

# CREATIVE SENSOR INC.

## 2024 Annual Shareholders' Meeting

# Handbook

Date: May 31, 2024

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 2024 Annual General  
Meeting

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

# CREATIVE SENSOR INC.

## Agenda of 2024 Annual General Meeting

Type of Meeting : Physical Meeting

Date: 9 a.m., May 31 (Friday), 2024

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. 2023 Business Report

II. 2023 Audit Committee's Review Report

III. Report on distribution of remuneration to employees and directors of the Company for the 2023 financial year.

IV. Report on 2023 Fiscal Year earnings distribution as cash dividends.

Four. Ratification Items

I. 2023 Business Report and Financial Statements.

II. 2023 Earnings Appropriation

Five. Discussions

I. Proposal on amendments to the "Articles of Incorporation" of the Company.

II. Company's Proposal for Capital Reduction.

Six. Elections

Election of 10th Term of Directors (including Independent Directors) of the Company.

Seven. Other Proposals

Proposal on removal of non-compete restriction for new directors.

Eight. Extraordinary motions

Nine. Adjournment of the meeting

# Reports

## Agenda Item #1

Proposal: 2023 Business Report of the Company.

Explanation: Please refer to pages 16~18 for the 2023 Business Report.

## Agenda Item #2

Proposal: 2023 Audit Committee's Review Report.

Explanation: Please refer to Page 19 of this Handbook for the 2023 Report by the Board of Auditors.

## Agenda Item #3

Proposal: Report on distribution of remuneration to employees and directors of the Company for the 2023 financial year.

Explanation:

- (I) To proceed according to Article 19 of the Articles of Incorporation.
- (II) The 2023 earnings of the Company were NTD 315,506,047. The remuneration of directors allocated in the current period was NTD 9,381,848 (2.97%) and the employees' remuneration allocated was NTD 28,145,542 (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 2023 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 2024 Fiscal Year Annual Shareholders' Meeting.
- (II) The Board of Directors has approved the distribution of cash dividends in the amount of NTD 157,270,300, for the earnings of the 2023 Fiscal Year. The

dividend payout is NTD 1.10 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 2023 business report and financial statements, proposed for ratification. (Proposed by the Board of Directors)

Explanation:

- (I) The Company's 2023 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 16–18 for the business report, and pages 20–44 for the audit reports and accountants' financial statements.)

Resolution:

### **Agenda Item #2**

Proposal: Adoption of the proposal for the Company's 2023 Fiscal Year earnings distribution, proposed for ratification. (Proposed by the Board of Directors)

Explanation:

- (I) The proposal for distributing earnings for the Company's 2023 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.**  
**2023 Earnings Allocation Report**

Unit: NTD

Item	Amount
Unallocated retained earnings at beginning of the term	762,695,025
Plus: Adjustment of retained earnings in 2023	321,377,215
Adjusted undistributed earnings	1,084,072,240
Plus: Net profit after tax in 2023	246,790,402
Less: 10% allocated as legal reserve	(56,816,762)
Amount available for distribution	1,274,045,880
Item of distribution:	
Shareholders' cash dividend (NTD 1.10 per share)	157,270,300
Closing undistributed earnings	1,116,775,580

Chairman:  
Yu-Jen Huang

Manager:  
Chi-Chang Yang

Head of Accounting:  
Chi-Ping Lin

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 2023 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) Please refer to pages 45 and 47-51 of this Handbook for a comparison table of the revised provisions and the original text.

Resolution:

## Agenda Item #2

Proposal: Company's Proposal for Capital Reduction, submitted for resolution. (proposed by the Board of Directors)

Explanation:

- (I) The Company plans to conduct a capital reduction by returning cash to shareholders, so as to adjust the capital structure and enhance shareholder return on equity.
- (II) The proposed sum for this cash capital reduction is NT\$149,055,000. We expect 14,905,500 shares will be canceled, for a reduction ratio of approximately 10%. Following the reduction, total shares outstanding will be 134,149,500, with a par value of NT\$10 per share. The paid-in capital following this reduction will be NT\$1,341,495,000.
- (III) This capital reduction is based on the current total 149,055,000 issued and outstanding shares. Approximately NT\$1 will be returned to shareholders per share (rounded down to the nearest NT\$1). For every 1,000 shares, 100 shares will be canceled (i.e. 900 shares will be exchanged for 1,000 original shares). Shareholders with fractional shares less than one full share, may consolidate them into full shares within 5 days before the book closure date for the capital reduction. Any remaining fractional shares will be compensated in cash based on the closing price on the last trading day before the record date, rounded down to the nearest NT\$1 (sums less than NT\$1 shall be unconditionally lost). The Chairman is authorized to arrange for specific parties to purchase these fractional shares at that closing price.
- (IV) Prior to the record date for this cash capital reduction, if there are any changes to the company's share capital impacting the number of outstanding shares, resulting in adjustments needed for reduction ratio or cash return per share, or if any revisions are required due to amendments in laws/regulations, directives from the competent authority, or to comport with any other objective environmental changes, it is proposed that the shareholders' meeting grant the Chairman full authority to handle (all) such matters.
- (V) The new shares issued in exchange for the capital reduction will be issued in scripless form, with (all) the same rights and obligations as the original shares.
- (VI) Upon approval at the 2024 Annual Shareholders' General Meeting and recordation of approval by the competent authority, the record date for capital reduction, the share exchange date, and (all) other outstanding matters will be determined, with full authority granted to the Chairman to handle such matters, fully in accordance with the latest laws and regulations.

Resolution:



# Election

Proposal: Proposal for election of 10th Term of Directors (including Independent Directors) of the Company, please proceed with the election. (Proposed by the board of directors)

Explanation:

- (I) The current term of office of the 9th term of directors and supervisors of the Company will be matured on July 8, 2024. In accordance with Article 199-1 of the Company Act, the election of the 10th term of seven directors (including four independent directors) is proposed to be carried out early, and the term of office shall be three years, i.e. from May 31, 2024 to May 30, 2027.
- (II) Directors of the Company shall be elected through the candidates nomination system and shall be elected by shareholders from the list of nominated director candidates. The independent directors and non-independent directors are proposed to be elected altogether; however, the number of elected seats is to be calculated separately. The list of independent director candidates has been reviewed and passed during the board of directors' meeting dated April 16, 2024; candidate details are as follows:

List of Candidates of Directors (Nominated by Board of Directors)

