earnings 28,175,000 Employee bonus 5,744,390	-	Note 7
09/08	10	25,000,000	250,000,000	22,549,635	225,496,350	Capital increase by retained earnings 25,339,520 Employee bonus 5,237,440	-	Note 8
01/11	26	50,000,000	500,000,000	25,556,635	255,566,350	Capital increase by cash 30,070,000	-	Note 9
08/11	10	50,000,000	500,000,000	30,667,962	306,679,620	Capital increase by retained earnings 51,113,270	-	Note 10
08/12	10	50,000,000	500,000,000	33,734,758	337,347,580	Capital increase by retained earnings 30,667,960	-	Note 11
07/13	10	50,000,000	500,000,000	37,108,234	371,082,340	Capital increase by retained earnings 33,734,760	-	Note 12
10/13	56	50,000,000	500,000,000	42,608,234	426,082,340	Capital increase by cash 55,000,000	-	Note 13
05/20	250	50,000,000	500,000,000	44,728,234	447,282,340	Capital increase by cash 21,200,000	-	Note 14
06/23	161.5	100,000,000	100,000,000	58,146,234	581,462,340	Capital increase by private placement 134,180,000	-	Note 15

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 15: The capital increase was approved by the Hsinchu Science and Technology Park Administration on July 6, 2023. The approved number was: 1120021878.

B. Type of Stock

April 1, 2024

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common stock	58,146,234	41,853,766	100,000,000	-

C. Information for Shelf Registration: not applicable.

4.1.2 Status of Shareholders

April 1, 2024

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	-	4	228	21,221	90	21,543
Shareholding (shares)	-	19,118	17,579,365	35,422,568	5,125,183	58,146,234
Percentage	-	0.03%	30.23%	60.93%	8.81%	100%

4.1.3 Shareholding Distribution Status

A. Common Shares

April 1, 2024

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1-999	16,006	688,434	1.18%
1,000-5,000	4,604	8,014,577	13.78%
5,001-10,000	468	3,503,750	6.03%
10,001-15,000	146	1,833,958	3.15%
15,001-20,000	80	1,464,689	2.52%
20,001-30,000	81	1,994,620	3.43%
30,001-40,000	35	1,233,080	2.12%
40,001-50,000	16	725,796	1.25%
50,001-100,000	48	3,415,484	5.87%
100,001-200,000	24	3,513,549	6.04%
200,001-400,000	18	4,936,349	8.49%
400,001-600,000	5	2,382,711	4.10%
600,001-800,000	2	1,239,455	2.13%
800,001-1,000,000	4	3,464,000	5.96%
Over 1,000,001	6	19,735,782	33.95%
Total	21,543	58,146,234	100.00%

B. Preferred Shares: not applicable.

4.1.4 List of Major Shareholders

April 1, 2024

Shareholder's Name	Shares	Percentage
Advanced Semiconductor Engineering, Inc.	13,418,000	23.08%
WANG/GUANG-SHIAH	1,426,740	2.51%
CHANG/YUNG-YANG	1,336,904	2.35%
LI/JIN-JU	1,240,000	2.13%
AAEON Technology Inc.	1,180,198	2.03%
YU/MING-CHANG	1,073,940	1.85%
LIAO/SU-YUN	930,000	1.60%
HU/CHUN-MEI	874,000	1.50%
Qunyi Jinding Securities Co., Ltd. is entrusted with the custody of the investment account of Ruili International Co., Ltd	840,000	1.44%
HUANG/YANG-JIN	820,000	1.41%

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

Unit: NT\$

Items	2022	2023	01/01/2024- 01/04/2024
Market Price per Share			
Highest Market Price	286	251.5	423
Lowest Market Price	112.5	128.5	202.5
Average Market Price	168.97	195.04	318.49
Net Worth per Share			
Before Distribution	67.46	89.05	89.60
After Distribution	59.46	84.05	83.60
Earnings per Share			
Weighted Average Shares (thousand shares)	44,728	51,860	58,146
Diluted Earnings Per Share	13.35	8.21	0.50
Adjusted Diluted Earnings Per Share	13.35	8.21	0.50
Dividends per Share			
Cash Dividends	10	7	(Note 1)
Stock Dividends			
• Dividends from Retained Earnings	-	-	(Note 1)
• Dividends from Capital Surplus	2	2	(Note 1)
Accumulated Undistributed Dividends	-	-	(Note 1)
Return on Investment			
Price / Earnings Ratio	12.66	23.76	(Note 1)
Price / Dividend Ratio	16.9	27.86	(Note 1)
Cash Dividend Yield Rate	0.06	0.04	(Note 1)

Note 1: As of April 1, 2024, there are no related data because the period is not over yet.

4.1.6 Dividend Policy and Implementation Status

A. Dividend Policy

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

B. Proposed Distribution of Dividend

The Board of Directors approved the proposal for the distribution of first half 2023 profits on Nov. 1st 2023. Cash Dividend of APIC NT\$58,146,234, allotted for each share of NT\$1.

The Board of Directors approved the proposal for the distribution of 2023 profits on Feb. 5th 2023. Cash dividend of NT\$290,731,170, allotted for each share of NT\$5 and Cash Dividend of APIC NT\$58,146,234, allotted for each share of NT\$1.

4.1.7 The effect of bonus share distribution proposed at this shareholders' meeting on the Company's 2023 operating performance and earnings per share:
Not applicable as no bonus shares were distributed this year.

4.1.8 Compensation of Employees and Directors

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

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

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

C. Remuneration distribution approved by the board of directors:

The allocated cash compensation for employees was NT\$44,655,098 and NT\$5,581,887 for directors, which was not different from the amount estimated when the expenses were recognized.

D. Distribution of Compensation of Employees, Directors for 2023 Approved in the Board of Directors Meeting: EPS is NT\$8.21 after the compensation of employees, directors and supervisors.

E. Information of 2023 Distribution of Compensation of Employees, Directors and Supervisors (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed) and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated.

Employee Compensation – in Cash	53,835
Directors' and Supervisors' Compensation	8,299

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

4.1.9 Buy-back of Treasury Stock: Not applicable.

4.2 Status of Corporate Bond: Not applicable.

4.3 Status of Preferred Stocks: Not applicable.

4.4 Status of GDR/ADR: Not applicable.

4.5 Status of Employee Stock Option Plan: Not applicable.

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

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

4.8 Financial Plans and Implementation: Not applicable.

V. Operational Highlights

5.1 Business Activities

5.1.1 Business Scope

(1) Main contents of business

CB01010 Mechanical equipment manufacturing

CE01010 General Instrument manufacturing

CE01030 Optical instrument manufacturing

I301010 Information software service

F401010 International trade

Research, develop, manufacture and market following products:

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

a. BGA, CSP substrate inspection system equipment

b. LCD PANEL detection system equipment.

c. PCB high-speed hole measurement equipment

(b) Smart vision module

(c) Wire width detector

(d) Drill needle detector

(e) Arrow target analysis software

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

(2) Business share of major products

Item	Product value	2023	
		Revenue (NTD\$ thousand)	Operating proportion (%)
Appearance inspection series		498,376	28.31%
Circuit inspection series		664,237	37.73%
Laservia series		258,072	14.66%
2D/3D series		33,742	1.92%
Other testing series		111,054	6.30%
Service		195,109	11.08%
合 計		1,760,590	100.00%

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

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

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

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

(E) Taster series

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

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

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

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

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

5.1.2 Industry Overview

(1) Current status and development of industry

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

PCB drilling and forming process measurement and testing, PCB circuit inspection, HDI and IC carrier board inspection equipment, etc. In recent years, we have also developed semiconductor packaging and testing industry detection of products. current status and development of related industries are as follows:

(A) Analysis of industrial development

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

(a) Overview of the global PCB and semiconductor industry

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

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

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

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

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

In addition, it is an established trend to reduce carbon emissions in response to the global environment, with differences only in the intensity of pressure from customers and government regulations. Taking Apple as an example, it achieved global corporate operational carbon neutrality in 2020 and initiated the "Apple 2030" strategy, requiring the entire value chain to achieve carbon neutrality by 2030, reducing carbon emissions by 75% compared to 2015.

Under global pressure to reduce carbon emissions, it is expected that future customer demands will increase rather than decrease, and solutions will be more actively sought from the perspective of the supply chain. Therefore, 2030 can be seen as a test for the supply chain. Companies that fail to keep up with carbon reduction efforts are likely to face elimination.

In the semiconductor industry, according to data from technology market research firm Gartner, the global semiconductor market saw a decline of 11.1% in sales in 2023, dropping to \$533 billion. Furthermore, with the flourishing development of AI-specific chips, Gartner expects the semiconductor market sales to grow by nearly 17% in 2024, reaching \$624 billion.

Table 1. Semiconductor Revenue Forecast, Worldwide, 2021-2025

	2021	2022	2023	2024	2025
Revenue	598	600	534	624	721
Growth (%)	27.1	0.2	-10.9	16.8	15.5

(Billions of U.S. Dollars)

Source: Gartner (November 2023)

(B) Taiwan PCB Industry Overview

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

Source: TPCA

In 2023, the total production value of listed PCB companies in Taiwan reached 700.8 billion New Taiwan Dollars.

