

Stock ID: 8249

# CREATIVE SENSOR INC.

## 2023 Annual Shareholders' Meeting

# Handbook

Date: May 31, 2023

Venue: 3F, 397 Xingshan Road, Neihu District, Taipei City (3F International Conference Center,  
YC Group Headquarters)

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CREATIVE SENSOR INC.  
Agenda of 2023 Annual General  
Meeting

- I. Commencement of Meeting
- II. Chairperson's opening speech
- III. Reporting matters
- IV. Ratification Items
- V. Discussions
- VI. Extraordinary motions
- VII. Adjournment of the meeting

# CREATIVE SENSOR INC.

## Agenda of 2023 Annual General Meeting

Type of Meeting : Physical Meeting

Date: 9 a.m., May 31 (Wednesday), 2023

Venue: 3F, 397 Xingshan Road, Neihu District, Taipei City (3F International Conference Center, YC Group Headquarters)

- One. Commencement of Meeting (Announcing the total number of shares represented in the meeting)
- Two. The Chairperson's opening speech
- Three. Reporting Matters
  - I. 2022 Business Report
  - II. 2022 Audit Committee's Review Report
  - III. Report on distribution of remuneration to employees and directors of the Company for the 2022 financial year.
  - IV. Report on 2022 Fiscal Year earnings distribution as cash dividends.
- Four. Ratification Items
  - I. 2022 Business Report and Financial Statements.
  - II. 2022 Earnings Appropriation
- Five. Discussions
  - I. Proposal on amendments to the "Articles of Incorporation" of the Company.
- Six. Extraordinary motions
- Seven. Adjournment of the meeting

# Reports

## Agenda Item #1

Proposal: 2022 Business Report of the Company.

Explanation: Please refer to pages 9~11 for the 2022 Business Report.

## Agenda Item #2

Proposal: 2022 Audit Committee's Review Report.

Explanation: Please refer to Page 12 of this Handbook for the 2022 Report by the Board of Auditors.

## Agenda Item #3

Proposal: Report on distribution of remuneration to employees and directors of the Company for the 2022 financial year.

Explanation:

- (I) To proceed according to Article 19 of the Articles of Incorporation.
- (II) The 2022 earnings of the Company were NTD 490,101,253. The remuneration of directors allocated in the current period was NTD 14,573,589 (2.97%) and the employees' remuneration allocated was NTD 43,720,764 (8.92%). All of the remunerations were issued according to the percentages specified in the Articles of Incorporation of the Company, and the said aforementioned amounts were issued in cash.

## Agenda Item #4

Proposal: Report on 2022 Fiscal Year earnings distribution as cash dividends

Explanation:

- (I) Pursuant to paragraph 1, Article 19-1, of the Articles of Incorporation, if there is a balance of earnings and undistributed surplus, the Board of Directors, with the attendance of two-thirds or more of the directors and the consent of the majority of the directors present, shall distribute all or part of the dividends and bonuses by means of cash payments and report to the shareholders' meeting. After the cash dividend has been approved by the Board of Directors, the Chairman is authorized to set the ex-dividend date and implement the distribution matters and report to the 2023 Fiscal Year Annual Shareholders' Meeting.
- (II) The Board of Directors has approved the distribution of cash dividends in the amount of NTD 268,492,800, for the earnings of the 2022 Fiscal Year. The

dividend payout is NTD 1.9 per share. The calculation of dividends shall be rounded down to the nearest NTD 1. Fractions less than NTD 1 shall be aggregated and recognized as other income of the Company.

(III) This proposal has been approved by the Board of Directors. If in the future, the number of outstanding shares is affected due to the repurchase of the Company's shares, transfer of treasury shares, or other factors, the Chairman is authorized to adjust the dividend payout ratio according to the actual number of outstanding shares based on the cash dividend amount approved in this earnings distribution proposal.

# Ratification Items

## Agenda Item# 1

Proposal: Adoption of the Company's 2022 business report and financial statements, proposed for ratification. (Proposed by the Board of Directors)

Explanation:

- (I) The Company's 2022 financial statements (including consolidated financial statements) have been prepared under authority of the Board of Directors, and audited by CPA Po-Chuan Lin and CPA Chun-Yao Lin of Pricewaterhouse Coopers PwC Certified Public Accountants, who have issued an independent auditor's report. The financial statements and business reports have also been reviewed by the Board of Auditors and are ready for acknowledgment.
- (II) Statements and reports of this discussion have been presented in this Handbook. (Please refer to pages 9–11 for the business report, and pages 12–33 for the audit reports and accountants' financial statements.)

Resolution:

## Agenda Item #2

Proposal: Adoption of the proposal for the Company's 2022 Fiscal Year earnings distribution, proposed for ratification. (Proposed by the Board of Directors)

Explanation:

- (I) The proposal for distributing earnings for the Company's 2022 Fiscal Year has been approved by the Board of Directors and has been forwarded to the Audit Committee for examination and final approval.
- (II) Below is the detailed Earnings Allocation Report:

### CREATIVE SENSOR INC. 2022 Earnings Allocation Report

Unit: NTD

Item	Amount
Unallocated retained earnings at beginning of the term	682,030,014
Plus: Adjustment of retained earnings in 2022	28,270,909
Adjusted undistributed earnings	710,300,923
Plus: Net profit after tax in 2022	359,682,214
Less: 10% allocated as legal reserve	(38,795,312)
Amount available for distribution	1,031,187,825
Item of distribution:	
Shareholders' cash dividend (NTD 1.90 per share)	268,492,800
Closing undistributed earnings	762,695,025

Chairman:  
Yu-Jen Huang

Manager:  
Chi-Chang Yang

Head of Accounting:  
Chun-Mei Yen

Note 1: If in the future, the number of outstanding shares is affected due to the repurchase of the Company's shares, transfer of treasury shares, or other factors, the Chairman is authorized to adjust the dividend payout ratio according to the actual number of outstanding shares based on the cash dividend amount approved in this earnings distribution proposal.

Note 2: The calculation of dividends shall be rounded down to the nearest NTD 1. Fractions less than NTD 1 shall be aggregated and recognized as other income of the Company.

Note 3: This earnings distribution shall be allocated from 2022 earnings as the first priority.

## Resolution:

# **Discussion**

## **Agenda Item #1**

Proposal: Amendments to the “Articles of Incorporation” of the Company, submitted for resolution. (Proposed by the Board of Directors)

Explanation:

- (I) Our company has added new business operations to Article 2 of Articles of Incorporation to meet operational requirements.
- (II) In accordance of the Articles of Incorporation with Article 235-1 of the Company Law, our company has added provisions to the Articles of Incorporation regarding the decision-making process and reporting requirements for director remuneration to be presented to the shareholders' meeting.
- (III) Please refer to pages 34-35 and 37-40 of this Handbook for a comparison table of the revised provisions and the original text.

Resolution:

## **Extraordinary motions**

## **Adjournment of the meeting**

# **Attachment**

## 2022 Business Report

### I. 2022 Operating Overview

In the year 2022, the global economy was affected by multiple factors including wars, energy crises, U.S.-China tensions, recurring outbreaks of the pandemic, and economic problems within the United States. These factors along with inflation and rising interest rates, increased uncertainty in the global economic landscape, which in turn affected the shipment of consumer electronics products worldwide, including a decline in demand for multifunctional printers.

Starting from the second half of the year, major customers continuously reduced shipments of low-end products, but demand for mid- to high-end commercial machines continued to grow. As a result, the proportion of high-margin models in the production and sales has increased, which also boosted the overall gross margin performance for the year. Regarding raw materials' supplies, the decline in demand for consumer electronics products including laptops and smartphones worldwide caused a reversal in the supply and demand of semiconductors from the second quarter. At the same time, this eased the wafer supply shortage that had persisted since the beginning of 2021, resolving the problems of material shortage this year. However, in December, China suddenly abandoned its "zero-tolerance" policy for COVID-19 and its policy of exempting workers from PCR testing. As a result, there was a sudden surge of infected employees in the factory, which temporarily affected production capacity that month. However, this did not affect overall shipment demand for the year. Overall, Creative Sensor was impacted by the aforementioned factors in 2022. In addition, the US dollar appreciated greater than expected, but implementation of business plans yielded significant growth compared to the same period last year.