Category	Title & Name	Shareholdings (shares)	Education & Major Past Positions Current Positions
Director	TECO Image Systems Co., Ltd. Representative: Yu-Ren Huang	28,906,260	Education & Major Past Positions : <ul style="list-style-type: none"><li>● Master's in Electrical Engineering, Columbia University, USA</li><li>● Bachelor's in Commerce, Keio University, Japan</li><li>● President, TECO Information &amp; Electronics Group</li><li>● Chairman and President, TECO Image Systems Co., Ltd.</li></ul> Current Positions : <ul style="list-style-type: none"><li>● Chairman and Chief Strategist, TECO Image Systems Co., Ltd.</li><li>● Chairman and Chief Strategist, Creative Sensor Inc.</li></ul>

Director	Universal Cement Corporation Representative: Chih-Sheng Hou	13,158,000	<p>Education &amp; Major Past Positions :</p> <ul style="list-style-type: none"> <li>● Ph.D. in Electrical Engineering, Massachusetts Institute of Technology, USA</li> <li>● Master &amp; Bachelor with Distinction from Stanford in Electrical Engineering and Biomedical Information</li> <li>● Director, Universal Cement Corporation</li> <li>● President, Universal Cement Corporation</li> <li>● Director, Tainan Spinning Co., Ltd.</li> <li>● Director, UCC Investment Inc.</li> <li>● Director, Lio Ho Machine Works Ltd.</li> <li>● Supervisor, Institute for Information Industry</li> <li>● Director, Institute for Information Industry</li> </ul> <p>Current Positions :</p> <ul style="list-style-type: none"> <li>● Director, Universal Cement Corporation</li> <li>● President, Universal Cement Corporation</li> <li>● Director, Tainan Spinning Co., Ltd.</li> <li>● Director, UCC Investment Inc.</li> <li>● Supervisor, Lio Ho Machine Works Ltd.</li> <li>● Director, Institute for Information Industry</li> </ul>
Director	Koryo Electronics Co., Ltd. Representative: Jian-Long Chen	5,701,000	<p>Education &amp; Major Past Positions :</p> <ul style="list-style-type: none"> <li>● EMBA, National Taiwan University</li> <li>● Department of Electrical Engineering of National Taiwan University of Science and Technology</li> <li>● President, Koryo Electronics Co., Ltd.</li> <li>● Chairman, Wuxi Creative Sensor Technology Co., LTD.</li> <li>● Corporate Director, TECO Image Systems Co., Ltd.</li> </ul>

			<ul style="list-style-type: none"> <li>• Supervisor, Innochip Technology Inc.</li> </ul> <p>Current Positions :</p> <ul style="list-style-type: none"> <li>• President, Koryo Electronics Co., Ltd.</li> <li>• Chairman, Wuxi Creative Sensor Technology Co., LTD.</li> <li>• Corporate Director, TECO Image Systems Co., Ltd.</li> <li>• Supervisor, Innochip Technology Inc.</li> </ul>
Independent Director	Hsiu-Ming Wang	None	<p>Education &amp; Major Past Positions :</p> <ul style="list-style-type: none"> <li>• MBA, University of Leicester</li> <li>• Department of Aeronautics and Astronautics, National Cheng Kung University</li> <li>• Chairman, Ming Shing Creativity Management Consultant Co., Ltd.</li> <li>• Independent Director, King Yuan Electronics Co., Ltd.</li> <li>• Corporate Director Representative, FIT Holding Co., Ltd.</li> <li>• Supervisor, Kuo Kuang Power Co., Ltd.</li> </ul> <p>Current Positions :</p> <ul style="list-style-type: none"> <li>• Chairman, Ming Shing Creativity Management Consultant Co., Ltd.</li> <li>• Independent Director, King Yuan Electronics Co., Ltd.</li> <li>• Corporate Director Representative, FIT Holding Co., Ltd.</li> </ul>

Independent Director	Shih-Ying Huang	None	<p>Education &amp; Major Past Positions :</p> <ul style="list-style-type: none"> <li>● Master's in Accounting, Chinese Culture University</li> <li>● Ph.D. in Financial Management, Jinan University Management School, Guangzhou</li> <li>● Master's in Law, National Chengchi University</li> <li>● Independent Director, Uni Pharma Co., Ltd.</li> <li>● Independent Director, M31 Technology Corporation</li> </ul> <p>Current Positions :</p> <ul style="list-style-type: none"> <li>● Independent Director, Uni Pharma Co., Ltd.</li> <li>● Independent Director, M31 Technology Corporation</li> <li>● Independent Director, Alliance Material Co., Ltd</li> </ul>
Independent Director	Yun-Hsiang Hsiao	None	<p>Education &amp; Major Past Positions :</p> <ul style="list-style-type: none"> <li>● Executive Master's Program in Business Administration, Kainan University</li> <li>● Department of Business and Entrepreneurial Management, Kainan University</li> <li>● Department of Health Care &amp; Social Work, Yu Da University of Science and Technology</li> <li>● Chairman, Taoyuan City Autism Association</li> <li>● Founding Chairman, Hutoushan Lions Clubs, Taoyuan City</li> <li>● Manager &amp; Factory director, Chi Siang electronics Co., Ltd.</li> <li>● Manager, PCA Life Assurance Co., Ltd.</li> <li>● Placement Committee Member, Committee for the Identification and Placement of Students with Physical and Mental Disabilities in Senior High Schools, Department of Education, Taoyuan</li> </ul> <p>Current Positions :</p>

			<ul style="list-style-type: none"> <li>● Chairman, Taoyuan City Autism Association</li> <li>● Placement Committee Member, Committee for the Identification and Placement of Students with Physical and Mental Disabilities in Senior High Schools, Department of Education, Taoyuan</li> <li>● Founding Chairman, Hutoushan Lions Clubs, Taoyuan City</li> </ul>
Independent Director	Siang-Jhih Jheng	None	<p>Education &amp; Major Past Positions :</p> <ul style="list-style-type: none"> <li>● Master's in Law, National Taipei University Department of Law</li> <li>● Department of Law , National Taipei University</li> <li>● Attorney, Li Ren International Law Firm</li> <li>● Attorney, Sian Lyu Law Firm</li> <li>● Attorney, Taipei City Government</li> <li>● Attorney, New Taipei City Council</li> </ul> <p>Current Positions :</p> <ul style="list-style-type: none"> <li>● Attorney, Sian Lyu Law Firm</li> </ul>

Rationale for nomination of independent director who has served for three or more consecutive terms:

Hsiu-Ming Wang has previously served in the semiconductor industry in semiconductor manufacturing, packaging and testing, with prodigious experience in semiconductors, along with deep familiarity with the semiconductor industry and a panoply of industry colleagues and connections. The Board of Directors considers that his practical experience reposes tremendous potential for positive contributions to the Company's future business development for outsourced semiconductor assembly and test services, and significant advancement of planning in this area, and aspires to apply cogent guidance from his pragmatic wisdom in the field, while he exercises the duties of an independent director, realizing his special professional expertise and supervising and contributing his expert opinion to the Board of Directors. Thus, this term of the Board of Directors nominates Hsiu-Ming Wang as a candidate for Independent Director hereof.