Outlook for Q1 and Full Year 2024:

On April 2, the Taiwan Printed Circuit Association (TPCA) released estimates indicating that in 2023, the performance of Taiwanese PCB industry in the three major application markets—smartphones, computers, and semiconductors—was affected by sluggishness, resulting in a 16.7% decline in annual output to 769.8 billion New Taiwan Dollars. It is estimated that in 2024, there will be a recovery, with the Taiwanese PCB industry expected to resume growth at a rate of 6.3%. The total domestic and overseas output is projected to reach 818.2 billion New Taiwan Dollars, driving the overall PCB industry chain output to 1.21 trillion New Taiwan Dollars, an annual increase of 7.4%.

Additionally, as the global economy and end markets show signs of recovery, PCB manufacturers are increasing capital expenditure to address process bottlenecks or establish new overseas factories. It is estimated that the annual growth rate of equipment for Taiwanese PCB companies in 2024 will be 5.4%, with a production value of approximately 59 billion New Taiwan Dollars. Therefore, the total production value of the Taiwanese PCB industry chain (including PCB manufacturing, materials, and equipment) is expected to reach 1.21 trillion New Taiwan Dollars, with a growth rate of 7.4%.

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

For PCB manufacturers, besides the majority of firms settling in Thailand, there are also a few enterprises choosing Vietnam or Malaysia. Overall,

Southeast Asia is emerging as the next hotspot for the global PCB industry. Based on the situation estimation, apart from Japanese and South Korean firms continuing to expand their facilities there, it is anticipated that Taiwanese and Mainland Chinese newly established production sites will also see significant benefits by 2026. It is estimated that by then, the proportion of output value will increase from the current 9.7% to 11.8%, surpassing by over 2 percentage points.

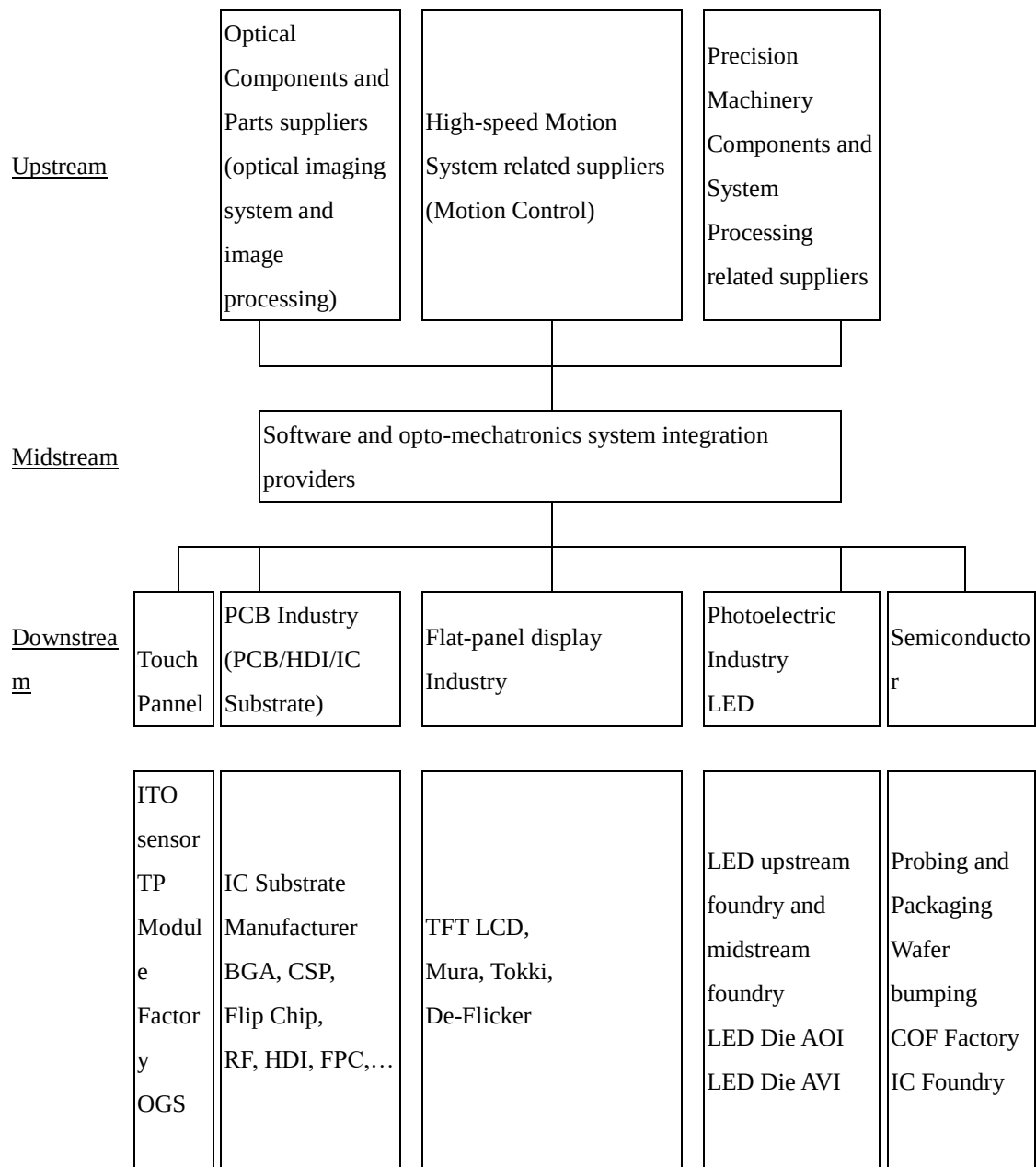
(D) Development of application markets

In 2024, global overall shipments of terminal products are experiencing positive growth, with significant pulling power. The table below summarizes the global electronic terminal shipments of various companies compiled by MIC.

Production	2024 shipment volume	2024 growth rate
Smartphone	1,185	3%
PC	70	3%
NB	176	4%
PAD	130	-1%
LCD TV	210	2%
Car HPC	20	145%

Source : MIC

- (2) The relevance between upstream, midstream, and downstream sectors in an industry
Machine vision related inspection (including AOI):



- (3) The various developing trends and competition of the products

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

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

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

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

C. Increasing adaption of AOI system in traditional industry

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

D. Quipment Localization

In recent years, the emerging high-tech industry has been growing and hence the surging need for precision measurement systems. Among them, AOI is particularly the trend that cannot be halted. The technical field of AOI is extremely wide and the adoption includes the industries of semiconductor, flat-panel display, LED, PCB, Optial Lens, and etc. Most markets having a demand in AOI system are located in Asia. Currently, a large majority of the AOI system used by the main industries in Taiwan are imported ones that may have the disadvantages such as high price, difficult maintenance and high cost of selling. However, since the government have started to support equipment localization, in 2004 the Center for Measurement Standards/Industrial Technology Research Institute (CMS/ITRI) led to form AOI Equipment Association (AOIEA) that connects the related organizations of industry, government, university, and institute to promote the overall

development strategy for domestic AOI industry. In recent years, the domestic equipment providers have greatly enhanced their capabilities, and the selling price is lower than that of the equipment made by foreign manufacturers; in addition, the requirements of customization can be effectively communicated. Therefore, in order to reduce procurement, cost and improve service maintenance quality, domestic and foreign companies have gradually increased the proportion of buying domestic AOI equipment.

E. Market Competition

The focus of our R&D is mostly on developing the latest types of product with Blue Ocean Strategy; therefore, there is no existing powerful competitor in the market while we may primarily compete with our R&D and improvement pace to be in line with the progressing industry. Some of the equipment that has been facing competitors in the market may have a relatively large market. For example, the existing competitors of wiring AOI inspection system include the foreign companies of Orbotech, CIMS (original Camtek PCB division), and Screen, all of them are the primary competitors of the Company. However, in 2017, we have launched the solution with higher productivity that can facilitate manpower saving, there were many large-scale manufacturers have replaced the old system to enhance their competitiveness and instead become the leaders of the market. In addition, for AVI system, Japanese company, Shirai, is the main foreign competitor while in Taiwan UTECHZONE Co. is also having the same development. The competitiveness of both products is the excellent inspection rate and throughput which shall help on reducing manning for re-inspection, together with the newly developed AI deep learning. In this way, we are not only able to catch up with the original leading company, but also able to leave other competitors behind and enhance customers' satisfaction through quality service system.

For the existing products other than these two, most of the competitors are followers. Take Hole-AOI as an example, the products by competitors from the States and Japan are with high quality and they normally focus on the various functions provided while there are other competitors who do not reinforce the quality of their products but instead have the focus on competing by low price. To cope with these, the Company's strategy is to expand our R&D, keep improving, and segment the market. We offer diversified models to meet the needs of different layers of customers while

ensure profit and competitive advantage. In addition, we rely on our patents to expand the gap between the functions of our products and that of competitors'. Apart from that, the Company is committed to enhance the service quality, to maintain existing customers, and furthermore to gain the new customers.