(I) The implementation results and profit analysis of the business plan are as follows:

Unit: NTD thousands

Year Item	2022	2021	Growth rate
Operating revenue	4,256,952	3,951,319	+7.7%
Gross profit	758,787	523,269	+45.0%
Earnings per share	3.22	1.50	114.6%

(II) Revenue, profit and loss:

The 2022 revenue was NTD 4.26 billion, or an increase of 7.7% over the 2021 revenue of NTD 3.95 billion. The 2022 gross profit was NTD 760 million, up by 45% compared with

NTD 520 million in 2021. Revenue grew more than expected due to the strength of the US dollar, changes in product mix, and improvements in factory management efficiency, resulting in higher gross profit than expected. The net earnings per share after tax was NTD 3.22, representing growth of 114.6% from 2021 earnings per share of NTD 1.5.

2022 R & D results:

1. The preliminary mold sample verification of the new generation light source module has been completed, achieving the preset brightness requirements and continuing the mass production plan.
2. The high-depth-of-field module design and optical verification have been completed, and the module verification can be completed in 2023, with samples submitted to customers for testing.
3. The high-speed digital output format design verification has been completed.
4. Integration of product shipment testing items for different CISM models was completed, achieving resource integration and cost reduction goals.
5. The engineering trial production of infrared imaging and temperature measurement sensor core has been completed, and the image post-processing algorithm and parameter settings with detail enhancement have been introduced and sent for sampling.
6. International invention patents are being applied for the new generation light source module and high-depth-of-field image sensing modules.
7. Cooperation with strategic partners has been completed to develop human identification algorithms.

## II. 2023 Outlook

The changes in 2022 continued to impact the global economic landscape, with concerns about recession showing no signs of easing. The IMF has lowered its forecast for economic growth in 2023 to 2.9%. According to The Economist's predictions, it remains difficult to predict whether the global economy will stabilize in the second half of 2023.

Therefore, the company's main focus in 2023 is to maintain current customer relationships while also developing new business opportunities. Additionally, the management team needs to strengthen control over raw material and finished product inventory, improve key supply chain relationships, and ensure a stable supply of materials. The factory must continue to reduce personnel turnover to increase output, strengthen quality control to reduce defect rates, enhance the flexibility and adaptability of automated production, promote process optimization, and improve product quality to ensure profitability. The company is also actively engaged in developing new products, focusing on "safety monitoring applications" and "industrial inspection applications," using modular design and AI image processing to differentiate products and increase product competitiveness.

The Company's operating policies in 2023 will make the following efforts:

1. In response to possible demand changes caused by the global economic downturn, we will actively control raw materials and finished goods inventory levels, ensuring real-time market demand trend monitoring.
2. We will reduce factory staff turnover, improving proportional flexibility and automated production.
3. We will complete production verification of next-generation light source modules and high-depth-of-field modules, implementing mass production while developing self-made high-intensity light source modules.
4. We will develop linear optical sensors and critical components, to grasp technology and ensure product autonomy.
5. We will prepare for mass production of infrared imaging and temperature measurement cores, and introduce AI image processing parameter adjustment algorithms, to develop dual-light imaging modules.
6. We will continue to plan for a second production base, increase the self-made rate of components, and establish fully automated intelligent production lines.

Chairman: Yu-Jen Huang

President: Chi-Chang Yang

Head of Accounting: Chun-Mei Yen

**CREATIVE SENSOR INC.**  
**Audit Committee review report**

The Board of Directors has supervised preparation of the Company's annual business report, individual financial statement, consolidated financial statement and earnings distribution for 2022, and the individual financial statement and consolidated financial statement have been audited by Po-Chuan Lin and Chun-Yao Lin of Pricewaterhouse Coopers PwC Certified Public Accountants, and their audit report has been duly issued.

The above-mentioned business report, individual financial statement, consolidated financial statement and earnings distribution have been audited by this Audit Committee, and no discrepancies have been noted. Therefore, the above report is made in conformance with Article 14-4 of the Securities and Exchange Law and Article 219 of the Company Law, please duly review and verify same.

To:

2023 Annual General Meeting of CREATIVE SENSOR INC.

CREATIVE SENSOR INC.

Convener of Audit Committee: Shi-ying Huang

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## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of CREATIVE SENSOR INC.

***Opinion***

We have audited the accompanying consolidated balance sheets of Creative Sensor Inc. and its subsidiaries (the “Group”) as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of the other auditors (refer to the *Other matter* section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

***Basis for opinion***

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

***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group’s 2022 consolidated financial statements are outlined as follows:

### ***Impairment assessment of investments accounted for using equity method***

#### Description

Refer to Note 4(14) for accounting policy on investments of associates accounted for using equity method, Note 5 for the details of uncertainty of impairment assessment and assumption of investments accounted for using equity method, and Note 6(7) for the details of investments accounted for using equity method.

The Group applied value-in-use to measure recoverable amount and assessed the impairment of its investment, Teco Image Systems Co., Ltd. (hereinafter referred to as “Teco Image Systems”), accounted for using equity method. Since the calculation of value-in-use involves the estimation of future cash flows and discount rate, there is high uncertainty in relation to the assumptions, and the estimated outcome has a significant effect to the valuation of value-in-use, we identified the impairment assessment of investments accounted for using equity method as a key audit matter.

#### How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding of the procedures in estimating future cash flows, and confirmed whether the future cash flows used in the valuation model was in agreement with the Teco Image Systems’s operational plan.
2. Compared the estimated revenue growth rate, gross rate and operating expense rate used in assessing value-in-use with the historical data and other independent sources of economic and industry forecasts.
3. Compared the discount rate used in assessing value-in-use with the capital cost of cash generating units and similar return on assets.
4. Checked the calculation accuracy of the valuation model.

### ***Other matter – Reference to the reports of the other auditors***

We did not audit financial statements of certain investments accounted for using the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT\$216,815 thousand and NT\$200,579 thousand, constituting 3.38% and 2.98% of the consolidated total assets as at December 31, 2022 and 2021, respectively, and the comprehensive income (loss) recognized from associates and joint ventures accounted for under the equity method amounted to NT\$16,236 thousand and (NT\$22,461) thousand, constituting 30.46% and (5.05%) of the consolidated total comprehensive income for the years then ended, respectively.

### ***Other matter – Parent company only financial reports***

We have audited and expressed an unqualified opinion on the parent company only financial statements of Creative Sensor Inc. as at and for the years ended December 31, 2022 and 2021.

### ***Responsibilities of management and those charged with governance for the consolidated financial statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including Audit Committee, are responsible for overseeing the Group's financial reporting process.

### ***Auditors' responsibilities for the audit of the consolidated financial statements***

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

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

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

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

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

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

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

Lin, Po-Chuan

Lin, Chun-Yao

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 17, 2023

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

**CREATIVE SENSOR INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 1,692,222	26	\$ 1,441,196	21
1110	Financial assets at fair value through profit or loss - current	6(2)	5,392	-	1,972	-
1136	Financial assets at amortized cost - current, net	6(3)	268,963	4	217,212	3
1170	Accounts receivable, net	6(4)	602,419	10	444,862	7
1180	Accounts receivable - related parties, net	6(4) and 7	-	-	507	-
1200	Other receivables		6,697	-	3,966	-
1210	Other receivables - related parties, net	7	-	-	3,780	-
130X	Inventories, net	6(5)	369,312	6	527,208	8
1479	Other current assets		22,624	-	35,094	1
11XX	<b>Total current assets</b>		<u>2,967,629</u>	<u>46</u>	<u>2,675,797</u>	<u>40</u>
<b>Non-current assets</b>						
1517	Non-current financial assets at fair value through other comprehensive income	6(6) and 8	2,305,527	36	2,757,294	41
1550	Investments accounted for using the equity method	6(7)	854,702	13	958,375	14
1600	Property, plant and equipment, net	6(8)	190,114	3	227,987	3
1755	Right-of-use assets	6(9)	53,262	1	62,461	1
1780	Intangible assets		6,561	-	4,785	-
1840	Deferred income tax assets	6(24)	8,052	-	9,906	-
1990	Other non-current assets	6(13)	28,399	1	35,916	1
15XX	<b>Total non-current assets</b>		<u>3,446,617</u>	<u>54</u>	<u>4,056,724</u>	<u>60</u>
1XXX	<b>Total assets</b>		<u>\$ 6,414,246</u>	<u>100</u>	<u>\$ 6,732,521</u>	<u>100</u>

(Continued)