## List of Candidates of Directors

(Nominated by shareholder holding 1% or more of the company's shares)

Category	Title & Name	Shareholdings (shares)	Education & Major Past Positions Current Positions
Director	Tong An Investment Co., Ltd. Representative: An-Bing Liu	7,913,310	<p>Education &amp; Major Past Positions :</p> <ul style="list-style-type: none"> <li>• Master's in Industrial Management, National Taiwan University of Science and Technology</li> <li>• General Manager, TECO TURKEY A.S.</li> <li>• CFO, Motovario SPA</li> </ul> <p>Current Positions :</p> <ul style="list-style-type: none"> <li>• Director of Corporate Administration Performance Department, TECO Electric &amp; Machinery Co. Ltd.</li> </ul>
Director	TECO International Investments Co., Ltd. Representative: Ying-Sheng Hsieh	5,309,447	<p>Education &amp; Major Past Positions :</p> <ul style="list-style-type: none"> <li>• Bachelor's in Law, National Taiwan University</li> <li>• Master's in International Banking Law, Boston University Law School, USA</li> <li>• Ph.D. in International Law, University of International Business and Economics, Beijing</li> <li>• Vice President of TECO Information Service Group</li> <li>• Executive Legal Consultant, Board of Directors, TECO Electric &amp; Machinery</li> <li>• Chairman, Information Technology Total Services</li> <li>• Chairman and General Manager, TECO Smart Technologies Co., Ltd.</li> <li>• Director, Creative Sensor Inc.</li> <li>• Director, TECO Image Systems Co., Ltd.</li> </ul> <p>Current Positions :</p> <ul style="list-style-type: none"> <li>• Senior Consultant of BOD, TECO Electric &amp; Machinery Co. Ltd.</li> <li>• Chairman, Krom Electronics Co., Ltd.</li> </ul>

			<ul style="list-style-type: none"> <li>• Chairman, Multilite International Co., Ltd.</li> <li>• Director, TECO Image Systems Co., Ltd.</li> <li>• Director, Jie Zheng Property Service &amp; Management Co., Ltd.</li> <li>• Director, Fujiatetsu Multimedia, Inc.</li> </ul>
Independent Director	Hui-Ping Huang	None	<p>Education &amp; Major Past Positions :</p> <ul style="list-style-type: none"> <li>• Bachelor's in Law, National Chung Hsing University</li> <li>• Managing Attorney, Huang Hui-Ping Law Firm</li> <li>• Junior Partner, Formosa Transnational Attorneys at Law</li> <li>• Senior Attorney, Baker McKenzie Law Office</li> <li>• Attorney, Yong-Fa Joint Law Firm</li> </ul> <p>Current Positions :</p> <ul style="list-style-type: none"> <li>• Independent Director, Taisun Enterprise Co.,ltd.</li> <li>• Committee Member, Criminal Compensation Department of Taiwan High Court.</li> <li>• Arbitrator, Chinese Arbitration Association, Taipei</li> <li>• Junior Partner, Wen Hui Attorneys At Law</li> </ul>
Independent Director	Chi-Tung Ku	None	<p>Education &amp; Major Past Positions :</p> <ul style="list-style-type: none"> <li>• Master's in Law, Soochow University</li> <li>• Independent Director, D-Link Corporation</li> <li>• Section Chief, Shanghai Commercial &amp; Savings Bank</li> </ul> <p>Current Positions :</p> <ul style="list-style-type: none"> <li>• Attorney, BN Law Firm</li> <li>• Independent Director, Oceanic Beverages Co., Inc</li> <li>• Independent Director, Roo Hsing Co., Ltd</li> </ul>

(III) Proposed for election.

Election Result:

## **Other Proposals**

**Proposal:** Proposal on removal of restrictions on competing business involvement for new directors, proposed for resolution. (Proposed by the board of directors)

**Explanation:**

- (I) Pursuant to Article 209 of The Company Act, “A director who does anything for himself or on behalf of another person that is within the scope of the company’s business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.”
- (II) For the new directors after the present election engaging in the conducts of investment or operation of enterprises invested by the Company identical or similar to the business scope of the Company and acting as such enterprises’ directors or managerial officers, under the premise where the interests of the Company are not damaged, it is proposed to the shareholders’ meeting for approval on the removal of the non-compete restriction of directors starting from the term of office of the new directors and their representations. In addition, prior to the discussion of this proposal in a shareholders’ meeting, its scope and content shall be supplemented and explained on-site during the meeting.

**Resolution:**

## **Extraordinary motions**

## **Adjournment of the meeting**



# **Attachment**

## 2023 Business Report

### I. 2023 Operating Overview

In 2023, although the world emerged from the pandemic, the economy was still impacted by the ongoing Russia-Ukraine war, unrelenting inflationary pressures, and continuous interest rate hikes, resulting in a slowdown in global economic growth. While inflation was somewhat controlled, the outbreak of conflict in the Gaza Strip in the fourth quarter, has dealt another blow to the international economy. The turmoil brought about by the war has made countries hesitant to entertain optimistic projections about easing inflation. Even though market expectations and discussions of potential interest rate cuts emerged in the second half of the year, nevertheless the geopolitical risks from the war remain high, leading to greater uncertainty in economic forecasts.

Affected by the global economic turndown, demand for consumer electronics products also weakened, significantly adversely impacting the global multi-function printer market. Also, beginning at the end of 2022, as the pandemic came under control, sales benefits from remote tele-work and distance tele-learning ended. Coupled with excessive inventory accumulation in the industry chain last year, inventory adjustments continued throughout 2023. And since the prolonged adjustment period was exacerbated by weaker global end-user demand, consequently shipment volumes remained at relatively low levels. With the slow economic recovery, and with China's post-pandemic rebound performing below expectations, demand for all product categories continued to decline. Our company will actively adjust pricing strategies and optimize production efficiency to address both internal and external challenges while enhancing our core competitiveness. Overall, Everlight's business performance in 2023 deteriorated compared to the same period last year due to the aforesaid factors.