5.1.3 Research and Development

(1) Technology / R&D update

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

Mid-term: continue to move towards Industry 4.0 for key products of circuit inspection and fraction inspection of PCB, strive to simplify the operation of the equipment, and start to focus on the high efficiency and intellectualization of substrate circuit inspection system, which can greatly resolve the issue on the efficiency of traditional stand-alone detection, as well as the issue of labor costs in the past.

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

(2) Research and development personnel and their academic experience

Item \ Year		2022	2023
Education	Ph.D.	4	5
	Masters	75	81
	Bachelor's Degree	46	51
	Senior High School	3	2
Total		128	139
Average Years of Service		4.55	5.35

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

NTD Thousand

Item \ Year	2019	2020	2021	2022	2023
A. R&D expenses	217,292	243,672	282,338	242,072	237,814
B. Revenue	2,543,441	2,397,855	2,750,264	2,102,302	1,760,590
A/B	8.54%	10,.16%	10.26%	11.51%	13.50%

(4) R&D list for last 5 years

Year	Product/Proprietary technology	Main purposes
2019	RTR AOI	Solution for Flexible PCB inspection, inspection speed is 10x~14x faster, can reduce labor demand and increase production efficiency
2020	Flip Chip market develop AVI, Bump and Tray In (Out) measurement equipment	It is applied to Flip Chip inspection, and the inspection items are integrated into two in one, which shortens the inspection time and personnel operation time, and improves the inspection efficiency.
	Inline Panel LaserVia AOIM	Replace stand-alone mode operation. The inspection speed is 6 times in the past, which can greatly reduce the operation manpower and improve the production efficiency, and greatly reduce the manpower cost.
2021	Multifield Laservia Inspector t	For blind hole detection, optically provide multiple wavelength detection capabilities to solve the problem of easy leakage of translucent residual glue in the blind hole process in the past, and can filter false points by comparing image items of different wavelengths to reduce equipment false alarms.
	FPCB Assembly AVI	The track type can be connected in series in the production line, replacing the previous single-machine inspection mode using the loading and unloading machine. Reduce related handling operations and improve production efficiency.
2022	Test fixture inspection system	Perform a test on the test fixture to detect the irregularity on the probe of the fixture so that the user may take early actions to handle the irregularity on the probe, and measure the related relations of position between the probe and pinning metal and calculate for the best compensation position suggested.
	High-speed colorful CSP AFI	The improvement of the resolution of CSP fraction inspection is helpful in detecting the finer details and maintaining the characteristics of high speed. In addition, use the property of multiple information of color to strengthen the ability of inspection and that of learning and reinsertion of AI.
2023	Multisource Color PCB Visual Inspection Machine	For defects beneath PCB solder mask, IR light is utilized for inspection while retaining the original capability for white light inspection, enabling examination of images from both light sources while maintaining the original production speed.
	Electrical Test Fixture Inspection Machine	For electrical test fixtures, detection capabilities include identifying defects such as needle misalignment, broken needles, foreign objects, as well as offering detection for needle offset and piercing damage.

5.1.4 Long-term and Short-term Development

(1) Short-term Business Development Plan

A. Marketing Strategy

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

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

B. R&D Strategy

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

Let R&D personnel engaged with the market more in order to develop the system that meets the market's needs.

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

C. Production Strategy

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

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

D. Finance Strategy

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

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

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

E. The Management

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

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

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

(2) Long-term Business Development Plan

A. Marketing Strategy

Increase the integration of products and services, expand the scale of operations, and provide customers with various solutions of mechanical vision system for their equipment.

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

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

B. R&D Strategy

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

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

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

C. Production Strategy

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

D. Finance Strategy

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

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

E. The Management

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

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

5.2 Market and Sales Overview

5.2.1 Market Analysis

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

Region/Year		2022		2023	
		Amount	%	Amount	%
Export	China	1,577,779	75%	1,143,092	65%
	Others	116,343	6%	164,125	9%
	Sub-total	1,694,122	81%	1,307,217	74%
Domestic Sales		408,180	19%	453,373	26%
Total		2,102,302	100%	1,760,590	100%

(2) Market share

The main business of the company is the manufacturing, research and development and sales of PCB mechanical vision inspection and measurement system equipment. The 2023 global top 100 PCB rankings, ninety percent are all Machvision customers.

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

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

(3) Future market supply/demand and growth

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

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

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

(4) Strength for competition

A. The Strong R&D Team

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

B. Providing a Comprehensive Range of Products

The comprehensive range of products developed by the Company for PCB/IC Packaging/COF industry does not only meet customers' needs, also the quality of our products are better than the exported ones. Our

diversified measuring and inspection equipment, which have a good reputation in the marketplace, can provide a total solution in measuring and inspection for the whole customer's factory and can have bundling to enhance competitiveness. In addition, we offer optional mid and high level models for many product series that can cover the individual needs of different customers and furthermore enhance the Company's market share.

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

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

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

D. Having the leading clients in terms of channel

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

Kinwong from China, Kingboard Holdings Limited from Hong Kong, Samsung and LG from Korea, as well as the top two manufacturers from Japan, Samina from the US. Among the top 100 PCB manufacturers, around 80% are using our products, which is helpful for the Company's new launches for getting the point of market entry. For a long time, the Company has been building the word of mouth and expanding our business to the global market that made us much more competitive in the industry.

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

A. Positive Factors

(A) The rising demand in inspection

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

(B) An industry with high entry barriers

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

(C) Self-owned developing team

The Company has successfully developed around tens of innovative products with patents domestically or abroad, and has successfully gotten certified by many world-class manufacturers. In addition, there are still clients exploring proactively for the opportunity of cooperating in the development of related visual inspection system.

At the same time, we continue to invest in developing new technologies to keep our technologies ahead of others.

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

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

(E) Good operation and Fine financial status

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

B. Negative Factors

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

Preventive measures:

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

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

Preventive measures:

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

(C) Limited application of existing product lines

Preventive measures:

With existing successful MV technology, modularized design and management, we can get into new application or industry quickly to increase the adaption in different industries such as probing and packaging industry, and furthermore expand the market of product selling.

5.2.2 Production Procedures of Main Products

(1) Functions of the major products

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

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

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

B. PCB Wiring Inspection Series:

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

b. Line gauge: measuring line width can get the quality level on how does etching result control the conducting lines. The traditional way of

measuring by naked eyes with microscopic magnifier does not only have the problem of bad reproducibility, but due to the trend of fine lines, measuring by naked eyes can no longer meet the requirement. LineGage has the imaging mechanism with patent that can show the image of fine lines clearly; when working together with the image processing technology of sub-pixel and linear regression, the precision accuracy of measuring can reach 1 μm .

c. Wiring inspection for inner and outer layers:

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

C. HDI and IC Substrate Inspection Series:

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

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

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

D. AFI Series:

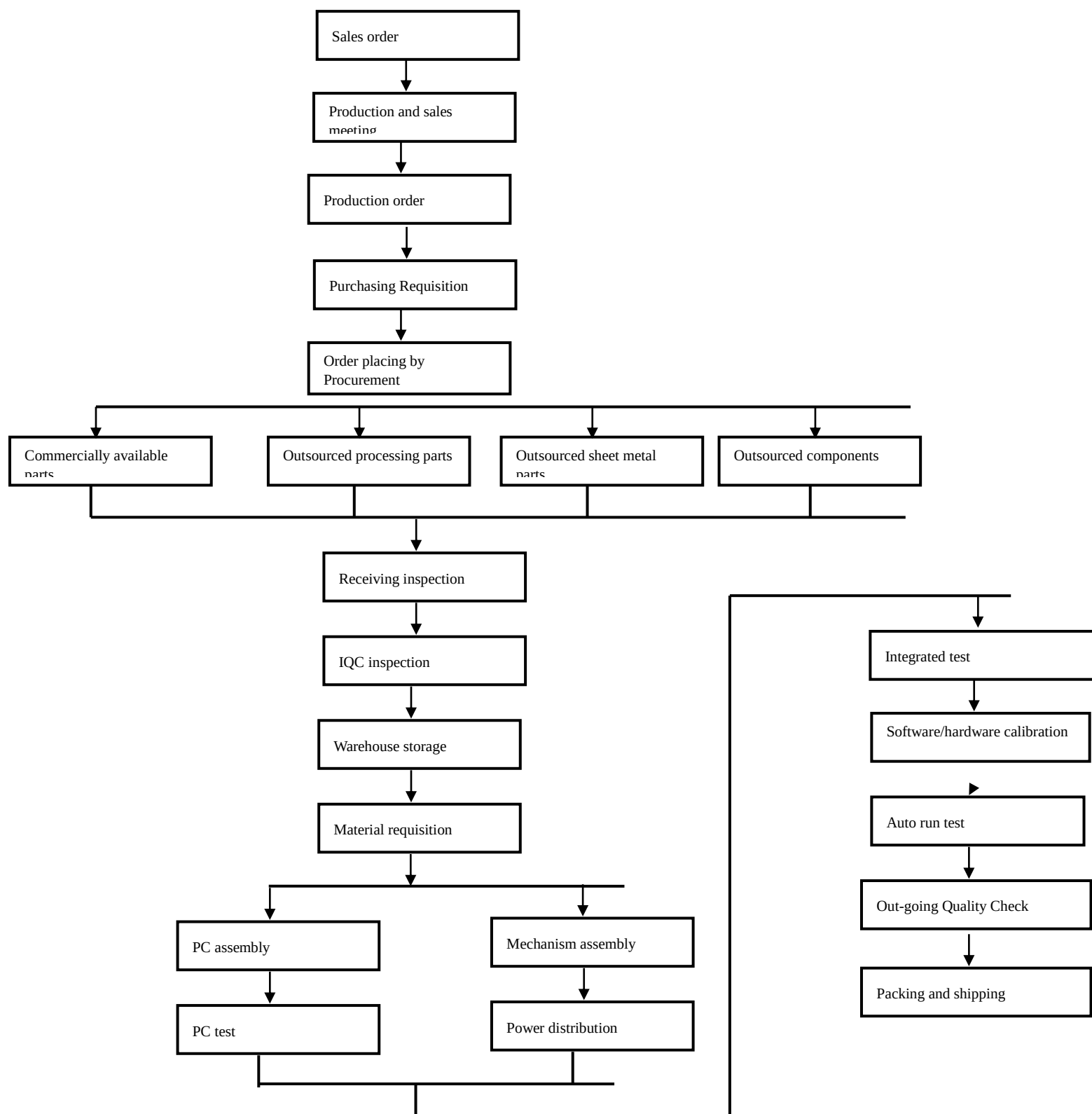
AFI series can be applied to various automatic final inspecting systems including multi layered board, HDI board, IC substrate, FPCB, assembled FPCB, wafer and COF. The series can also add AI capability to the system.