**CREATIVE SENSOR INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>						
2100	Short-term borrowings	6(10) and 8	\$ 1,350,000	21	\$ 1,734,800	26
2120	Financial liabilities at fair value through profit or loss - current	6(11)	746	-	-	-
2170	Accounts payable		745,841	12	696,600	10
2180	Accounts payable - related parties	7	1,665	-	1,230	-
2200	Other payables	6(12)	283,410	5	247,208	4
2230	Income tax payable		68,189	1	26,785	-
2280	Current lease liabilities		12,243	-	11,232	-
2300	Other current liabilities		9,153	-	7,555	-
21XX	<b>Total current liabilities</b>		<u>2,471,247</u>	<u>39</u>	<u>2,725,410</u>	<u>40</u>
<b>Non-current liabilities</b>						
2570	Deferred income tax liabilities	6(24)	60,381	1	21,654	1
2580	Non-current lease liabilities		4,854	-	14,688	-
25XX	<b>Total non-current liabilities</b>		<u>65,235</u>	<u>1</u>	<u>36,342</u>	<u>1</u>
2XXX	<b>Total liabilities</b>		<u>2,536,482</u>	<u>40</u>	<u>2,761,752</u>	<u>41</u>
<b>Equity attributable to owners of parent</b>						
Share capital 6(15)						
3110	Common stock		1,490,550	23	1,490,550	22
Capital surplus 6(16)						
3200	Capital surplus		974,247	15	974,247	15
Retained earnings 6(17)						
3310	Legal reserve		532,516	8	497,319	7
3350	Unappropriated retained earnings		1,069,983	17	899,307	13
Other equity interest 6(18)						
3400	Other equity interest		33,949	-	368,902	6
3500	Treasury shares	6(14)(15)	( 223,481)	( 3)	( 259,556)	( 4)
3XXX	<b>Total equity</b>		<u>3,877,764</u>	<u>60</u>	<u>3,970,769</u>	<u>59</u>
Significant subsequent events 11						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 6,414,246</u>	<u>100</u>	<u>\$ 6,732,521</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.

**CREATIVE SENSOR INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

		Year ended December 31					
Items		Notes	2022		2021		
			AMOUNT	%	AMOUNT	%	
4000	Net revenue	6(19) and 7	\$ 4,256,952	100	\$ 3,951,319	100	
5000	Cost of revenue	6(5)(23) and 7	( 3,498,165)	( 82)	( 3,428,050)	( 87)	
5900	Gross profit		<u>758,787</u>	<u>18</u>	<u>523,269</u>	<u>13</u>	
	Operating expenses	6(23)					
6100	Selling expenses		( 76,054)	( 2)	( 70,835)	( 2)	
6200	General and administrative expenses		( 185,071)	( 4)	( 171,436)	( 4)	
6300	Research and development expenses		( 84,385)	( 2)	( 81,557)	( 2)	
6000	Total operating expenses		<u>( 345,510)</u>	<u>( 8)</u>	<u>( 323,828)</u>	<u>( 8)</u>	
6900	Income from operations		<u>413,277</u>	<u>10</u>	<u>199,441</u>	<u>5</u>	
	Non-operating income and expenses						
7100	Interest income	6(20)	10,440	-	5,696	-	
7010	Other income	6(21) and 7	146,249	3	136,261	3	
7020	Other gains and losses	6(22)	( 36,669)	( 1)	( 111,369)	( 3)	
7050	Finance costs	6(9)(10)	( 19,370)	-	( 11,882)	-	
7060	Share of profit of associates and joint ventures accounted for using equity method, net	6(7)	<u>3,853</u>	<u>-</u>	<u>6,964</u>	<u>-</u>	
7000	Total non-operating income and expenses		<u>104,503</u>	<u>2</u>	<u>25,670</u>	<u>-</u>	
7900	<b>Profit before income tax</b>		<u>517,780</u>	<u>12</u>	<u>225,111</u>	<u>5</u>	
7950	Income tax expense	6(24)	( 158,098)	( 4)	( 48,430)	( 1)	
8200	<b>Net income</b>		<u>\$ 359,682</u>	<u>8</u>	<u>\$ 176,681</u>	<u>4</u>	
	<b>Other comprehensive income</b>						
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>						
8311	Actuarial gains on defined benefit plans	6(13)	\$ 2,140	-	\$ 1,136	-	
8316	Unrealized (loss) gains from investments in equity instruments measured at fair value through other comprehensive income	6(6)(18)	( 301,503)	( 7)	354,595	9	
8320	Share of other comprehensive (loss) of associates and joint ventures accounted for using equity method	6(7)(18)	( 23,987)	( 1)	( 69,275)	( 2)	
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(24)	<u>( 428)</u>	<u>-</u>	<u>( 4,913)</u>	<u>-</u>	
8310	Other comprehensive (loss) income that will not be reclassified to profit or loss		<u>( 323,778)</u>	<u>( 8)</u>	<u>281,543</u>	<u>7</u>	
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>						
8361	Exchange differences on translation	6(18)	20,960	1	( 13,277)	-	
8367	Unrealized losses from investments in debt instruments measured at fair value through other comprehensive income	6(6)(18)	( 4,022)	-	-	-	
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method	6(7)(18)	<u>466</u>	<u>-</u>	<u>66</u>	<u>-</u>	
8360	Other comprehensive (loss) income that will be reclassified to profit or loss		<u>17,404</u>	<u>1</u>	<u>( 13,211)</u>	<u>-</u>	
8300	<b>Other comprehensive (loss) income for the year</b>		<u>(\$ 306,374)</u>	<u>( 7)</u>	<u>\$ 268,332</u>	<u>7</u>	
8500	<b>Total comprehensive income for the year</b>		<u>\$ 53,308</u>	<u>1</u>	<u>\$ 445,013</u>	<u>11</u>	
	Earnings per share (in dollars)	6(25)					
9750	Basic earnings per share		<u>\$ 3.22</u>		<u>\$ 1.50</u>		
9850	Diluted earnings per share		<u>\$ 3.17</u>		<u>\$ 1.49</u>		

The accompanying notes are an integral part of these consolidated financial statements.

**CREATIVE SENSOR INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent								
		Capital Surplus			Retained Earnings		Other Equity Interest			
		Capital stock - common stock	Additional paid-in capital	Treasury stock transactions	Legal reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	Total equity
Notes										
<b>Year ended December 31, 2021</b>										
	Balance at January 1, 2021	\$ 1,270,550	\$ 673,471	\$ 3,996	\$ 478,365	\$ 731,467	\$ 64,445	\$ 122,158	\$ -	\$ 3,344,452
	Net income for the year	-	-	-	-	176,681	-	-	-	176,681
	Other comprehensive income (loss) for the year	-	-	-	-	1,988	( 13,211 )	279,555	-	268,332
	Total comprehensive income (loss)	-	-	-	-	178,669	( 13,211 )	279,555	-	445,013
	Appropriations of 2020 earnings:									
	Legal reserve	-	-	-	18,954	( 18,954 )	-	-	-	-
	Cash dividends	-	-	-	-	( 165,171 )	-	-	-	( 165,171 )
	Issuance of shares	220,000	296,780	-	-	-	-	-	-	516,780
	Acquisition of treasury shares	-	-	-	-	-	-	-	( 259,556 )	( 259,556 )
	Changes in equity of associates accounted for using equity method	-	-	-	-	89,251	-	-	-	89,251
	Disposal of financial assets at fair value through other comprehensive income	-	-	-	-	84,045	-	( 84,045 )	-	-
	Balance at December 31, 2021	<u>\$ 1,490,550</u>	<u>\$ 970,251</u>	<u>\$ 3,996</u>	<u>\$ 497,319</u>	<u>\$ 899,307</u>	<u>\$ 51,234</u>	<u>\$ 317,668</u>	<u>(\$ 259,556)</u>	<u>\$ 3,970,769</u>
<b>Year ended December 31, 2022</b>										
	Balance at January 1, 2022	\$ 1,490,550	\$ 970,251	\$ 3,996	\$ 497,319	\$ 899,307	\$ 51,234	\$ 317,668	(\$ 259,556)	\$ 3,970,769
	Net income for the year	-	-	-	-	359,682	-	-	-	359,682
	Other comprehensive income (loss) for the year	-	-	-	-	2,954	21,426	( 330,754 )	-	( 306,374 )
	Total comprehensive income (loss)	-	-	-	-	362,636	21,426	( 330,754 )	-	53,308
	Appropriations of 2021 earnings:									
	Legal reserve	-	-	-	35,197	( 35,197 )	-	-	-	-
	Cash dividends	-	-	-	-	( 182,080 )	-	-	-	( 182,080 )
	Treasury shares transferred to employees	-	-	-	-	-	-	-	36,075	36,075
	Changes in equity of associates accounted for using equity method	-	-	-	-	6,056	-	( 6,364 )	-	( 308 )
	Disposal of financial assets at fair value through other comprehensive income	-	-	-	-	19,261	-	( 19,261 )	-	-
	Balance at December 31, 2022	<u>\$ 1,490,550</u>	<u>\$ 970,251</u>	<u>\$ 3,996</u>	<u>\$ 532,516</u>	<u>\$ 1,069,983</u>	<u>\$ 72,660</u>	<u>(\$ 38,711)</u>	<u>(\$ 223,481)</u>	<u>\$ 3,877,764</u>

The accompanying notes are an integral part of these consolidated financial statements.