(1) Business plan implementation results and profit analysis were as follows:

Unit: NTD thousands

Year Item	2023	2022	Growth rate
Operating revenue	3,056,224	4,256,952	-28.2%
Gross profit	573,831	758,787	-24.4%
Earnings per share	2.18	3.22	-32.3%

## (2) Revenue, profit and loss:

The 2023 revenue was NTD 3.06 billion, or a decrease of 28.21% over the 2022 revenue of NTD 4.26 billion. The 2023 gross profit was NTD 570 million, down by 24.38% compared with NTD 760 million in 2022. Revenue and gross profit declined due to inventory adjustments and weakened end-market demand. Earnings per share after tax was NT\$2.18, representing a decrease of 32.3% from EPS of NT\$3.22 in 2022.

## 2023 R&D results:

1. Completed trial production of linear optical sensing components and light sources, among other key components, achieving vertical integration and mastering key technologies.
2. Developed a prototype for a Smart Pattern Sensor based on market demand. Compared to competitors, it offers advantages such as time-saving operation, low misjudgment rate, and high speed. We also secured commitments for collaborative development from three end customers.
3. Engineering samples of infrared imaging and temperature measurement cores gained recognition from our customers, and orders for the second phase of samples were received.
4. Introduced artificial intelligence algorithms into infrared cores to further reduce noise, outperforming competitors; and, we completed technology development for fusing visible and infrared images.
5. International patent applications are in process for infrared sensing cores and image transmission methods.
6. In collaboration with strategic partners, we linked human posture recognition algorithms to the Cloud and introduced them into relevant application scenarios.

## II. 2024 Outlook

According to forecasts by the International Monetary Fund (IMF), the global economy will gradually recover in 2024, with global economic growth reaching 2.9-3.1%, mainly driven by recovering global commodity demand and trade growth. But attention must be paid to whether consumption momentum will continue, and inflationary risks still remain. Additionally, global markets are continuing to be affected by uncertainties including the US-China economic tensions, war conflicts, extreme weather events disrupting global supply chains, and heightened geopolitical risks, all posing numerous significant challenges to the global economy.

Thus, in 2024, beside deepening relationships with existing customers and developing new business opportunities, the Company's management team will focus on strengthening control of

raw materials and finished goods inventories, while enhancing relationships with key supply chains to ensure stable material supply. On the factory side, efforts will be made to continuously reduce employee turnover to increase production output, and strengthening quality control to reduce defect rates, enhancing flexibility and adaptability in automated production, promoting process optimization and product yield improvement to ensure profitability. In terms of new product development, the Company will continue to focus on "security monitoring applications" and "industrial inspection applications," differentiating our products through modular design and introduction of AI image processing, enhancing our product competitiveness.

The Company's operating policies in 2024 will pursue the following efforts:

1. In response to potential changes in shipment demand due to expected global economic downgrades, proactively manage raw materials and finished goods inventory levels, while closely monitoring market demand trends.
2. Reducing factory employee turnover and increasing proportions of flexible and variable automated production.
3. Mass-produce self-developed linear optical sensors and key components, mastering technology and product production autonomy.
4. Complete mass production of Smart Pattern Sensors while expanding into new application markets.
5. Continuing introducing artificial intelligence image processing algorithms into infrared imaging and temperature measurement cores, and developing multi-spectral imaging modules strengthening application scope of the cores.
6. Continuing planning for the second production base to increase our in-house production rate for components and establishing a fully automated intelligent production line.

Chairman: Yu-Jen Huang

President: Chi-Chang Yang

Head of Accounting: Chi-Ping Lin

# **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 2023, 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:

2024 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, 2023 and 2022, 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, 2023 and 2022, 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 2023 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 2023 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\$234,515 thousand and NT\$216,815 thousand, constituting 3.25% and 3.38% of the consolidated total assets as at December 31, 2023 and 2022, respectively, and the comprehensive income recognized from associates and joint ventures accounted for under the equity method amounted to NT\$24,103 thousand and NT\$16,236 thousand, constituting 1.59% and 30.46% 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, 2023 and 2022.

### ***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, Po-Chuan

Lin, Chun-Yao

Lin, Chun-Yao

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 5, 2024

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 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. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2023		December 31, 2022			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	2,471,963	34	\$	1,692,222	26
1110	Financial assets at fair value through profit or loss - current	6(2)		30,718	-		5,392	-
1136	Financial assets at amortized cost - current, net	6(3)		191,119	3		268,963	4
1170	Accounts receivable, net	6(4)		336,833	5		602,419	10
1200	Other receivables			5,280	-		6,697	-
1210	Other receivables - related parties, net	7		47	-		-	-
130X	Inventories, net	6(5)		346,477	5		369,312	6
1479	Other current assets			27,987	-		22,624	-
11XX	Total current assets			3,410,424	47		2,967,629	46
Non-current assets								
1517	Non-current financial assets at fair value through other comprehensive income	6(6) and 8		2,666,197	37		2,305,527	36
1550	Investments accounted for using the equity method	6(7)		917,076	13		854,702	13
1600	Property, plant and equipment, net	6(8)		150,450	2		190,114	3
1755	Right-of-use assets	6(9)		38,940	1		53,262	1
1780	Intangible assets			6,169	-		6,561	-
1840	Deferred income tax assets	6(24)		6,058	-		8,052	-
1990	Other non-current assets	6(13)		26,398	-		28,399	1
15XX	Total non-current assets			3,811,288	53		3,446,617	54
1XXX	Total assets		\$	7,221,712	100	\$	6,414,246	100

(Continued)

**CREATIVE SENSOR INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			December 31, 2023		December 31, 2022			
			Notes	AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Short-term borrowings	6(10) and 8	\$	1,300,000	18	\$	1,350,000	21
2120	Financial liabilities at fair value through profit or loss - current	6(11)		-	-		746	-
2170	Accounts payable			404,393	6		745,841	12
2180	Accounts payable - related parties	7		-	-		1,665	-
2200	Other payables	6(12) and 7		238,579	3		283,410	5
2230	Income tax payable			40,364	-		68,189	1
2280	Current lease liabilities			4,048	-		12,243	-
2300	Other current liabilities			6,082	-		9,153	-
21XX	Total current liabilities			1,993,466	27		2,471,247	39
Non-current liabilities								
2570	Deferred income tax liabilities	6(24)		65,006	1		60,381	1
2580	Non-current lease liabilities			-	-		4,854	-
25XX	Total non-current liabilities			65,006	1		65,235	1
2XXX	Total liabilities			2,058,472	28		2,536,482	40
Equity attributable to owners of parent								
	Share capital	6(15)						
3110	Common stock			1,490,550	21		1,490,550	23
	Capital surplus	6(16)						
3200	Capital surplus			984,201	13		974,247	15
	Retained earnings	6(17)						
3310	Legal reserve			571,311	8		532,516	8
3350	Unappropriated retained earnings			1,330,863	18		1,069,983	17
	Other equity interest	6(18)						
3400	Other equity interest			966,061	14		33,949	-
3500	Treasury shares	6(15)	(	179,746)	( 2)	(	223,481)	( 3)
3XXX	Total equity			5,163,240	72		3,877,764	60
	Significant subsequent events after the balance sheet date	11						
3X2X	Total liabilities and equity		\$	7,221,712	100	\$	6,414,246	100