(2) The manufacturing process

A. The Company's products are mainly modular assembly that can be categorized to the modules of mechanism, electric control, optics, and software system.

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

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



5.2.3 Supply Status of Main Materials

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

5.2.4 Major Suppliers and Clients

A. Major Suppliers in the Last Two Calendar Years

Item	2022				2023			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	Supplier A	89,991	15.38	-	Supplier A	65,428	16.70	-
2	Supplier B	72,488	12.39	-	Supplier B	54,442	13.90	-
3	Supplier C	22,094	3.78	-	Supplier D	14,291	3.65	-
4	Others	400,559	68.45	-	Others	257,537	65.75	-
	Net Total Supplies	585,132	100.00		Net Total Supplies	391,698	100.00	

Unit: NT\$ thousands

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

B. Major Clients in the Last Two Calendar Years

Unit: NT\$ thousands

Item	2022				2023			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	S Client	158,009	7.52	-	G Client	216,916	12.32	-
2	A Client	123,910	5.89		F Client	153,526	8.72	-
3					I Client	126,418	7.18	
	Others	1,820,383	86.59		Others	1,263,730	71.78	
	Net Sales	2,102,302	100.00		Net Sales	1,760,590	100.00	

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

5.2.5 Production in the Last Two Years

Unit: NT\$ thousands

Output Year		2022			2023		
		Capacity	Quantity	Amount	Capacity	Quantity	Amount
Major Products (or by department)							
Appearance inspection series		169	165	826,397	137	133	545,868
Circuit inspection series		137	133	690,139	93	91	731,317
Laservia series		47	46	315,895	33	32	279,074
2D/3D series		13	12	58,779	10	10	36,741
Other testing series		53	52	220,740	31	30	120,925
Total		419	408	2,111,950	304	296	1,713,925

5.2.6 Shipments and Sales in the Last Two Years

Unit: NT\$ thousands

Shipments & Sales Major Products (or by departments)	Year		2022				2023			
			Local		Export		Local		Export	
			Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Appearance inspection series			15	121,242	132	630,028	15	98,706	104	399,670
Circuit inspection series			13	79,800	106	550,295	18	163,963	63	500,274
Laservia series			11	64,441	30	222,864	9	113,224	20	144,848
2D/3D series			3	14,640	8	40,340	3	10,135	6	23,607
Other testing series			10	69,279	36	129,976	10	11,416	17	99,638
Service			-	58,778	-	120,619	-	55,929	-	139,180
Total			52	408,180	312	1,694,122	55	453,373	210	1,307,217

5.3 Human Resources

Year		2022	2023	Data as of ending data in the current year
Number of Employees	Direct	53	42	38
	Indirect	246	236	226
	R&D	128	139	139
	Total	427	417	403
Average Age		36.20	37.30	37.3
Average Years of Service		4.51	5.64	5.69
Education	Ph.D.	1.17%	1.46%	1.72%
	Masters	26.23%	28.05%	27.83%
	Bachelor's Degree	63.93%	62.20%	62.56%
	Senior High School	8.67%	8.29%	7.88%
	Below Senior High School	-	-	-

5.4 Environmental Protection Expenditure

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

None

5.5 Labor Relations

5.5.1 Employee Welfare

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

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

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

3. Advanced study, training and development

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

(2) Training and people development system

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

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

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

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

5. Protection Measures for Working Environment and Employee Personal Safety

Item	Content
Access security	1. A rigorous surveillance system is activated around the clock. 2. An access control card or a facial recognition device is installed at each entrance and exit of the company. 3. A security company is contracted to protect factory safety at night and on holidays. 4. The facial recognition device has been upgraded to have a temperature detection function equipped in order to prevent the invasion of diseases. The access control cannot be lifted for those who have a temperature exceeding 37.5 degrees, and an e-mail will be issued automatically to notify the relevant controllers. The individuals in concern must approach the front desk to have their body temperature re-checked and must meet the requirements before they can return to work. The relevant body temperature rechecks are recorded for future reference. 5. For the care and protection of employees, the reception room on the first floor is provided as a remote office with necessary computer equipment provided for the logistic personnel who have been infected with notifiable diseases but still need to work, except for those who can work from home due to their duties. The said remote office arrangement is for the protection of the public. An average of 2 persons/week had been quarantined in 2023.
Maintenance and	1. Each electrical and mechanical or fire-fighting

inspection of various equipment	equipment (such as fire alarms, fire extinguishers, etc.) is regularly maintained on an annually, quarterly, monthly, and weekly basis in accordance with the respectively prescribed time in order to ensure that it is in the best condition for use at all times. In addition to regular maintenance, the external inspection of fire-fighting facilities and equipment was also completed and reported to the Fire Department on October 20, 2023. 2. A qualified fire inspection company was contracted to perform a fire safety inspection on the factory on October 20, 2023, in accordance with the Fire Services Act. An annual report with 0 nonconformity was filed with the Fire Department. 3. The company inspects and maintains each equipment, such as electricity, air conditioning, fire-fighting facility, passenger and freight elevator, etc., on a regular basis, among which: a. Electricity: The maintenance service is planned in line with the annual maintenance schedule of the science park, that was, completed the inspection by external units on December 17, 2022, and January 6, 2024, and reported the power equipment of the company in good condition to Taipower and Hsinchu Science Park Bureau, NSTC. b. Air conditioning: Maintenance service was scheduled on April 9, 2023, in order to maintain the equipment properly and secure better operating efficiency. c. Fire-fighting: As stated above, the fire safety inspection was performed by an external unit and completed on October 20, 2023, which should be reported to the Fire Department with 0 nonconformity identified. d. Passenger and freight elevator: It is an important operation of mechanical equipment inspection and maintenance. In addition to the
---------------------------------	---

	monthly maintenance service to be performed by external professional service providers, an annual safety inspection was completed on October 16, 2023, with a certificate of approval issued. 4. According to the provisions of the Occupational Safety and Health Act, a qualified inspector shall be contracted to perform a working environment inspection on the company every six months (scheduled on May 23 and November 3, 2023), including noise, lighting, CO2 concentration, etc. The satisfactory inspection results have been announced in accordance with the governing regulations. 5. It is to be handled in accordance with the "Regulations Governing Building Safety Inspection Certification and Reporting" (once every two years). A qualified architect firm was contracted to conduct the building public safety inspection, which was completed on July 28, 2023.
Prevention measures and contingency plan for disasters	1. The company has the "Disaster Prevention and Contingency Plan" established to clearly regulate the role and responsibility of each employee at all levels of the company for disaster prevention, incident handling, and accident reporting upon the occurrence of an emergency, major incident, general accident, and other emergency. A drill shall be carried out accordingly. An evacuation drill was carried out on May 10 and November 3, 2023, respectively. 2. The company formed a self-defense firefighting group: Fire-fighting team, notification team, evacuation team, safety protection team, and rescue team, which shall be reported regularly. The reporting dates for 2023 were May 17 and November 13. 3. In order to maintain the safety and health of employees and implement safety and health management, the Administration Office is a Class-I

	unit and is responsible for promoting environmental protection, and safety and health. Various safety and health-related posters are produced in January every year for promotion; also, the promotion of current affairs related to earthquakes/fires/industrial accidents is implemented occasionally. 4. According to the Disaster Prevention and Protection Act, emergency evacuation drills and firefighting equipment training shall be conducted every six months, which shall be planned in different scenario, including earthquakes, air raids, fires, man-made accidents, and other scenarios. In addition to major earthquakes, fires, and man-made accidents, there were frequent missile launch tests occurred in 2023; therefore, an air raid drill was carried out on May 10, 2023. In addition, in order to get familiar with fire-fighting equipment, in addition to carrying out the training on the use of fire extinguishers in the second half of the year, fire sprinkler practice was added into the training; therefore, the outdoor fire hydrants drill was conducted on November 3, 2023.
--	--