CREATIVE SENSOR INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 517,780	\$ 225,111
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(23)	74,169	94,043
Amortization	6(23)	17,272	17,345
Expected credit impairment loss (gains)	12(2)	52	( 28 )
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	6(2)(11)(22)	12,116	( 28,982 )
Foreign currency evaluation of financial assets at fair value through other comprehensive income		( 4,075 )	-
Interest expense	6(9)(10)	19,370	11,882
Interest income	6(20)	( 10,440 )	( 5,696 )
Dividend income	6(2)(6)(21)	( 119,525 )	( 97,871 )
Share of profit of associates and joint ventures accounted for using equity method		( 3,853 )	( 6,964 )
Net (gain) loss on disposal of property, plant and equipment	6(22)	( 6,126 )	289
Impairment loss on financial assets	6(7)(22)	70,000	-
Gain from lease modification	6(9)(22)	-	( 65 )
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		( 14,790 )	170,210
Accounts receivable		( 157,102 )	94,455
Other receivables		( 1,490 )	1,489
Other receivables - related parties		3,780	( 3,492 )
Inventories		167,296	( 135,135 )
Other current assets		12,470	18,164
Changes in operating liabilities			
Accounts payable		39,575	102,471
Accounts payable - related parties		( 945 )	( 117,561 )
Other payables		33,792	9,715
Other current liabilities		1,598	( 1,089 )
Cash inflow generated from operations		650,924	348,291
Interest received		8,754	3,478
Dividends received		133,222	100,685
Interest paid		( 19,370 )	( 11,882 )
Income tax paid		( 76,188 )	( 161,110 )
Income tax refund received		-	3,632
Net cash flows from operating activities		697,342	283,094

(Continued)

**CREATIVE SENSOR INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of financial assets at amortized cost		(\$ 128,980 )	(\$ 47,694 )
Proceeds from disposal of financial assets at amortized cost		80,453	4,595
Acquisition of non-current financial assets at fair value through other comprehensive income		( 85,999 )	( 1,209,564 )
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(6)	236,761	122,052
Acquisition of investments accounted for using the equity method		-	( 619,178 )
Acquisition of property, plant and equipment	6(26)	( 24,609 )	( 15,994 )
Proceeds from disposal of property, plant and equipment		11,618	1,298
Acquisition of intangible assets		( 5,573 )	( 658 )
(Increase) decrease in refundable deposits		( 403 )	483
Increase in other non-current assets		( 3,323 )	( 6,821 )
Net cash flows from (used in) investing activities		<u>79,945</u>	<u>( 1,771,481 )</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase in short-term borrowings	6(27)	350,000	2,869,800
Repayments of short-term borrowings	6(27)	( 734,800 )	( 1,885,000 )
Repayments of lease principal	6(27)	( 11,996 )	( 12,094 )
Proceeds from issuing shares	6(15)	-	516,780
Payment of cash dividends	6(17)	( 182,080 )	( 165,171 )
Acquisition of treasury shares	6(15)	-	( 259,556 )
Treasury shares transferred to employees	6(14)	36,075	-
Net cash flows (used in) from financing activities		<u>( 542,801 )</u>	<u>1,064,759</u>
Effect of exchange rate		<u>16,540</u>	<u>( 19,426 )</u>
Net increase (decrease) in cash and cash equivalents		251,026	( 443,054 )
Cash and cash equivalents at beginning of year		1,441,196	1,884,250
Cash and cash equivalents at end of year		<u>\$ 1,692,222</u>	<u>\$ 1,441,196</u>

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of CREATIVE SENSOR INC.

### ***Opinion***

We have audited the accompanying parent company only balance sheets of Creative Sensor Inc. as at December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of the other auditors (refer to the *Other matter* section), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### ***Basis for opinion***

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

### ***Key audit matters***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Company's 2022 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2022 financial statements are outlined as follows:

## ***Impairment assessment of investments accounted for using equity method***

### Description

Refer to Note 4(13) for accounting policy on investments of associates accounted for using equity method, Note 5 for the details of accounting estimates and assumption uncertainty on impairment assessment of investments accounted for using equity method, and Note 6(7) for the details of investments accounted for using equity method.

The Company determines value-in-use to measure recoverable amount and assesses the impairment of its investment, Teco Image Systems Co., Ltd. (hereinafter referred to as “Teco Image Systems”), accounted for using equity method. Since the calculation of value-in-use involves the estimation of future cash flows and discount rate, there is high uncertainty in relation to the assumptions, and the estimated outcome has a significant effect in the determination of value-in-use, we identified the impairment assessment of investments accounted for using equity method as a key audit matter.

### How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding of the procedures in estimating future cash flows, and confirmed whether the future cash flows used in the valuation model was in agreement with the Teco Image Systems’s operational plan.
2. Compared the estimated revenue growth rate, gross rate and operating expense rate used in assessing value-in-use with the historical data and other independent sources of economic and industry forecasts.
3. Compared the discount rate used in assessing value-in-use with the capital cost of cash generating units and similar return on assets.
4. Checked the calculation accuracy of the valuation model.

### ***Other matter – Reference to the reports of the other auditors***

We did not audit the financial statements of certain investments accounted for using the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. The balance of these investments accounted for using the equity method amounted to NT\$216,815 thousand and NT\$200,579 thousand, constituting 3.33% and 3.03% of the total assets as at December 31, 2022 and 2021, respectively, and the comprehensive loss recognized from associates and joint ventures accounted for using the equity method amounted to NT\$16,236 thousand and (NT\$22,461) thousand, constituting 30.46% and (5.05%) of the total comprehensive income for the year then ended, respectively.

## ***Responsibilities of management and those charged with governance for the parent company only financial statements***

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

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

Those charged with governance, including Audit Committee, are responsible for overseeing the Company's financial reporting process.

## ***Auditors' responsibilities for the audit of the parent company only financial statements***

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit

evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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

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

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

LIN, PO-CHUAN

Lin, Chun-Yao

For and on behalf of PricewaterhouseCoopers, Taiwan

March 17, 2023

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The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

CREATIVE SENSOR INC.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 1,077,617	17	\$ 947,329	14
1110	Financial assets at fair value through profit or loss - current	6(2)	5,392	-	1,972	-
1136	Financial assets at amortized cost - current, net	6(3)	12	-	12	-
1170	Accounts receivable, net	6(4)	602,419	9	444,862	7
1180	Accounts receivable - related parties, net	6(4) and 7	-	-	507	-
1200	Other receivables		2,172	-	-	-
1210	Other receivables - related parties, net	7	19,131	1	66,199	1
130X	Inventory, net	6(5)	17,806	-	17,230	-
1470	Other current assets		7,149	-	11,184	-
11XX	<b>Total non-current assets</b>		<u>1,731,698</u>	<u>27</u>	<u>1,489,295</u>	<u>22</u>
1517	Non-current financial assets at fair value through other comprehensive income	6(6) and 8	2,305,527	36	2,757,294	42
1550	Investments accounted for using the equity method	6(7)	2,425,683	37	2,314,897	35
1600	Property, plant and equipment, net	6(8)	10,441	-	18,637	-
1755	Right-of-use assets	6(9)	16,181	-	24,580	1
1780	Intangible assets		5,094	-	3,649	-
1840	Deferred income tax assets	6(24)	352	-	848	-
1900	Other non-current assets	6(13)	16,764	-	14,438	-
15XX	<b>Total non-current assets</b>		<u>4,780,042</u>	<u>73</u>	<u>5,134,343</u>	<u>78</u>
1XXX	<b>Total assets</b>		<u>\$ 6,511,740</u>	<u>100</u>	<u>\$ 6,623,638</u>	<u>100</u>

(Continued)