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, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

			Year ended December 31			
			2023		2022	
Items	Notes		AMOUNT	%	AMOUNT	%
4000	Net revenue	6(19) and 7	\$ 3,056,224	100	\$ 4,256,952	100
5000	Cost of revenue	6(5)(23) and 7	( 2,482,393)	( 81)	( 3,498,165)	( 82)
5900	Gross profit		<u>573,831</u>	<u>19</u>	<u>758,787</u>	<u>18</u>
	Operating expenses	6(23) and 7				
6100	Selling expenses		( 73,111)	( 2)	( 76,054)	( 2)
6200	General and administrative expenses		( 174,360)	( 6)	( 185,071)	( 4)
6300	Research and development expenses		( 89,169)	( 3)	( 84,385)	( 2)
6000	Total operating expenses		( 336,640)	( 11)	( 345,510)	( 8)
6900	Income from operations		<u>237,191</u>	<u>8</u>	<u>413,277</u>	<u>10</u>
	Non-operating income and expenses					
7100	Interest income	6(20)	33,520	1	10,440	-
7010	Other income	6(21) and 7	132,999	4	146,249	3
7020	Other gains and losses	6(22)	( 49,888)	( 1)	( 36,669)	( 1)
7050	Finance costs	6(9)(10)	( 21,968)	( 1)	( 19,370)	-
7060	Share of profit of associates and joint ventures accounted for using equity method, net	6(7)	( 2,603)	-	( 3,853)	-
7000	Total non-operating income and expenses		<u>92,060</u>	<u>3</u>	<u>104,503</u>	<u>2</u>
7900	Profit before income tax		<u>329,251</u>	<u>11</u>	<u>517,780</u>	<u>12</u>
7950	Income tax expense	6(24)	( 82,461)	( 3)	( 158,098)	( 4)
8200	Net income		<u>\$ 246,790</u>	<u>8</u>	<u>\$ 359,682</u>	<u>8</u>
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial gains on defined benefit plan	6(13)	\$ 4,399	-	\$ 2,140	-
8316	Unrealized gain (loss) from investments in equity instruments measured at fair value through other comprehensive income	6(6)(18)	1,205,722	40	( 301,503)	( 7)
8320	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method	6(7)(18)	87,951	3	( 23,987)	( 1)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(24)	( 880)	-	( 428)	-
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss		<u>1,297,192</u>	<u>43</u>	<u>( 323,778)</u>	<u>( 8)</u>
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation	6(18)	( 26,188)	( 1)	20,960	1
8367	Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	6(6)(18)	2,028	-	( 4,022)	-
8370	Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method	6(7)(18)	( 140)	-	466	-
8360	Other comprehensive (loss) income that will be reclassified to profit or loss		( 24,300)	( 1)	17,404	1
8300	Other comprehensive income (loss) for the period		<u>\$ 1,272,892</u>	<u>42</u>	<u>( \$ 306,374)</u>	<u>( 7)</u>
8500	Total comprehensive income for the period		<u>\$ 1,519,682</u>	<u>50</u>	<u>\$ 53,308</u>	<u>1</u>
	Earnings per share (in dollars)	6(25)				
9750	Basic earnings per share		\$ 2.18		\$ 3.22	
9850	Diluted earnings per share		\$ 2.15		\$ 3.17	

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, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent												
	Capital Reserves						Retained Earnings		Other Equity Interest			
				Changes in equity of associates and joint ventures accounted for using equity method	Employee share options	Options expired			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	Capital stock - common stock	Additional paid-in capital	Treasury stock transactions				Legal reserve	Unappropriated retained earnings				
<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	<u>\$ 1,490,550</u>	<u>\$ 970,251</u>	<u>\$ 3,996</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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>
<u>Year ended December 31, 2023</u>												
Balance at January 1, 2023	\$ 1,490,550	\$ 970,251	\$ 3,996	\$ -	\$ -	\$ -	\$ 532,516	\$ 1,069,983	\$ 72,660	(\$ 38,711)	(\$ 223,481)	\$ 3,877,764
Net income for the year	-	-	-	-	-	-	-	246,790	-	-	-	246,790
Other comprehensive income (loss) for the year	6(18)	-	-	-	-	-	-	3,321	( 26,328)	1,295,899	-	1,272,892
Total comprehensive income (loss)		-	-	-	-	-	-	250,111	( 26,328)	1,295,899	-	1,519,682
Appropriations of 2022 earnings:	6(17)											
Legal reseve	-	-	-	-	-	-	38,795	( 38,795)	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	( 268,493)	-	-	-	( 268,493)
Share-based payment transactions	6(14)	-	-	-	9,347	-	-	-	-	-	-	9,347
Treasury shares transferred to employees	6(14)	-	-	9,297	( 9,347)	50	-	-	-	-	43,735	43,735
Changes in equity of associates and joint ventures accounted for using equity method	6(18)	-	-	-	607	-	-	33,610	-	( 33,610)	-	607
Disposal of financial assets at fair value through other comprehensive income	6(6)(18)	-	-	-	-	-	-	284,447	-	( 303,849)	-	( 19,402)
Balance at December 31, 2023	<u>\$ 1,490,550</u>	<u>\$ 970,251</u>	<u>\$ 13,293</u>	<u>\$ 607</u>	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ 571,311</u>	<u>\$ 1,330,863</u>	<u>\$ 46,332</u>	<u>\$ 919,729</u>	<u>(\$ 179,746)</u>	<u>\$ 5,163,240</u>