6. Employee Code of Conduct

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

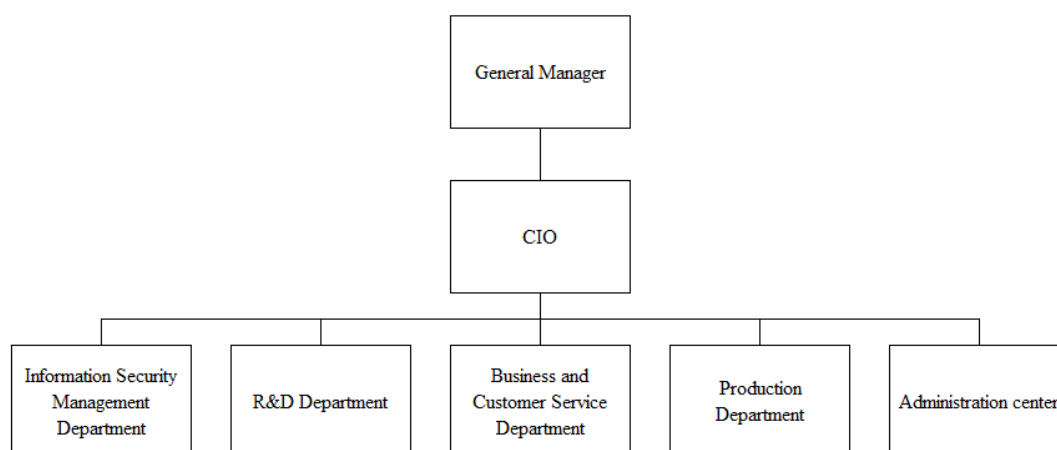
5.5.2. Total Losses

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

5.6 Information-Communication Security Management

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

1. Information/Communication Security Risk Management Infrastructure



The Company establishes the Risk Management Committee targeting risks related to information security. The chief of the IT Department serves as the convener while the network service members participating in the actual execution of information security projects form the Committee members. One dedicated information security supervisor and one dedicated personnel are assigned to take charge of the establishment of the information security system, technical introduction, and information security supervision and auditing through cooperation with colleagues from the IT Department.

The Committee conducts risk analysis on the information security and internet risk assessment procedures based on the level of risk effect and probability of occurrence. The Committee also conducts corresponding management mechanisms for high-risk environments and systems to establish the high-reliability model, data backup architecture, and remote backup model, which will reduce the impact of information security incidents.

2. Information/Communication Security Policies

(1) Enterprise Information Security Management Strategies and Infrastructure

The objective is to maintain the confidentiality, integrity, and usability of company assets, and to secure the privacy of user data. By leveraging the team efforts of our

entire staff we can achieve the following targets:

- To ensure that the information can only be accessed by authorized personnel in order to maintain confidentiality.
- To avoid unauthorized modifications in order to ensure the accuracy and integrity of data.
- To ensure that sales and service practices are in conformance with the requirements of the regulations.

(2) Continuous Improvement Infrastructure

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

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

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

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

As of 2023, the implementation of three-level information security has been completed, as described below:

- (1) Data encryption management : All company data files, graphics files, and software programs are encrypted and managed. If any report and data related to customer and supplier is needed, it requires the application for approval and decryption. Only in this way, external customers and suppliers can read the report, to enable the attainment of business activities and provision of related services from the suppliers.
- (2) Strengthen information security in user environment: Currently, the R&D Department of high-level information security area is restricted to personal

processing information equipment. All external computers and hardware equipment can be carried inside with restriction from connecting to the internal environment of MACHVISION. Moreover, personal processing computers will be blocked from us due to improper operations. With the control of USB use in the company, since the sales and customer service will inevitably need assistance from data analysis, the Information Department installs public virus scanning computers at all floors for users to scan data for viruses before loading.

- (3) Establishment of internal antivirus software and external firewall antivirus/anti-hacking: Recently, many large companies have suffered from malicious software and computer virus attacks, which are in a complicated situation. The awareness of information security protection continues to increase. With the training and real-time assistance from the frontline information security companies, it reduces the risk of MACHVISION's commitment to customers and shareholders and the adverse effects on operational results, finance, and prospects.
- (4) Supporting and backup mechanism: Execute the upgrade of the critical server system to high reliability, and incorporate the upgrade and improvement on the virtual server model and backup server. Develop and execute the configuration of full backup on the computers of senior managers to reduce the risks of data loss caused by malicious software and computer virus attacks.
- (5) Introduction of mail filtering service: Introduce cloud mail filtering service to mitigate the risk of related mail attacks.
- (6) Establishing the management architecture of server status: Establish Xymon management and monitor the server service and resources status.

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

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

2. Information/communication security risks and the action plans

(1) Information technology security risks and the management measures

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

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

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

5.7 Important Contracts

Agreement	Counterparty	Period	Major Contents	Restrictions
Agency contract	A Company	2018/10/15 till now	Dealership in Taiwan and China	-
Agency contract	B Company	2017/09/10 till now	Dealership in Taiwan and China	-
Agency contract	C Company	2022/01/01 till now	Dealership in Taiwan, China, Japan and Thailand.	-
Agency contract	D Company	2018/08/31 till now	Dealership in Korea	-
Agency contract	E Company	2022/01/01~2025/01/01	Dealership in China	-
Agency contract	F Company	2017/01/01~2018/12/31 By case	Dealership in Taiwan specific customer	-
Lease contract	Hsinchu science park bureau	2019/06/01~2038/12/31	No. 3, Gongye E. 2nd Rd., East Dist., Hsinchu City	-
Lease contract	Hsinchu science park bureau	2020/01/01~2024/12/31	1F., No.3 and 1F-2F., No. 1, Zhanye 1st Rd., East Dist., Hsinchu City	-
Lease contract	Hsinchu science park bureau	2021/06/01~2040/12/31	Keyuan Section, Keyuan Subsection Land serial no.59-4	-

VI. Financial Information

6.1 Five-Year Financial Summary

6.1.1 Condensed Balance Sheet

A. Consolidated Condensed Balance Sheet

Unit: NT\$ thousands

Year Item		Financial Summary for The Last Five Years				
		2019	2020	2021	2022	2023
Current assets		2,355,216	3,123,403	3,759,360	3,230,867	5,166,814
Property, Plant and Equipment		267,915	271,280	267,020	244,982	240,501
Intangible assets		8,898	83	-	-	-
Other assets		411,962	314,521	482,702	485,537	355,179
Total assets		3,043,991	3,709,287	4,509,082	3,961,386	5,762,494
Current liabilities	Before distribution	895,309	821,898	1,114,231	691,060	498,550
	After distribution	1,342,591	1,224,452	1,561,513	1,048,886	847,427
Non-current liabilities		105,864	279,659	436,627	253,157	86,193
Total liabilities	Before distribution	1,001,173	1,101,557	1,550,858	944,217	584,743
	After distribution	1,448,455	1,504,111	1,998,140	1,302,043	933,620
Equity attributable to shareholders of the parent		1,909,900	2,518,707	2,852,045	2,914,411	5,091,053
Capital stock		426,082	447,282	447,282	447,282	581,462
Capital surplus		59,512	568,312	165,759	121,034	2,006,263
Retained earnings	Before distribution	1,428,849	1,506,627	2,243,202	2,350,141	2,509,313
	After distribution	981,567	1,506,627	1,706,463	2,081,772	2,218,582
Other equity interest		(2,957)	(4,543)	(3,514)	(4,198)	(5,985)
Treasury stock		-	-	-	-	-
Non-controlling interest		61,179	132,918	89,023	106,179	86,698
Total equity	Before distribution	2,271,331	2,042,818	2,607,730	2,958,224	5,177,751
	After distribution	1,120,909	1,595,536	2,205,176	2,421,485	4,828,874

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

B. Unconsolidated Condensed balance sheet

Unit: NT\$ thousands

Year Item		Financial Summary for The Last Five Years				
		2019	2020	2021	2022	2023
Current assets		1,940,701	2,756,582	3,479,354	2,883,227	4,674,041
Property, Plant and Equipment		244,241	240,404	237,639	217,561	213,051
Intangible assets		193	83	-	-	-
Other assets		713,956	665,818	717,836	786,420	794,323
Total assets		2,899,091	3,662,887	4,434,829	3,887,208	5,681,415
Current liabilities	Before distribution	872,500	855,576	1,144,785	720,944	505,101
	After distribution	1,319,782	1,258,130	1,592,067	1,078,770	853,978
Non-current liabilities		116,691	288,604	437,999	251,853	85,261
Total liabilities	Before distribution	989,191	1,144,180	1,582,784	972,797	590,362
	After distribution	1,436,473	1,546,734	2,030,066	1,330,623	939,239
Equity attributable to shareholders of the parent		1,909,900	2,518,707	2,852,045	2,914,411	5,091,053
Capital stock		426,082	447,282	447,282	447,282	581,462
Capital surplus		59,512	568,312	165,759	121,034	2,006,263
Retained earnings	Before distribution	1,428,849	1,506,627	2,243,202	2,350,141	2,509,313
	After distribution	981,567	1,506,627	536,739	2,081,772	2,218,582
Other equity interest		(4,543)	(3,514)	(4,198)	(4,046)	(5,985)
Treasury stock		-	-	-	-	-
Non-controlling interest		-	-	-	-	-
Total equity	Before distribution	1,909,900	2,518,707	2,852,045	2,914,411	5,091,053
	After distribution	1,462,618	2,116,153	2,315,306	2,556,585	4,742,176