CREATIVE SENSOR INC.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>						
2100	Short-term borrowings	6(10) and 8	\$ 1,350,000	21	\$ 1,734,800	26
2120	Financial liabilities at fair value through profit or loss - current	6(11)	746	-	-	-
2150	Notes payable		-	-	213	-
2170	Accounts payable		4,868	-	35,682	1
2180	Accounts payable - related parties	7	968,480	15	667,123	10
2200	Other payables	6(12) and 7	204,409	3	164,624	3
2230	Income tax payable		42,325	1	7,235	-
2280	Current lease liabilities		11,967	-	10,921	-
2300	Other current liabilities		6,556	-	4,220	-
21XX	<b>Total current liabilities</b>		<u>2,589,351</u>	<u>40</u>	<u>2,624,818</u>	<u>40</u>
<b>Non-current liabilities</b>						
2570	Deferred income tax liabilities	6(24)	39,771	-	13,633	-
2580	Non-current lease liabilities		4,854	-	14,418	-
25XX	<b>Total non-current liabilities</b>		<u>44,625</u>	<u>-</u>	<u>28,051</u>	<u>-</u>
2XXX	<b>Total liabilities</b>		<u>2,633,976</u>	<u>40</u>	<u>2,652,869</u>	<u>40</u>
<b>Equity</b>						
Share capital						
3110	Common stock	6(15)	1,490,550	23	1,490,550	22
Capital surplus						
3200	Capital surplus	6(16)	974,247	15	974,247	15
Retained earnings						
3310	Legal reserve	6(17)	532,516	8	497,319	7
3350	Unappropriated retained earnings		1,069,983	17	899,307	14
Other equity interest						
3400	Other equity interest	6(18)	33,949	-	368,902	6
3500	Treasury shares	6(14)(15)	( 223,481)	( 3)	( 259,556)	( 4)
3XXX	<b>Total equity</b>		<u>3,877,764</u>	<u>60</u>	<u>3,970,769</u>	<u>60</u>
Significant subsequent events after the balance sheet date						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 6,511,740</u>	<u>100</u>	<u>\$ 6,623,638</u>	<u>100</u>

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

CREATIVE SENSOR INC.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

Items	Notes	Year ended December 31				
		2022		2021		
		AMOUNT	%	AMOUNT	%	
4000	Net revenue	6(19) and 7	\$ 4,256,952	100	\$ 3,951,319	100
5000	Cost of revenue	6(5)(23) and 7	( 3,764,364)	( 88)	( 3,588,781)	( 91)
5900	Gross profit		492,588	12	362,538	9
	Operating expenses	6(23) and 7				
6100	Selling expenses		( 60,132)	( 1)	( 56,784)	( 1)
6200	General and administrative expenses		( 156,766)	( 4)	( 143,404)	( 4)
6300	Research and development expenses		( 74,819)	( 2)	( 70,992)	( 2)
6000	Total operating expenses		( 291,717)	( 7)	( 271,180)	( 7)
6900	Income from operations		200,871	5	91,358	2
	Non-operating income and expenses					
7100	Interest income	6(20)	4,070	-	419	-
7010	Other income	6(21) and 7	132,021	3	116,349	3
7020	Other gains and losses	6(22)	( 82,796)	( 2)	( 93,884)	( 3)
7050	Finance costs	6(9)(10)	( 19,352)	( 1)	( 11,868)	-
7070	Share of profit of associates and joint ventures accounted for using equity method, net	6(7)	196,993	5	83,431	2
7000	Total non-operating income and expenses		230,936	5	94,447	2
7900	<b>Profit before income tax</b>		431,807	10	185,805	4
7950	Income tax expense	6(24)	( 72,125)	( 2)	( 9,124)	-
8200	<b>Net income</b>		\$ 359,682	8	\$ 176,681	4
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8311	Actuarial gains on defined benefit plan	6(13)	\$ 2,140	-	\$ 1,136	-
8316	Unrealized (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	6(6)(18)	( 301,503)	( 7)	354,595	9
8330	Share of other comprehensive loss of associates and joint ventures accounted for using equity method	6(7)(18)	( 23,987)	( 1)	( 69,275)	( 2)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(24)	( 428)	-	( 4,913)	-
8310	Other comprehensive (loss) income that will not be reclassified to profit or loss		( 323,778)	( 8)	281,543	7
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361	Exchange differences on translation	6(7)(18)	20,960	1	( 13,277)	-
8367	Unrealised losses from investments in debt instruments measured at fair value through other comprehensive income	6(6)(18)	( 4,022)	-	-	-
8380	Share of other comprehensive income of associates and joint ventures accounted for using equity method	6(7)(18)	466	-	66	-
8360	Other comprehensive income (loss) that will be reclassified to profit or loss		17,404	1	( 13,211)	-
8300	<b>Other comprehensive (loss) income for the year</b>		(\$ 306,374)	( 7)	\$ 268,332	7
8500	<b>Total comprehensive income for the year</b>		\$ 53,308	1	\$ 445,013	11
	Earnings per share (in dollars)	6(25)				
9750	Basic earnings per share		\$ 3.22		\$ 1.50	
9850	Diluted earnings per share		\$ 3.17		\$ 1.49	

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

CREATIVE SENSOR INC.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

	Notes	Capital Reserves			Retained Earnings		Other Equity Interest			Treasury shares	Total equity
		Share capital - common stock	Additional paid-in capital	Treasury shares transactions	Legal reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income			
<u>Year ended December 31, 2021</u>											
Balance at January 1, 2021		\$ 1,270,550	\$ 673,471	\$ 3,996	\$ 478,365	\$ 731,467	\$ 64,445	\$ 122,158	\$ -	\$ 3,344,452	
Net income for the year		-	-	-	-	176,681	-	-	-	176,681	
Other comprehensive income (loss) for the year	6(18)	-	-	-	-	1,988	( 13,211 )	279,555	-	268,332	
Total comprehensive income (loss)		-	-	-	-	178,669	( 13,211 )	279,555	-	445,013	
Appropriations of 2020 earnings:	6(17)										
Legal reserve		-	-	-	18,954	( 18,954 )	-	-	-	-	
Cash dividends		-	-	-	-	( 165,171 )	-	-	-	( 165,171 )	
Issuance of shares	6(15)	220,000	296,780	-	-	-	-	-	-	516,780	
Acquisition of treasury shares	6(15)	-	-	-	-	-	-	-	( 259,556 )	( 259,556 )	
Changes in equity of associates accounted for using equity method		-	-	-	-	89,251	-	-	-	89,251	
Disposal of financial assets at fair value through other comprehensive income	6(6)	-	-	-	-	84,045	-	( 84,045 )	-	-	
Balance at December 31, 2021		\$ 1,490,550	\$ 970,251	\$ 3,996	\$ 497,319	\$ 899,307	\$ 51,234	\$ 317,668	( \$ 259,556 )	\$ 3,970,769	
<u>Year ended December 31, 2022</u>											
Balance at January 1, 2022		\$ 1,490,550	\$ 970,251	\$ 3,996	\$ 497,319	\$ 899,307	\$ 51,234	\$ 317,668	( \$ 259,556 )	\$ 3,970,769	
Net income for the year		-	-	-	-	359,682	-	-	-	359,682	
Other comprehensive income (loss) for the year	6(18)	-	-	-	-	2,954	21,426	( 330,754 )	-	( 306,374 )	
Total comprehensive income (loss)		-	-	-	-	362,636	21,426	( 330,754 )	-	53,308	
Appropriations of 2021 earnings:	6(17)										
Legal reserve		-	-	-	35,197	( 35,197 )	-	-	-	-	
Cash dividends		-	-	-	-	( 182,080 )	-	-	-	( 182,080 )	
Treasury shares reissued to employees	6(14)	-	-	-	-	-	-	-	36,075	36,075	
Changes in equity of associates accounted for using equity method		-	-	-	-	6,056	-	( 6,364 )	-	( 308 )	
Disposal of financial assets at fair value through other comprehensive income	6(6)	-	-	-	-	19,261	-	( 19,261 )	-	-	
Balance at December 31, 2022		\$ 1,490,550	\$ 970,251	\$ 3,996	\$ 532,516	\$ 1,069,983	\$ 72,660	( \$ 38,711 )	( \$ 223,481 )	\$ 3,877,764	