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



CREATIVE SENSOR INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 329,251	\$ 517,780
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(23)	59,861	74,169
Amortization	6(23)	13,331	17,272
Expected credit impairment (gain) loss	12(2)	( 85 )	52
Net loss on financial assets or liabilities at fair value through profit or loss	6(2)(11)(22)	56,184	12,116
Foreign currency evaluation of financial assets at fair value through other comprehensive income		79	( 4,075 )
Interest expense	6(9)(10)	21,968	19,370
Interest income	6(20)	( 33,520 )	( 10,440 )
Dividend income	6(6)(21)	( 104,177 )	( 119,525 )
Share-based payments	6(14)	9,347	-
Share of profit of associates and joint ventures accounted for using equity method	6(7)	2,603	( 3,853 )
Net gain on disposal of property, plant and equipment	6(22)	( 180 )	( 6,126 )
Impairment loss on financial assets	6(22)	-	70,000
Gain from lease modification	6(9)(22)	( 16 )	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		( 82,256 )	( 14,790 )
Accounts receivable		265,671	( 157,102 )
Other receivables		2,530	( 1,490 )
Other receivables - related parties		( 47 )	3,780
Inventories		16,739	167,296
Other current assets		( 5,363 )	12,470
Changes in operating liabilities			
Accounts payable		( 333,931 )	39,575
Accounts payable - related parties		( 1,663 )	( 945 )
Other payables		( 44,357 )	33,792
Other current liabilities		( 3,071 )	1,598
Cash inflow generated from operations		168,898	650,924
Interest received		31,649	8,754
Dividends received		127,618	133,222
Interest paid		( 21,968 )	( 19,370 )
Income tax paid		( 125,740 )	( 76,188 )
Income tax refund received		1,313	-
Net cash flows from operating activities		181,770	697,342

(Continued)

CREATIVE SENSOR INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortized cost		\$ -	(\$ 128,980 )
Proceeds from disposal of financial assets at amortized cost		75,091	80,453
Acquisition of financial assets at fair value through other comprehensive income		( 50,000 )	( 85,999 )
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(6)	897,759	236,761
Acquisition of property, plant and equipment	6(26)	( 11,983 )	( 24,609 )
Proceeds from disposal of property, plant and equipment		180	11,618
Acquisition of intangible assets		( 1,085 )	( 5,573 )
Increase in refundable deposits		404	( 403 )
Increase in other non-current assets		( 3,950 )	( 3,323 )
Net cash flows from investing activities		<u>906,416</u>	<u>79,945</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(27)	-	350,000
Repayments of short-term borrowings	6(27)	( 50,000 )	( 734,800 )
Repayments of lease principal	6(27)	( 12,005 )	( 11,996 )
Payment of cash dividends	6(17)	( 268,493 )	( 182,080 )
Treasury shares sold to employees		<u>43,735</u>	<u>36,075</u>
Net cash flows used in financing activities		( <u>286,763</u> )	( <u>542,801</u> )
Effect of exchange rate		( 21,682 )	16,540
Net increase in cash and cash equivalents		779,741	251,026
Cash and cash equivalents at beginning of year		<u>1,692,222</u>	<u>1,441,196</u>
Cash and cash equivalents at end of year		<u>\$ 2,471,963</u>	<u>\$ 1,692,222</u>

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

## 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, 2023 and 2022, 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, 2023 and 2022, 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 2023 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 2023 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\$234,515 thousand and NT\$216,815 thousand, constituting 3.28% and 3.33% of the total assets as at December 31, 2023 and 2022, respectively, and the comprehensive loss recognized from associates and joint ventures accounted for using the equity method amounted to NT\$24,103 thousand and NT\$16,236 thousand, constituting 1.59% and 30.46% 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 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 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

Lin, Po-Chuan

Lin, Chun-Yao

For and on behalf of PricewaterhouseCoopers, Taiwan

March 5, 2024

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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, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,478,900	21	\$ 1,077,617	17
1110	Financial assets at fair value through profit or loss - current	6(2)	30,718	-	5,392	-
1136	Financial assets at amortized cost - current, net	6(3)	12	-	12	-
1170	Accounts receivable, net	6(4)	336,833	5	602,419	9
1200	Other receivables		461	-	2,172	-
1210	Other receivables - related parties, net	7	27,142	-	19,131	1
130X	Inventories, net	6(5)	489	-	17,806	-
1470	Other current assets		18,844	-	7,149	-
11XX	Total current assets		1,893,399	26	1,731,698	27
1517	Non-current financial assets at fair value through other comprehensive income	6(6) and 8	2,666,197	37	2,305,527	36
1550	Investments accounted for using the equity method	6(7)	2,556,753	36	2,425,683	37
1600	Property, plant and equipment, net	6(8)	7,240	-	10,441	-
1755	Right-of-use assets	6(9)	3,815	-	16,181	-
1780	Intangible assets		5,596	-	5,094	-
1840	Deferred income tax assets	6(24)	2,474	-	352	-
1900	Other non-current assets	6(13)	22,673	1	16,764	-
15XX	Total non-current assets		5,264,748	74	4,780,042	73
1XXX	Total assets		\$ 7,158,147	100	\$ 6,511,740	100

(Continued)

CREATIVE SENSOR INC.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(10) and 8	\$ 1,300,000	18	\$ 1,350,000	21
2120	Financial liabilities at fair value through profit or loss - current	6(11)	-	-	746	-
2170	Accounts payable		1,682	-	4,868	-
2180	Accounts payable - related parties	7	410,817	6	968,480	15
2200	Other payables	6(12) and 7	182,955	3	204,409	3
2230	Income tax payable		37,122	-	42,325	1
2280	Current lease liabilities		4,048	-	11,967	-
2300	Other current liabilities		4,284	-	6,556	-
21XX	Total current liabilities		1,940,908	27	2,589,351	40
Non-current liabilities						
2570	Deferred income tax liabilities	6(24)	53,999	1	39,771	-
2580	Non-current lease liabilities		-	-	4,854	-
25XX	Total non-current liabilities		53,999	1	44,625	-
2XXX	Total liabilities		1,994,907	28	2,633,976	40
Equity						
	Share capital	6(15)				
3110	Common stock		1,490,550	21	1,490,550	23
	Capital surplus	6(16)				
3200	Capital surplus		984,201	13	974,247	15
	Retained earnings	6(17)				
3310	Legal reserve		571,311	8	532,516	8
3350	Unappropriated retained earnings		1,330,863	19	1,069,983	17
	Other equity interest	6(18)				
3400	Other equity interest		966,061	14	33,949	-
3500	Treasury shares	6(15)	( 179,746 )	( 3 )	( 223,481 )	( 3 )
3XXX	Total equity		5,163,240	72	3,877,764	60
	Significant subsequent events after the balance sheet date	11				
3X2X	Total liabilities and equity		\$ 7,158,147	100	\$ 6,511,740	100