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

6.1.2 Condensed Statement of Comprehensive Income

A. Consolidated Condensed Statement of Comprehensive Income

Unit: NT\$ thousands

Item	Financial Summary for The Last Five Years				
	2019	2020	2021	2022	2023
Operating revenue	2,543,441	2,397,855	2,750,264	2,102,302	1,760,590
Gross profit	1,638,922	1,519,665	1,694,571	1,214,188	1,044,697
Income from operations	1,070,497	869,096	1,068,766	633,562	458,214
Non-operating income and expenses	(17,884)	(64,689)	(23,799)	100,328	48,013
Profit before income tax	1,052,613	804,407	1,044,967	733,890	506,227
Profit for the year from Continuing Operation	866,869	654,515	826,469	591,776	412,619
Loss on discontinued operations	0	0	0	0	0
Net profit (loss) for the period	866,869	654,515	826,469	591,776	412,619
Other Consolidated Income (Net Income)	(3,802)	280	(1,074)	1,811	(884)
Total Consolidated Net Income	863,067	654,795	825,395	593,587	411,735
Net Income Attributed to Stockholders of the Company	852,599	660,048	827,745	597,324	425,946
Net Income Attributed to Non-controlling Interest	14,270	(5,533)	(1,276)	(5,548)	(13,327)
Consolidated Net Income Attributed to Stockholders of the Company	850,150	660,274	826,664	599,102	425,602
Consolidated Net Income Attributed to Non-controlling Interest	12,917	(5,479)	(1,269)	(5,515)	(13,867)
Earnings per share	20.01	15.02	18.51	13.35	8.21

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

B. Unconsolidated Condensed Statement of Income

Unit: NT\$ thousands

Year Item	Financial Summary for The Last Five Years				
	2019	2020	2021	2022	2023
Operating revenue	2,358,299	2,263,325	2,573,526	1,924,661	1,584,237
Gross profit	1,537,430	1,410,031	1,543,211	1,015,194	863,923
Income from operations	1,086,364	899,908	1,031,330	562,759	423,437
Non-operating income and expenses	(54,062)	(92,625)	8,475	173,033	84,515
Profit before income tax	1,032,302	807,283	1,039,805	735,792	507,952
Profit for the year from Continuing Operation	852,599	660,048	827,745	597,324	425,946
Loss on discontinued operations	0	0	0	0	0
Net Income (Loss)	852,599	660,048	827,745	597,324	425,916
Other Consolidated Income (Net Income)	(2,449)	226	(1,081)	1,778	(344)
Total Consolidated Net Income	850,150	660,274	826,664	599,102	425,602
Earnings per share	20.01	15.02	18.51	13.35	8.21

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

6.1.3 Auditors' Opinions from 2019 to 2023

Year	Accounting Firm	CPA	Audit Opinion
2019	KPMG	HUANG/PO-SHU 、YU/AN-TIEN	An Unqualified Opinion
2020	KPMG	HUANG/PO-SHU 、WU/ CHUNG-SHUN	An Unqualified Opinion
2021	KPMG	HUANG/PO-SHU 、WU/ CHUNG-SHUN	An Unqualified Opinion
2022	KPMG	HUANG/PO-SHU 、WU/ CHUNG-SHUN	An Unqualified Opinion
2023	KPMG	WU/ CHUNG-SHUN 、ZHANG/ CHUN-YI	An Unqualified Opinion

6.2 Five-Year Financial Analysis

A. Consolidated Financial Analysis

Item		Financial Analysis for the Last Five Years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt ratio	32.89	29.70	34.39	23.84	10.15
	Ratio of long-term capital to property, plant and equipment	802.00	1064.36	1271.38	1,334.93	2,188.74
Solvency (%)	Current ratio	263.06	380.02	337.40	467.52	1036.37
	Quick ratio	216.40	333.64	300.46	416.54	980.79
	Interest earned ratio (times)	525.73	273.31	170.42	129.71	228.62
Operating performance	Accounts receivable turnover (times)	1.96	1.78	1.99	1.57	1.62
	Average collection period	186	204	184	233	225
	Inventory turnover (times)	2.94	2.36	2.77	2.43	2.42
	Accounts payable turnover (times)	2.58	2.79	3.85	3.69	5.06
	Average days in sales	124	154	132	150	151
	Property, plant and equipment turnover (times)	10.04	8.89	10.22	8.21	7.25
	Total assets turnover (times)	0.78	0.71	0.67	0.5	0.36
Profitability	Return on total assets (%)	26.66	19.45	20.23	14.08	8.52
	Return on stockholders' equity (%)	40.19	28.15	29.70	19.81	10.07
	Pre-tax income to paid-in capital (%)	247.04	179.84	233.63	164.08	87.06
	Profit ratio (%)	34.08	27.30	30.05	28.15	23.44
	Earnings per share (NT\$)	20.01	15.02	18.51	13.35	8.21
Cash flow	Cash flow ratio (%)	17.10	90.49	71.79	107.67	101.08
	Cash flow adequacy ratio (%)	94.78	104.28	109.65	115.69	85.75
	Cash reinvestment ratio (%)	(53.91)	10.83	8.52	9.96	1.11
Leverage	Operating leverage	2.15	2.47	2.29	2.86	3.27
	Financial leverage	1.00	1.00	1.01	1.01	1.00
Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)						
1. Debt ratio decreased due to a decrease in purchasing demand.						
2. Ratio of long-term capital to property, plant and equipment increased due to an increase in long-term funds resulting from private placement of new shares.						

3. Current ratio/quick ratio increased due to the proceeds from private placement.
4. Interest earned ratio (times) increased due to a decrease in interest expenses resulting from lease modification.
5. Accounts payable turnover (times) increased due to a decrease in accounts payable resulting from reduced purchasing demand.
6. Total assets turnover (times) decreased due to the funds raised from private placement, which increased total assets.
7. Return on total assets decreased due to a decrease in net income after tax for the fiscal year 2023.
8. Return on stockholders' equity decreased due to an increase in capital resulting from private placement.
9. Pre-tax income to paid-in capital decreased due to a decrease in pre-tax income for the fiscal year 2023.
10. The decrease in earnings per share is mainly due to a decrease in net profit after tax for the year 2023 compared to the previous year.
11. The decrease in the cash flow adequacy ratio/cash reinvestment ratio is mainly due to a decrease in accounts receivable resulting from a decrease in sales in 2023.

B. Unconsolidated Financial Analysis

Item \ Year		Financial Analysis for the Past Five Years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt ratio	34.12	31.24	35.69	25.03	10.39
	Ratio of long-term capital to property, plant and equipment	829.75	1167.75	1384	1,455	2,430
Solvency (%)	Current ratio	222.43	322.19	303.93	399.92	925.37
	Quick ratio	178.11	281.65	270.03	354.71	875.48
	Interest earned ratio (times)	558.1	279.95	170.10	130.25	235.51
Operating performance	Accounts receivable turnover (times)	2.07	1.84	2.08	1.50	1.37
	Average collection period	177	198	176	243	266
	Inventory turnover (times)	2.80	2.42	2.84	2.58	2.57
	Accounts payable turnover (times)	2.54	2.96	3.91	3.63	4.66
	Average days in sales	130	150	129	100	142
	Property, plant and equipment turnover (times)	10.26	9.34	10.77	8.46	7.36
	Total assets turnover (times)	0.75	0.69	0.64	0.46	0.33
Profitability	Return on total assets (%)	27.08	20.19	20.57	14.46	8.94
	Return on stockholders' equity (%)	41.39	29.81	30.82	20.72	10.64
	Pre-tax income to paid-in capital (%)	242.28	180.49	232.47	164.50	87.36
	Profit ratio (%)	36.15	29.16	32.16	31.04	26.89
	Earnings per share (NT\$)	20.01	15.02	18.51	13.35	8.21
Cash flow	Cash flow ratio (%)	18.40	89.18	73.05	92.12	106.05
	Cash flow adequacy ratio (%)	98.02	107.59	111.35	115.48	86.74
	Cash reinvestment ratio (%)	(62.74)	13.22	10.50	8.05	1.86
Leverage	Operating leverage	2.01	2.31	2.31	3.14	3.42
	Financial leverage	1.00	1.00	1.01	1.01	1.01
Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%) - Debt ratio decreased due to a decrease in purchasing demand. - Ratio of long-term capital to property, plant and equipment increased due to an increase in long-term funds resulting from private placement of new shares.						