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

**CREATIVE SENSOR INC.**  
**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 431,807	\$ 185,805
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(23)	16,757	18,022
Amortization	6(23)	2,090	2,294
Expected credit impairment loss (gains)	12(2)	52	( 28 )
Net loss (gains) on financial assets or liabilities at fair value through profit or loss	6(2)(11)(22)	12,116	( 28,982 )
Foreign currency evaluation of financial assets at fair value through other comprehensive income		( 4,075 )	-
Interest expense	6(9)(10)	19,352	11,868
Interest income	6(20)	( 4,070 )	( 419 )
Dividend income	6(2)(6)(21)	( 119,525 )	( 97,871 )
Share of profit of associates and joint ventures accounted for using equity method	6(7)	( 196,993 )	( 83,431 )
(Gains) losses on disposal of property, plant and equipment	6(22)	( 6,008 )	1,587
Impairment loss on financial assets	6(22)	70,000	-
Gains from lease modification	6(9)(22)	-	( 63 )
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		( 14,790 )	170,210
Accounts receivable		( 157,609 )	94,910
Accounts receivable - related parties		507	( 455 )
Other receivables		( 1,587 )	-
Other receivables - related parties		47,068	( 55,149 )
Inventory, net		( 576 )	( 14,455 )
Other current assets		3,988	24,520
Changes in operating liabilities			
Notes payable		( 213 )	-
Accounts payable		( 30,814 )	33,325
Accounts payable - related parties		301,357	( 192,567 )
Other payables		37,594	12,782
Other current liabilities		1,977	( 2,318 )
Cash inflow generated from operations		408,405	79,585
Interest received		3,040	419
Dividends received		133,222	100,685
Interest paid		( 19,352 )	( 11,868 )
Income tax paid		( 10,829 )	( 136,633 )
Net cash flows from operating activities		514,486	32,188

(Continued)

CREATIVE SENSOR INC.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Proceeds from disposal of financial assets at amortized cost		\$ -	\$ 4,595
Acquisition of non-current financial assets at fair value through other comprehensive income		( 85,999 )	( 1,209,564 )
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(6)	236,761	122,052
Acquisition of investments accounted for using equity method		-	( 619,178 )
Proceeds from capital reduction of investments accounted for using equity method		-	391,160
Acquisition of property, plant and equipment	6(26)	( 301 )	( 1,059 )
Proceeds from disposal of property, plant and equipment		11,500	418
Acquisition of intangible assets		( 3,535 )	( 67 )
(Increase) decrease in refundable deposits		( 403 )	304
Decrease in other non-current assets		264	385
Net cash flows from (used in) investing activities		<u>158,287</u>	<u>( 1,310,954 )</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase in short-term borrowings	6(27)	350,000	2,869,800
Repayments of short-term borrowings	6(27)	( 734,800 )	( 1,885,000 )
Repayments of lease principal	6(27)	( 11,680 )	( 11,429 )
Proceeds from issuance of shares	6(15)	-	516,780
Payment of cash dividends	6(17)	( 182,080 )	( 165,171 )
Acquisition of treasury shares	6(15)	-	( 259,556 )
Treasury shares transferred to employees	6(14)	36,075	-
Net cash flows (used in) from financing activities		<u>( 542,485 )</u>	<u>1,065,424</u>
Net increase (decrease) in cash and cash equivalents		130,288	( 213,342 )
Cash and cash equivalents at beginning of year		<u>947,329</u>	<u>1,160,671</u>
Cash and cash equivalents at end of year		<u>\$ 1,077,617</u>	<u>\$ 947,329</u>

**CREATIVE SENSOR INC.**

**Table of Comparison for the Articles of Incorporation before and after Revision**

Revised provisions	Current provisions	Revisions Remarks
<p>Article 2: The scope of business of the Company shall be as follows: (1) <u>CC01080 Electronic Parts and Components Manufacturing</u> (Omitted) (18) <u>I301010 Software Design Services.</u> (19) <u>CC01040 Lighting Equipment Manufacturing</u> (20) <u>CC01990 Manufacturing of other electrical and electronic machinery and equipment.</u> (21) <u>CD01010 Ships and Parts Manufacturing</u> (22) <u>CD01020 Rail Vehicle and Parts Manufacturing</u> (23) <u>CD01030 Motor Vehicles and Parts Manufacturing</u> (24) <u>CD01040 Motorcycles and Parts Manufacturing</u> (25) <u>CD01050 Bicycles and Parts Manufacturing</u> (26) <u>CD01060 Aircraft and Parts Manufacturing</u> (27) <u>CD01990 Other Transport Equipment and Parts Manufacturing</u> (28) <u>CE01990 Other Optics and Precision Instrument Manufacturing</u> (29) <u>F114070 Wholesale of Aircraft and Component Parts Thereof</u> (30) <u>F116010 Wholesale of Camera Equipment</u> (31) <u>F213090 Retail Sale of Traffic Sign Equipments and Materials</u> (32) <u>F214070 Retail Sale of Aircraft and Component Parts Thereof</u> (33) <u>ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.</u></p>	<p>Article 2: The scope of business of the Company shall be as follows: (1) <u>CC01080 Electronic Parts and Components Manufacturing.</u> (Omitted) (18) <u>I301010 Software Design Services.</u> (19) <u>ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.</u></p>	<p>Provides for additional new business operations and adjustment of items for the company.</p>
<p>Paragraph 2 of Article 19: The employee's remuneration referred to in the preceding paragraph can be paid in stock or cash. <u>For allocation of employee remuneration or Directors' remuneration, a quorum of the Board of Directors shall require attendance by more than two-thirds of the directors and adopting a resolution only with the consent of more than half of the directors present, and report same to the shareholders' meeting.</u></p>	<p>Paragraph 2 of Article 19: If the employee's remuneration referred to in the preceding paragraph can be paid in stock or cash, the Board of Directors shall attend by more than two-thirds of the directors and make a resolution with the consent of more than half of the directors present, and report to the shareholders' meeting.</p>	<p>Referring to the legislative rationale and spirit of the employee remuneration provisions stipulated in Article 235-1 of the Company Act, and revising the same to balance with shareholder interests.</p>

Revised provisions	Current provisions	Revisions Remarks
<p>Article 21  The Articles of Incorporation was concluded by the sponsors' meeting on May 29, 198 with the consent of all sponsors, and subsequently amended as follows:  (Omitted)  The 21st amendment on June 10, 2022.  <u>The 22nd amendment on May 31, 2023.</u></p>	<p>Article 21  The Articles of Incorporation was concluded by the sponsors' meeting on May 29, 1998 with the consent of all sponsors, and subsequently amended as follows:  (Omitted)  The 20th amendment on June 27, 2021.  The 21st amendment on June 10, 2022.</p>	<p>1. Increase the number and date of revisions.</p>

# Appendix

# CREATIVE SENSOR INC.

## Articles of Incorporation (Original Provisions)

### Chapter 1 General Rules

- Article 1:** The Company has been duly incorporated in accordance with the provisions for a Company Limited by Shares as provided in the Company Act and named: CREATIVE SENSOR INC.
- Article 2:** The scope of business activities of the Company shall be as follows:
- (1) CC01080 Electronic Parts and Components Manufacturing.
  - (2) CC01110 Computers and Computing Peripheral Equipments Manufacturing.
  - (3) CC01060 Wired Communication Equipment and Apparatus Manufacturing.
  - (4) CC01070 Telecommunication Equipment and Apparatus Manufacturing.
  - (5) CC01101 Restrained Telecom Radio Frequency Equipments and Materials Manufacturing.
  - (6) CE01010 Precision Instruments Manufacturing.
  - (7) CE01030 Photographic and Optical Equipment Manufacturing.
  - (8) F401010 International Trade.
  - (9) F401021 Restrained Telecom Radio Frequency Equipments and Materials Import.
  - (10) F119010 Wholesale of Electronic Materials.
  - (11) F113050 Wholesale of Computing and Business Machinery Equipment.
  - (12) F113070 Wholesale of Telecom Instruments.
  - (13) F113030 Wholesale of Precision Instruments.
  - (14) F219010 Retail Sale of Electronic Materials.
  - (15) F213030 Retail sale of Computing and Business Machinery Equipment.
  - (16) F213060 Retail Sale of Telecom Instruments.
  - (17) F213040 Retail Sale of Precision Instruments.
  - (18) I301010 Software Design Services.
  - (19) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3:** The Company shall be headquartered in Taipei City, and may establish domestic or foreign Branches, subject to approval by the Board of Directors.