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, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

			Year ended December 31			
			2023		2022	
Items	Notes		AMOUNT	%	AMOUNT	%
4000	Net revenue	6(19) and 7	\$ 3,056,224	100	\$ 4,256,952	100
5000	Cost of revenue	6(5)(23) and 7	( 2,642,520)	( 86)	( 3,764,364)	( 88)
5900	Gross profit		413,704	14	492,588	12
	Operating expenses	6(23) and 7				
6100	Selling expenses		( 63,600)	( 2)	( 60,132)	( 1)
6200	General and administrative expenses		( 147,477)	( 5)	( 156,766)	( 4)
6300	Research and development expenses		( 81,354)	( 3)	( 74,819)	( 2)
6000	Total operating expenses		( 292,431)	( 10)	( 291,717)	( 7)
6900	Income from operations		121,273	4	200,871	5
	Non-operating income and expenses					
7100	Interest income	6(20)	24,520	1	4,070	-
7010	Other income	6(21) and 7	123,996	4	132,021	3
7020	Other gains and losses	6(22)	( 62,450)	( 2)	( 82,796)	( 2)
7050	Finance costs	6(9)(10)	( 21,962)	( 1)	( 19,352)	( 1)
7070	Share of loss of associates and joint ventures accounted for using equity method, net	6(7)	92,601	3	196,993	5
7000	Total non-operating income and expenses		156,705	5	230,936	5
7900	Prpfit before income tax		277,978	9	431,807	10
7950	Income tax expense	6(24)	( 31,188)	( 1)	( 72,125)	( 2)
8200	Net income		\$ 246,790	8	\$ 359,682	8
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial gains on defined benefit plan	6(13)	\$ 4,399	-	\$ 2,140	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(6)(18)	1,205,722	40	( 301,503)	( 7)
8330	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method	6(7)(18)	87,951	3	( 23,987)	( 1)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(24)	( 880)	-	( 428)	-
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss		1,297,192	43	( 323,778)	( 8)
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation	6(7)(18)	( 26,188)	( 1)	20,960	1
8367	Unrealised gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	6(6)(18)	2,028	-	( 4,022)	-
8380	Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method	6(7)(18)	( 140)	-	466	-
8360	Other comprehensive (loss) income that will be reclassified to profit or loss		( 24,300)	( 1)	17,404	1
8300	Other comprehensive income (loss) for the year		\$ 1,272,892	42	( \$ 306,374)	( 7)
8500	Total comprehensive income for the year		\$ 1,519,682	50	\$ 53,308	1
	Earnings per share (in dollars)	6(25)				
9750	Basic earnings per share		\$ 2.18		\$ 3.22	
9850	Diluted earnings per share		\$ 2.15		\$ 3.17	

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, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

		Capital Reserves					Retained Earnings		Other Equity Interest				
					Changes in equity of associates and joint ventures accounted for using equity method	Employee share options	Options expired	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	Treasury shares	Total equity
	Notes	Capital stock - common stock	Additional paid-in capital	Treasury stock transactions									
<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
<u>Year ended December 31, 2023</u>													
Balance at January 1, 2023		\$ 1,490,550	\$ 970,251	\$ 3,996	\$ -	\$ -	\$ -	\$ 532,516	\$ 1,069,983	\$ 72,660	(\$ 38,711)	(\$ 223,481)	\$ 3,877,764
Net income for the year		-	-	-	-	-	-	-	246,790	-	-	-	246,790
Other comprehensive income (loss) for the year	6(18)	-	-	-	-	-	-	-	3,321	( 26,328)	1,295,899	-	1,272,892
Total comprehensive income		-	-	-	-	-	-	-	250,111	( 26,328)	1,295,899	-	1,519,682
Appropriations of 2022 earnings:	6(17)												
Legal reserve		-	-	-	-	-	-	38,795	( 38,795)	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	( 268,493)	-	-	-	( 268,493)
Share-based payment transactions	6(14)	-	-	-	-	9,347	-	-	-	-	-	-	9,347
Treasury shares transferred to employees	6(14)	-	-	9,297	-	( 9,347)	50	-	-	-	-	43,735	43,735
Changes in equity of associates and joint ventures accounted for using equity method	6(18)	-	-	-	607	-	-	-	33,610	-	( 33,610)	-	607
Disposal of financial assets at fair value through other comprehensive income	6(6)(18)	-	-	-	-	-	-	-	284,447	-	( 303,849)	-	( 19,402)
Balance at December 31, 2023		\$ 1,490,550	\$ 970,251	\$ 13,293	\$ 607	\$ -	\$ 50	\$ 571,311	\$ 1,330,863	\$ 46,332	\$ 919,729	(\$ 179,746)	\$ 5,163,240

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

CREATIVE SENSOR INC.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 277,978	\$ 431,807
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(23)	15,579	16,757
Amortization	6(23)	2,325	2,090
Expected credit impairment (gain) loss	12(2)	( 85 )	52
Net loss on financial assets or liabilities at fair value through profit or loss	6(2)(11)(22)	56,184	12,116
Foreign currency evaluation of financial assets at fair value through other comprehensive income		79	( 4,075 )
Interest expense	6(9)(10)	21,962	19,352
Interest income	6(20)	( 24,520 )	( 4,070 )
Dividend income	6(6)(21)	( 104,177 )	( 119,525 )
Share of profit of associates and joint ventures accounted for using equity method	6(7)	( 92,601 )	( 196,993 )
Net gain on disposal of property, plant and equipment	6(22)	-	( 6,008 )
Impairment loss on financial assets	6(22)	-	70,000
Gains form lease modification	6(9)(22)	( 13 )	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		( 82,256 )	( 14,790 )
Accounts receivable		265,671	( 157,609 )
Accounts receivable - related parties		-	507
Other receivables		1,721	( 1,587 )
Other receivables - related parties		( 8,011 )	47,068
Inventories, net		17,317	( 576 )
Other current assets		( 11,695 )	3,988
Changes in operating liabilities			
Notes payable		-	( 213 )
Accounts payable		( 3,186 )	( 30,814 )
Accounts payable - related parties		( 557,663 )	301,357
Other payables		( 21,169 )	37,594
Other current liabilities		( 1,952 )	1,977
Cash (outflow) inflow generated from operations		( 248,512 )	408,405
Interest received		23,752	3,040
Dividends received		127,618	133,222
Interest paid		( 21,962 )	( 19,352 )
Income tax paid		( 44,567 )	( 10,829 )
Share-based payments	6(14)	9,347	-
Net cash flows (used in) from operating activities		( 154,324 )	514,486