3. Current ratio/quick ratio increased due to the proceeds from private placement.
4. Interest earned ratio (times) increased due to a decrease in interest expenses resulting from lease modification.
5. Accounts payable turnover (times) increased due to a decrease in accounts payable resulting from reduced purchasing demand.
6. Total assets turnover (times) decreased due to the funds raised from private placement, which increased total assets.
7. Return on total assets decreased due to a decrease in net income after tax for the fiscal year 2023.
8. Return on stockholders' equity decreased due to an increase in capital resulting from private placement.
9. Pre-tax income to paid-in capital decreased due to a decrease in pre-tax income for the fiscal year 2023.
10. The decrease in earnings per share is mainly due to a decrease in net profit after tax for the year 2023 compared to the previous year.
11. The decrease in the cash flow adequacy ratio is mainly due to a decrease in accounts receivable resulting from a decrease in sales in 2023.
12. The decrease in the cash reinvestment ratio is mainly due to an increase in current assets resulting from private placement of funds.

6.3 Audit Committee's Report in the Most Recent Year

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2023 Business Report, Financial Statements, and proposal for allocation of earnings. The CPA firm of KPMG was retained to audit Machvision's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Machvision Inc. Co., Limited. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

Machvision Inc. Co., Ltd., 2024 Regular Meeting of Shareholders

Audit Committee

February 5, 2024

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

Please refer to page 122 to 168 of the Chinese annual report.

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

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

6.5 Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022, and Independent Auditors' Report

Please refer to page 169 to 211 of the Chinese annual report.

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

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

7.1 Analysis of Financial Status

Unit: NT\$ thousands

Item \ Year	2022	2023	Difference	
			Amount	%
Current assets	3,230,867	5,166,814	1,935,947	59.92
Financial assets at fair value through profit or loss-non-current	15,744	15,744	-	-
Property, plant and equipment	244,982	240,501	(4,481)	(1.83)
Intangible assets	-	-	-	-
Other non-current assets	469,793	339,435	(130,358)	(27.75)
Total assets	3,961,386	5,762,494	1,801,108	45.47
Current liabilities	691,060	498,550	(192,510)	(27.86)
Non-current liabilities	253,157	86,193	(166,964)	(65.95)
Total liabilities	944,217	584,743	(359,474)	(38.07)
Ordinary shares	447,282	581,462	134,180	30.00
Capital surplus	121,034	2,006,263	1,885,229	1,557.60
Retained earnings	2,350,141	2,509,313	159,172	6.77
Other equity interest	(4,046)	(5,985)	(1,939)	47.92
Total equity	3,017,169	5,177,751	2,160,582	71.61
Note: Analytical basis: the change rate is more than 20%, and the change amount is more than NTD\$10 million.				
Analysis descriptions:				
1. The increase in current assets was due to the private placement.				
2. The decrease in liabilities was due to the reduction of land leases.				
3. The increase in equity was due to the private placement.				

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

7.2 Analysis of Financial Performance

Unit: NT\$ thousands

Item \ Year	2022	2023	Increase (decrease) amount	Change ratio (%)
Operating income	2,102,302	1,760,590	(341,712)	(16.25)
Operating cost	888,114	715,893	(172,221)	(19.39)
Operating gross profit	1,214,188	1,044,697	(169,491)	(13.96)
Operating expenses	580,626	586,483	5,857	1.01
Operating net profit	633,562	458,214	(175,348)	(27.68)
Non-operating income and expenses	100,328	48,013	(52,315)	(52.14)
Continuous operate dept. pre-tax net profit	733,890	506,227	(227,663)	(31.02)
Less: income tax expense	142,114	93,608	(48,506)	(34.13)
Current net profit	591,776	412,619	(179,157)	(30.27)
Other comprehensive profit and loss	1,811	(884)	(2,695)	(148.81)
Total consolidated profit and loss in this period	593,587	411,735	(181,852)	(30.64)
Note: Analytical benchmark: the change ratio before and after is more than 20% and the change amount is more than NTD\$10 million.				
Analysis descriptions:				
1. The decreases in non-operating income and expenses was mainly due to changes in exchange rate.				
2. Income tax expense decreased because of descending net profit.				

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

7.3 Analysis of Cash Flow

7.3.1 Remedy for Cash Deficit and Liquidity Analysis

Item \ Year	2021	2022	Variance (%)
Cash Flow Ratio (%)	107.67	101.08	(6)%
Cash Flow Adequacy Ratio (%)	112.57	85.75	(24)%
Cash Reinvestment Ratio (%)	6.95	1.11	(84)%
Analysis of financial ratio change: Decrease on the ratio were due to the descending sales operation.			

7.3.2 Cash Flow Analysis for the Coming Year

Estimated Cash and Cash Equivalents, Beginning of Year (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Cash Outflow (Inflow) (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
845,393	700,000	(630,000)	915,393	NA	NA
Analysis of change in cash flow in the coming year: (1) Operating activities: Net cash inflow from operating activities was mainly due to the increasing of the net assets in the coming year. Financing activities: Net cash outflow from financing activities was mainly due to the payment of dividends. (2) Remedial measures and liquidity analysis for cash shortfalls: NA.					

7.4 Major Capital Expenditure Items

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

7.4.2 Expected Benefits

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

B. Other Benefits: None.

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

Unit: NT\$ thousands

Item	Remarks	2022 Income (Loss) Amount	Policies	Reasons for Gain or Loss	Action Plan	Investment Plan for the Next 12 Months
Samoa Machvision Inc.		43,772	Investment	Mainly due to the profitability of the investment in Machvision (Dongguan) Inc.	-	-
Machvision Korea Co., Ltd.		1,693	Maintaining and trading of machinery equipment	Promotion/After-sales service	Actively expand market.	-
Machvision (Thailand) Co., Ltd.		(690)	Maintaining and trading of machinery equipment	Promotion/After-sales service	Actively expand market.	-
Machvision (Dongguan) Inc.		43,770	Maintaining and trading of machinery equipment	-	-	-
SISSCA Co.,Ltd.		(14,943)	Manufacturing of computer peripheral products	Steady operation	Keep on research and development	-
SiSSCA (JIANG SU) Co., Ltd.		(2,672)	Manufacturing of machinery equipment	Promotion/After-sales service	Actively expand market.	-

7.6 Analysis of Risk Management

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

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

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

- (1) Board of Directors: the board of directors is the highest unit of company's risk management. It aims to promote and implement the company's overall risk management by following the laws and regulations, ensuring the effectiveness of risk management, and taking the ultimate responsibility of risk management.
- (2) Finance Department: to build a highly efficient and high-quality financial platform to provide transparent and credible financial information, operational analysis and improvement solutions, with strict control, and appropriate tax planning, credit risk control and finance crisis prediction model that reduces corporate risk.

- (3) Audit Department: based on risk-oriented annual audit plan, review the existence or potential risks of each operation, and be responsible for the revision and promotion of the internal control system to ensure the effective operation risk management of the company.
- (4) Information Security Department: planning and improving the company's information management system, responsible for network information security control and protection measures, providing management with fast and effective operational management information to reduce information security risks.
- (5) Each business unit: the heads of each business unit are responsible for the first-line risk management, responsible for analyzing and monitoring the related risks within units, and ensuring that the risk control mechanisms and procedures can be effectively implemented.

7.6.3 Future Research & Development Projects and Corresponding Budget

Plan	purpose
Six-Sided Appearance Inspection Machine for Encapsulated ICs	For post-encapsulation ICs, it performs six-sided appearance inspection and 2D/3D measurement. It is currently the fastest equipment available on the market.
New Wafer AVI	The new optical-enhanced wafer inspection system, with added 3D detection capability, offers a more comprehensive inspection solution for advanced semiconductor processes.
FC circuit inspection system 4.0	Used for 10/10um CSP circuit inspection. The speed is 6 to 8 times higher than that of stand-alone inspection. The previous method has been replaced since it required a large amount of labor cost investment.

Estimated investment in research and development in 2023: it is estimated that 15% to 20% of net operating income will be spent on research and development.

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

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

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

The company's main source of revenue is the sales and service revenue of mechanical vision inspection and measurement system products, the main products can be applied to a variety of PCB processes, as high-precision measurement or inspection applications, so the sales and use of customer layer distribution is very wide, there is no risk of concentration of sales.