### Chapter 2 Shares

- Article 4:** The Company may invest in other business entities, and the total investments shall not be subject to the restrictions imposed under Article 13 of The Company Act (i.e. 40% of paid-in capital).
- Article 4-1:** The Company may provide guarantees to outside parties for business-related purposes.
- Article 5:** The Company has an authorized capital of NTD 2,500,000,000, divided into 250,000,000 shares, at a par value of NTD10 per share. The Board of Directors is authorized to issue the remaining shares at any specified times as considered necessary to support business activities. The amount of authorized capital mentioned in the preceding paragraph shall have NTD150,000,000 reserved for the issuance of employee subscription warrants, for a total of 15,000,000 shares, at a par value of NTD10 per share. The Board of Directors is authorized to issue same at any specified times.
- Article 5-1:** Subject to the consent of more the two-thirds of voting rights in a shareholders' meeting where more than half of outstanding shares are represented, the Company may issue employee warrants at exercise prices lower than the closing market price of its common share on the date of issuance, and transfer treasury stocks to employees at prices lower than the average buyback price.
- Article 6:** The Company issues shares to registered owners, and is exempted from printing share certificates for the issued shares. All issued shares must be registered with the centralized depository institution.

**Article 7:** Transfer of share ownership shall be suspended: a) during the sixty (60) days prior to an annual general meeting, and b) during the thirty (30) days prior to an extraordinary shareholders' meeting, and c) during the 5 days prior to the baseline date of any dividend, bonus or rights distribution.

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

**Article 8:** The Company holds two types of shareholders' meetings: the annual general meeting and extraordinary shareholders' meetings:

I. The annual general meeting must be convened within six months after the end of a financial year.

II. Extraordinary shareholders' meetings may be held whenever deemed necessary, subject to compliance with laws.

With regard to the convening of the aforementioned shareholders' meetings, the Company is required to notify all shareholders at least thirty days before an annual general meeting or fifteen days before an extraordinary shareholders' meeting with details including the date, venue and agenda, and make corresponding public announcements.

**Article 9:** Shareholders' meetings convened by the Board of Directors are chaired by the Chairman. If the Chairman is absent for any reason, the Vice Chairman shall act as the deputy thereof. If the Vice Chairman is unavailable or is absent for cause, the Chairman will appoint one of the directors to act on his/her behalf. If no one is appointed, the remaining directors shall appoint one among themselves to perform the Chairman's duties on his/her behalf.

For shareholders' meetings that are convened by any authorized party other than the Board of Directors, the convener will chair the meeting. If there are two or more conveners acting concomitantly, one shall be appointed among themselves to chair the meeting.

**Article 10:** If a shareholder is unable to attend the shareholders' meeting in person, they may appoint a proxy by completing the Company's proxy form. With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

**Article 11:** A shareholder shall be entitled to one voting right for each share held, except when the shares are restricted shares or deemed non-voting shares under Paragraph 2 of Article 179 of the Company Act.

**Article 12:** Except as otherwise regulated by The Company Act, a shareholders' meeting resolution is adopted when a quorum of more than half of all outstanding shares are represented in the meeting, and the resolution is voted in favor by more than half of all voting rights represented during the meeting.

### **Chapter 4 Director, Supervisor, Audit Committee, and Managerial Officer**

**Article 13:** The Board of Directors of the company shall have seven to eleven directors, who are appointed by the shareholders' meeting on the basis of their capacity for a term of three years, and may be re-elected. Among the above-mentioned number of directors, the number of independent directors shall not be less than three, and shall not be less than 5% of the seats of directors. The system of nomination of director candidates is adopted, and the shareholders shall choose them from the list of director candidates. The nomination method shall be handled in accordance with Article 192-1 of the Company Act. The company may purchase liability insurance for the directors within the scope of compensation that they should bear according to law.

**Article 13-1:** The Board of Directors is authorized to determine the level of remuneration for the Chairman, Vice Chairman, directors and supervisors based on individual participation and contribution to the Company's operations, and with due regard to industry peers.

**Article 13-2:** The Company has an audit committee in accordance with the law, which is composed of all the

by independent directors. The Audit Committee shall perform the functions and powers required by The Company Act, the Securities Exchange Law and other laws exercised by supervisors. The number, term in office, powers and rules of procedure of the Audit Committee, and the resources

that the company shall provide when exercising its powers and duties shall be separately stipulated according to the organizational rules of the Audit Committee.

**Article 14:** The implementation of the Company's business shall be decided by the Board of Directors, except for matters to be decided by the shareholders' meeting according to the Company Act or the Articles of Incorporation, including but not limited to the following paragraphs:

I. Approval of key policies, rules, and contracts.

II. Proposal of business plans.

III. Approval of budget and year-end account' settlement and closure.

IV. Appointment and dismissal of Company managers.

V. Proposal of earnings distribution or loss reimbursement plans.

VI. Proposal of capital increment or reduction plans.

VII. Reporting to supervisors about possible, significant losses that the Company may incur.

VIII. Approval of investment and management in domestic or foreign businesses.

**Article 15:** The Board of Directors is composed of directors. The attendance of more than two-thirds of the directors constitutes a quorum, and the consent of more than half of the directors present, may mutually recommend one chairman and one vice chairman in the same way. The chairman is in charge of all business matters internally, and represents the company externally. If the chairman can't personally undertake such matters, the vice-chairman will act in his stead. If there is no vice-chairman or vice-chairman can't undertake matters in person, the chairman of the board shall appoint a director to act on his behalf; If the chairman of the Board of Directors fails to appoint an agent, the directors shall appoint one from among themselves.

When the chairman of the Board of Directors asks for leave or is unable to exercise his functions and powers for some reason, his delegate shall be handled according to Article 208 of the Company Act. A director may issue a power of attorney, list the scope of authorization for the discussion, and entrust other directors to attend the Board of Directors as a delegate, but each director shall be entrusted by only one person.

**Article 16:** Unless otherwise stipulated in the Company Act, the Board of Directors shall be convened by the chairman. The convening of the Board of Directors of the Company may be served by notification to all directors in writing, by E-mail or by fax. Unless otherwise stipulated in the Company Act, the resolution of the Board of Directors shall be made with the attendance of a quorum of more than half of the directors, and the consent of more than half of the directors present.

**Article 17:** The Company may appoint a number of managers, such as a general manager, deputy general manager and assistant manager, who shall be appointed or dismissed in accordance with Article 29 of the Company Act. The general manager shall accept the orders of the chairman of the Board of Directors and take charge of all business of the Company.

## Chapter 5 Accounting

**Article 18:** The Board of Directors is responsible for preparing the following statements and reports at the end of each financial year. These statements and reports are subject to supervisors' review before they are presented during the annual general shareholders' meeting.

I. Report on Operations

II. Financial statements

III. Earnings allocations or loss reimbursement proposals.

**Article 19:** If the Company makes a profit in the current year, it shall set aside 5% to 15% of the current year's profit, and set aside no more than 5% as the director's remuneration. However, if the company has accumulated losses in previous years, it should first make up for the losses and then

set aside the balance in proportion before profits in the current year and setting aside the employees' remuneration and directors' remuneration.

If the employee's remuneration referred to in the preceding paragraph can be paid in stock or cash, the Board of Directors shall attend by a quorum of more than two-thirds of the directors and make a resolution with the consent of more than half of the directors present, and report to the shareholders' meeting.

The targets of the stocks or cash mentioned in the preceding paragraph include employees of affiliated companies who meet certain conditions, and the conditions shall be determined by the Board of Directors.

**Article 19-1:** If the Company has any surplus after each final account settlement, it shall distribute the surplus in the following order:

1. Tax payments.
2. Make up for any losses.
3. Ten percent of the set-aside amount is the statutory surplus reserve, except when the statutory surplus reserve has accumulated to the total capital of the Company.
4. Set aside or transfer back special surplus reserves in accordance with the regulations of the competent authority.
5. After deducting the amount specified in paragraphs 1 to 4, if there is a balance, which is equal to the accumulated undistributed surplus, the Board of Directors shall draw up a surplus distribution proposal and submit it to the shareholders' meeting for resolution.

The company's operating environment is a steadily growing industry. As there are plans for factory expansion and reinvestment in the future, the distribution of surplus is based on the principle of 80% shareholder dividend. The proportion of cash dividends paid to shareholders in the preceding paragraph in each year shall be 50%, but at least not less than 5%.

## Chapter 6 Supplementary Provisions

**Article 20:** Any matters that are not addressed in the Articles of Incorporation shall be governed by The Company Act and relevant regulations.

**Article 21:** The Articles of Incorporation is instituted by all the founders represented or present at the founders meeting on May 29, 1998.

The 1st amendment on March 4, 1999.

The 2nd amendment on June 14, 1999.

The 3rd amendment on May 17, 2000.

The 4th amendment on May 24, 2001.

The 5th amendment on June 12, 2002.

The 6th amendment on June 20, 2003.

The 7th amendment on June 7, 2004.