(Continued)

CREATIVE SENSOR INC.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of non-current financial assets at fair value			
through other comprehensive income		( \$ 50,000 )	( \$ 85,999 )
Proceeds from disposal of financial assets at fair value	6(6)		
through other comprehensive income		897,759	236,761
Acquisition of property, plant and equipment	6(26)	( 3,152 )	( 301 )
Proceeds from disposal of property, plant and equipment		-	11,500
Acquisition of intangible assets		( 997 )	( 3,535 )
Decrease (increase) in refundable deposits		404	( 403 )
Increase (decrease) in other non-current assets		( 1,914 )	264
Net cash flows from investing activities		<u>842,100</u>	<u>158,287</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(27)	-	350,000
Repayments of short-term borrowings	6(27)	( 50,000 )	( 734,800 )
Repayments of lease principal	6(27)	( 11,735 )	( 11,680 )
Payment of cash dividends	6(17)	( 268,493 )	( 182,080 )
Treasury shares sold to employees		<u>43,735</u>	<u>36,075</u>
Net cash flows used in financing activities		( 286,493 )	( 542,485 )
Net increase in cash and cash equivalents		401,283	130,288
Cash and cash equivalents at beginning of year		<u>1,077,617</u>	<u>947,329</u>
Cash and cash equivalents at end of year		<u>\$ 1,478,900</u>	<u>\$ 1,077,617</u>

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

**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) CC01080 Electronic Parts and Components Manufacturing (Omitted) (32) F214070 Retail Sale of Aircraft and Component Parts Thereof (33) C805050 Industrial Plastic Products Manufacturing (34) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.</p>	<p>Article 2: The scope of business of the Company shall be as follows: (1) CC01080 Electronic Parts and Components Manufacturing (Omitted) (32) F214070 Retail Sale of Aircraft and Component Parts Thereof (33) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.</p>	<p>Provides for additional new business operations and adjustment of items for the company.</p>
<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. The 22nd amendment on May 31, 2023. <u>The 23rd amendment on May 31, 2024.</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 21st amendment on June 10, 2022. The 22nd amendment on May 31, 2023.</p>	<p>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) CC01040 Lighting Equipment Manufacturing
  - (20) CC01990 Manufacturing of other electrical and electronic machinery and equipment.
  - (21) CD01010 Ships and Parts Manufacturing
  - (22) CD01020 Rail Vehicle and Parts Manufacturing
  - (23) CD01030 Motor Vehicles and Parts Manufacturing
  - (24) CD01040 Motorcycles and Parts Manufacturing
  - (25) CD01050 Bicycles and Parts Manufacturing
  - (26) CD01060 Aircraft and Parts Manufacturing
  - (27) CD01990 Other Transport Equipment and Parts Manufacturing
  - (28) CE01990 Other Optics and Precision Instrument Manufacturing
  - (29) F114070 Wholesale of Aircraft and Component Parts Thereof
  - (30) F116010 Wholesale of Camera Equipment
  - (31) F213090 Retail Sale of Traffic Sign Equipments and Materials
  - (32) F214070 Retail Sale of Aircraft and Component Parts Thereof
  - (33) 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 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. 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 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.

The 22nd amendment was made on May 31, 2023.

## **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.**

### **Regulations for Election of Directors**

- I. Election of directors shall proceed according to the terms of this policy.  
The election of all directors of the Company shall adopt the candidates nomination system.
- II. Election of the Company's directors shall proceed using the cumulative single-registered method. The serial number printed on the conference pass is used as the identifier for registered votes. Each share shall be empowered with voting rights equal to the number of elected seats. These voting rights may be concentrated on one candidate or spread across multiple candidates.
- III. Candidates who receive the highest number of votes are assigned the role of director, until the number of director seats mentioned in the Articles of Incorporation is fully filled. If two or more candidates receive the same number of votes, they shall draw for the remaining seats available. The chairperson will draw on behalf of those who are absent during the meeting.
- IV. Except where the Competent Authority has granted approval, the following relationships may not exist among more than half of a company's directors:
  - (I) A spousal relationship.
  - (II) A familial relationship within the second degree of kinshipWhen there is any director candidate not conforming with the provisions of the preceding two paragraphs, the election of the director receiving the lowest number of votes among those not meeting the conditions shall be deemed invalid.
- V. Independent directors and non-independent directors shall be elected during the same voting session, and have votes allocated separately.
- VI. Before the election begins, the chairperson will appoint several ballot examiners and ballot counters to carry out various duties. The role of ballot examiner must be served by a shareholder.
- VII. Ballots shall be prepared by the Company with conference pass ID and the number of votes pre-printed on the ballot.
- VIII. If the candidate is a shareholder, voters will have to specify both shareholder account name and the number in the "candidate" column. However, if the candidate is a corporate shareholder, the "candidate" column shall be filled in with the name of the corporate entity and the name of its representative. If the candidate is not a shareholder, the ballot shall be filled in with the candidate's name and identity document number.
- IX. Ballots are considered void in any of the following circumstances:
  - (I) Use of ballot that does not conform with the formats specified in this policy, or ballots that are not casted into the designated box.
  - (II) Blank ballots casted into the ballot box.
  - (III) The writing is unclear and indecipherable or has been altered.
  - (IV) Where the candidate is a shareholder, the written identity and shareholder account number do not match the shareholder registry; or where the candidate is a non-shareholder, the written name and ID card number do not match the candidate's identity proof.
  - (V) Ballots that contain writings other than the candidate's name and shareholder ID (or identity document number).
  - (VI) Ballots that only have candidate's name written in the "candidate" column without shareholder ID or identity document number.
  - (VII) Where the names of two or more candidates are printed on the same ballot.
  - (VIII) Ballots that fail to provide complete details required in Article 8.

- X. Ballots are to be counted openly and immediately after voting. The chairperson will announce the outcome of the vote.
- XI. Any details that are not addressed in this policy shall be governed by The Company Act and relevant regulations.
- XII. These Regulations, and any amendments hereto, shall be implemented after approval by a shareholders' meeting.
- XIII. These Regulations were duly enacted on June 12, 2002.  
The 1st amendment was made on June 19, 2008,  
The 2nd amendment was made on June 15, 2016.  
The 3rd amendment on July 9, 2021.

## 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, 2024

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.