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

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

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

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

7.6.9 Risks Relating to and Response to Excessive Concentration of Purchasing

Sources and Excessive Customer Concentration

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

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

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

7.6.12 Litigation or Non-litigation Matters

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

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

7.6.13 Other Major Risks: None

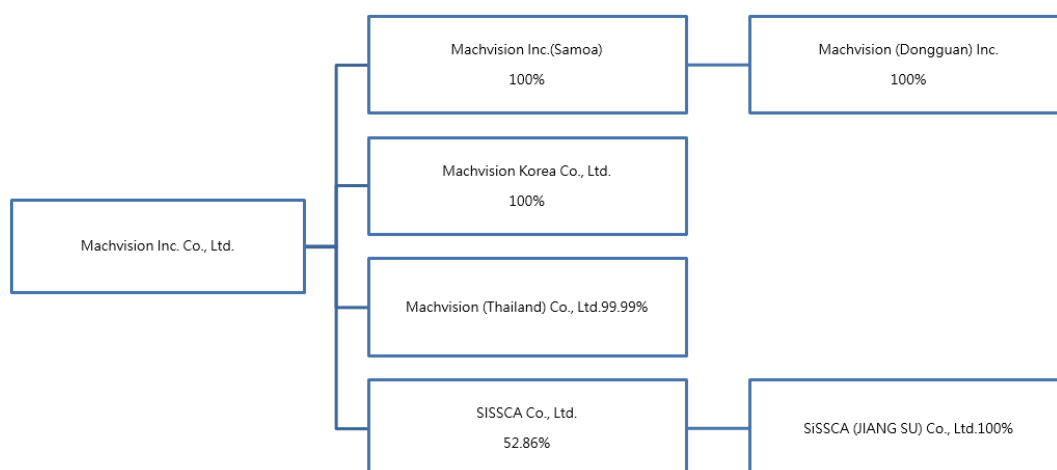
7.7. Other material matters: None

VIII. Special Disclosure

8.1 Summary of Affiliated Companies

8.1.1 Organizational chart of the company's affiliated companies

As of 12/31/2023



8.1.2 Profiles of the Company's affiliated companies

Unit: NT\$ thousands

Name of enterprise	Date of establishment	Address	Paid-in Capital	Nature of business
Samoa Machvision Inc.	2004.12.09.	Samoa	105,433	Investment
Machvision (Dongguan) Inc.	2005.06.02.	China	105,361	Maintaining and trading of machinery equipment
MACHVISION KOREA Co., Ltd	2019.03.28.	KOREA	21,542	Maintaining and trading of machinery equipment
SISSCA Co.,Ltd.	2020.03.17	Taiwan	217,148	Manufacturing of computer peripheral products
SiSSCA (JIANG SU) Co., Ltd.	2023.02.23	China	30,730	Manufacturing of machinery equipment
Machvision (Thailand) Co., Ltd.	2023.06.07	Thailand	22,415	Maintaining and trading of machinery equipment

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

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

Please See the second item.

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

Unit: NT\$ thousands

Name of enterprise	Title	Name or Representative	Number of shares	
			Number of shares	Shareholding ratio
Samoa Machvision	Director	MACHVISION Inc. Co., LTD	3,463,650	100%
		Legal representative:HUANG, CHIA-HSING		
Machvision (Dongguan) Inc.	Director	MACHVISION Inc. Co., LTD Legal representative:HUANG, CHIA-HSING	Note 1	100%
		MACHVISION Inc. Co., LTD Legal representative:WANG, GUANG-SHIAH		
		MACHVISION Inc. Co., LTD Legal representative:CHUANG, YUNG-SHUN		
	President	HUANG, CHIA-HSING		
MACHVISION KOREA Co., Ltd	Director	MACHVISION Inc. Co., LTD	10,000	100%
		Legal representative:CHEN, FU-SHEN		
Machvision (Thailand) Co., Ltd.	Director	MACHVISION Inc. Co., LTD Legal representative:WANG, GUANG-SHIAH	2,499,750	99.99%
		WANG, GUANG-SHIAH	250	0.01%
		CHEN, FU-SHEN	-	-
SISSCA Co.,Ltd.	Director	MACHVISION Inc. Co., LTD Legal representative:WANG, GUANG-SHIAH	11,477,463	53%
		MACHVISION Inc. Co., LTD Legal representative:CHEN, FU-SHEN		
		YOUNGTEK ELECTRONICS CORP Legal representative:CHEN,KUEI-PAO	3,370,752	16%
		LEE, WEN-TSERN	98,313	0.45%
		DU, MING-HAN	-	-
	Supervisor	CHEN, PEI-SHIH	-	-
	President	LEE, WEN-TSERN	-	-
SISSCA (JIANG SU) Co., Ltd.	Director	SISSCA Co.,Ltd. Legal representative:WANG, GUANG-SHIAH	Note 1	100.00%
		SISSCA Co.,Ltd. Legal representative:CHEN, FU-SHEN		
		SISSCA Co.,Ltd. Legal representative:CHEN,KUEI-PAO		
	Supervisor	CHEN, PEI-SHIH		-
	President	CHEN,SHANG-SHU		-

Note1: limited company

8.1.6 Operation overview of the Company's affiliates

December 31, 2023 Unit: unless otherwise specified, NT\$1,000

Name of enterprise	Paid-up capital	Total assets	Total liabilities	Net worth	Operating revenue for current period	Operating profit for current period	Profit or loss for current period (After tax)	Earnings per share (NT\$) (After tax)
Samoa Machvision Inc.	105,433	104,092	-	104,092	-	-	43,772	Not applicable
Machvision (Dongguan) Inc.	105,361	584,303	480,423	103,880	485,894	48,169	43,770	Not applicable
MACHVISION KOREA Co., Ltd	21,542	6,373	266	6,107	(3,715)	(2,719)	1,693	Not applicable
SISSCA Co., Ltd.	217,148	237,069	59,452	177,617	33,640	(23,313)	(28,270)	(1.30)
Machvision (Thailand) Co., Ltd.	22,415	22,807	956	21,851	0	(388)	(690)	Not applicable
SiSSCA (JIANG SU) Co., Ltd.	30,730	27,339	2,836	24,503	0	(6,155)	(5,055)	Not applicable

8.2 Private Placement Securities in the Most Recent Years:

Item	2023 private Placements Date : 2023/6/21
Private placement	Common Shares
The date of approval by the shareholders' meeting and the Amount limit of the private placement	According to the resolution of the shareholders' meeting held on May 25, 2023, The quota within 15,000,000 shares (inclusive) can be processed once within one year from the date of resolution of the shareholders' meeting.
Pricing basis of private placement and its reasonableness	1. The price of privately placed common shares of the Company is set at no less than 80% of the reference price, and the reference price shall be the higher of either the simple average closing price of the common shares of TWSE listed or TPEx listed company for any of either the 1,3, or 5 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction, or the simple average closing price of the common shares of TWSE listed or TPEx listed company for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction. 2. The price per share of these privately placed common shares is determined in accordance with the relevant regulations set by the competent authority, however, the factors such as the operation status of the Company and

	market prices of common shares have also been considered when setting the price. The pricing method is deemed reasonable. Therefore, it is proposed that the Board of Directors shall be authorized by the shareholders' meeting, within the scope not lower than the percentage needed for the adoption of a resolution, to determine the actual price determination date and actual price based on market status and situation when specific persons are determined.				
The method for selecting the specific persons	The private placement of securities carried out this time is with the specific persons prescribed under Article 43-6 of the Securities and Exchange Act, and in order to expand future product market and increase the competitiveness of the Company, the selection of the specific persons shall be limited to strategic investors. It is proposed that the Board of Directors shall be fully authorized by the shareholders' meeting for matters of determining the specific persons. The necessity and anticipated benefits of selecting strategic investors as specific persons: In response to the needs of long-term operation and business development of the Company, the priority will be given to those who can benefit directly or indirectly from the future operations of the Company and who can help the Company expand business and product markets, strengthen customer relationships, improve product development integration efficiency, enhance technology, or who can provide financial resources and strengthen financial cost management to enhance the Company's competitive advantage. The introduction of funds provided by strategic investors not only benefit the operation and business development of the Company, but is helpful to the improvement of the overall operation structure of the Company, which is beneficial to the competitiveness of the Company's long-term operation and development as well as operational effectiveness.				
The necessity for conducting a private placement	1. Private placement has the properties of quick and convenient, and since there are regulations preventing securities obtained through private placement from transferring within three years after the date of delivery, the long-term cooperative relationship between the Company and the places will be more secure. In addition, the mobility and flexibility of the Company's fundraising activity will be enhanced effectively, if the Board of Directors is authorized to conduct private placements based on actual operation needs of the Company. 2. The issuance of common shares through private placement shall be limited to a maximum of 15,000,000 shares, and it may be carried out by entirety within one year of the date of the resolution of the shareholders' meeting when the time is right and the market allows. 3. The use of the funds raised by private placement and anticipated benefits.				
Record date for c	2023/06/21				
The information of Specific Investor	Private Placement Target	Qualification Criteria	Subscription Quantity (Shares)	Relationship with the Company	Involvement in Company Operations
	Advanced Semiconductor	Article 43-6, Paragraph 1,	13, 418, 000	–	–

	Engineering, Inc.	Subparagraph 2 of the Securities and Exchange Act			
Actual private placement price	The price of private placement that is NT\$161.50 and number of 13,418 thousand shares privately placed, total amount to NT\$2,167,007,000 had been received.				
The difference between the actual subscription price and the reference price	Reference price is NTD\$201.80 per share. The price for common shares of this private placement is no less than 80% of the reference price.				
Use of the funds raised in this private placement	The funds raised by this private placement will be used to enrich working capital or meet other funding needs for long-term operation and development of the Company.				
Utilization of private placement funds and progress in plan execution	The raised funds from this private placement have already been utilized, amounting to NT\$453,890,744 for operational purposes.				
The manifestation of the benefits of private placement	The mobility and flexibility of the Company's fundraising activity will be enhanced effectively.				

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

8.4 Other Necessary Supplementary Notes: None.

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



MACHVISION