The 8th amendment on June 7, 2004.

The 9th amendment on May 20, 2005.

The 10th amendment on June 14, 2006.

The 11th amendment on June 21, 2007.

The 12th amendment on June 19, 2008.

The 13th amendment on June 16, 2009.

The 14th amendment on June 13, 2012.

The 15th amendment on June 11, 2013.

The 16th amendment on June 12, 2014.

The 17th amendment on June 15, 2016.

The 18th amendment was made on June 27, 2018.

The 19th amendment was made on June 12, 2020.

The 20th amendment was made on July 9, 2021.

The 21st amendment was made on June 10, 2022.

## **CREATIVE SENSOR INC.**

### **Rules of procedure of shareholders' meeting**

1. Unless otherwise stipulated by laws or regulations or the Articles of Incorporation, the shareholders' meeting of the Company shall be handled in accordance with these Rules.
2. The company shall set up a signature book for the attending shareholders to register in, or the attending shareholders shall submit a sign-in card to register. The number of shares attended is calculated according to the registered signature book or the sign-in cards submitted, plus the number of shares that exercise voting rights in written or electronic form.
3. The attendance and voting at the shareholders' meeting shall be calculated on the basis of shares.
4. The place where the shareholders' meeting is held shall be the place where the Company is located or a place convenient for shareholders to attend and suitable for the shareholders' meeting, and the meeting shall not start earlier than 9: 00 am or later than 3: 00 pm.
5. If the shareholders' meeting is convened by the Board of Directors, its' chairman shall serve as the meeting chairman, and if the chairman is absent or unable to exercise his functions and powers for some reason, the vice-chairman shall act as his delegate; If there is no vice-chairman or vice-chairman who is absent from work or unable to exercise his functions and powers for some reason, the chairman of the Board of Directors shall appoint one director to act as his delegate; if the chairman of the board does not appoint a delegate, the directors shall nominate among themselves for one to act as their delegate.

If the shareholders' meeting is convened by other conveners other than from the Board of Directors, the Board chairman shall be the convener. If there are more than two conveners, one of them shall be elected as the chairman.

6. The company may appoint its appointed lawyers, accountants or related personnel to attend the shareholders' meeting as nonvoting delegates. Meeting staff handling the shareholders' meeting shall wear identification cards or armbands.
7. The company shall record or video the whole meeting of the shareholders' meeting and keep it for at least one year. However, if a shareholder files a lawsuit in accordance with Article 189 of the Company Act, it shall be kept until the finality of the lawsuit.
8. The chairman shall announce the meeting immediately after the last meeting. However, if no quorum of shareholders representing more than half of the total number of issued shares are present, the chairman may announce the postponement of the meeting. The number of postponements shall be limited to two instances, and the total postponement time shall not exceed one hour. If after the second delay no quorum is present or represented, and shareholders representing more than one-third of the total issued shares are present, a temporary motion may be made in accordance with Article 175, paragraph 1, of the Company Law. Before the end of the meeting, if the number of shares represented by the shareholders present reaches a quorum of more than half of the total issued shares, the chairman may make a temporary motion and re-submit it to the general meeting for voting in accordance with Article 174 of the Company

Law.

9. If the shareholders' meeting is convened by the Board of Directors, its agenda shall be determined by the Board of Directors, and the meeting shall be held in accordance with the scheduled agenda, which shall not be changed except upon a resolution of the shareholders' meeting.

If the shareholders' meeting is convened by a person other than the a director of the Board of Directors who has the right to convene, the provisions of the preceding paragraph shall apply, mutatis mutandis.

Before the agenda mentioned in the preceding two paragraphs is concluded (including temporary motions), the chairman shall not announce the meeting concluded without a resolution thereas.

After the meeting, shareholders may not elect another chairman to continue the same meeting at the same place or another place.

10. Before attending a shareholder's speech, a speech should be filled in, stating the gist of the speech, the shareholder's account number (or attendance card number) and the name of the account, and the order of his speech should be determined by the chairman.

If the shareholders present at the meeting only give written remarks but do not speak, they will be deemed as not speaking. If the content of the speech is inconsistent with the record of the speech, the content of the speech shall prevail.

When attending a shareholder's speech, other shareholders shall not interfere with the speech except with the consent of the chairman and the speaking shareholder. The chairman shall stop any violator and such shall be deemed as not speaking.

11. Each shareholder of the same proposal shall not speak more than twice without the consent of the chairman, and each time shall not exceed five minutes.

If a shareholder's speech violates the preceding paragraph or exceeds the scope of the topic, the chairman may stop his speech.

12. When a legal person is entrusted to attend the shareholders' meeting, the legal person may only appoint one representative to attend.

The number of representatives appointed by corporate shareholders is limited by the number of seats of the current directors. When corporate shareholders' appoint two or more representatives to attend the shareholders' meeting, only one person can speak on the same proposal.

13. After attending to the shareholders' speeches, the chairman may personally or designate relevant personnel to reply.

14. When the discussion of the chairman's motion is considered to have reached the point for voting, it may be announced that the discussion will be stopped and put to a vote.

15. The scrutineers and counting personnel for voting on the bill shall be appointed by the chairman, but the scrutineers shall be drawn from among shareholders. The voting results shall be reported on the spot and recorded.

16. During the meeting, the chairman may announce a break at his discretion.

17. Unless otherwise stipulated in the Company Law and the Articles of Incorporation, the voting of the motion shall be approved by a majority of the voting rights of the shareholders present.

When voting, if there is no objection from the shareholders present after the consultation of the chairman, it will be deemed that all the votes are passed, and its effect is the same as that of voting.

When a shareholder entrusts a proxy to attend the shareholders' meeting, except a trust enterprise or a stock agency approved by the competent securities authority, if one person is entrusted by two or more shareholders at the same time, the voting rights of the agent shall not exceed 3% of the total voting rights of the issued shares, and the excess voting rights shall not be counted. When the matters of the shareholders' meeting are in danger of harming the interests of the company due to their own interests, they shall not participate in the voting, and shall not exercise their voting rights on behalf of other shareholders.

18. If there are amendments or alternatives to the same motion, the chairman shall decide the voting order with the original motion. If one of the resolutions has been adopted, the other motions will be considered as vetoed, and there is no need to vote again.

19. The chairman may command the parlementaires (or security guards) to help maintain the order of the venue. When parlementaires (or security guards) are present to help maintain order, they should wear armbands with the word " parlementaires ".

20. These Rules shall come into force after being approved by the shareholders' meeting, and the same applies to amendments.

21. These Rules were adopted by the shareholders' general meeting on June 12, 2002.

These Rules were amended for the first time on June 13, 2012.

These Rules were amended for the second time on June 12, 2020.

These Rules were amended for the third time on June 10, 2022.

## CREATIVE SENSOR INC. Shareholdings of All Directors

I Paid-in capital of the company: NTD 1,490,550,000.

Total number of shares issued at present: 149,055,000 shares

II. The legal minimum number of shares to be held by all directors: 8,943,300 shares

III. All directors and their share holdings are as follows:

Date of information: April 2, 2023

Title	Name	Date when elected	Number of shares held when elected		Shareholding position as at the book closure date	
			Number of shares held	Ratio	Number of shares held	Ratio
Chairman	TECO Image Systems Co., Ltd. Representative: Yu-Jen Huang	2021.7.9	21,928,260	17.26%	28,906,260	19.39%
Vice Chairman	TECO Image Systems Co., Ltd. Representative: Chi-Chang Yang	2021.7.9	21,928,260	17.26%	28,906,260	19.39%
Director	Koryo Electronics Co., Ltd. Representative: Chih-Sheng Hou	2021.7.9	3,787,000	2.98%	5,701,000	3.82%
Director	Koryo Electronics Co., Ltd. Representative: Mu-Yao Ku	2021.7.9	3,787,000	2.98%	5,701,000	3.82%
Independent Director	Hsiu-Ming Wang	2021.7.9	0	0%	0	0%
Independent Director	Shih-Ying Huang	2021.7.9	0	0%	0	0%
Independent Director	Yun-Hsiang Hsiao	2022.11.29	0	0%	0	0%
<b>Total directors' shareholding</b>			<b>25,715,260</b>	<b>20.24%</b>	<b>34,607,260</b>	<b>23.21%</b>

Note 1: The Company has three independent directors; therefore, the required shareholding percentage was reduced to 80% according to the provisions of Article 2 of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios in Public Companies."

Note 2: The Company has an Audit Committee and, thus, the shareholdings of the supervisors required by law is not applicable.