

Stock ID: 8249

CREATIVE SENSOR INC.

2018 Annual General Meeting

Meeting Handbook

Date: June 27, 2018

Venue: 1F (Multifunction Hall) , No. 15, Lane 168, Xingshan Road, Neihu District, Taipei City

Table of contents

1.	Meeting Proceeding -----	1
2.	Agenda of Meeting -----	2
3.	Management Presentations (Reports on Company Affairs) --	3
4.	Acknowledgments -----	4
5.	Discussions -----	6
6.	Election-----	6
7.	Other discussions -----	10
8.	Extraordinary motions -----	10
9.	Attachment -----	11
	I. 2017 Business Report -----	12
	II. 2017 Supervisor’s Review Report-----	14
	III. The Company ‘s “Corporate Social Responsibility Best Practice Principles”-----	15
	IV. The Company’s “Ethical Corporate Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct” -----	23
	V. 2017 Independent Auditor’s Audit Report and Consolidated financial statement (including the individual financial statements) -----	44
	VI. Comparison of changes to “Articles of Incorporation”-----	70
10.	Appendix -----	72
	I. Articles of Incorporation (existing clauses)-----	73
	II. Rules of Procedure for Shareholders Meetings -----	78
	III. Regulations for Election of Directors and Supervisors -----	81
	IV. Directors’ and supervisors’ shareholding position-----	84

CREATIVE SENSOR INC.
2018 Annual General Meeting Proceeding

- I. Call the meeting to order
- II. The Chairperson's opening speech
- III. Points of report
- IV. Points of ratification
- V. Points of discussion
- VI. Elections
- VII. Other points
- VIII. Extraordinary motions
- IX. Adjournment of the meeting

CREATIVE SENSOR INC.

Agenda of 2018 Annual General Meeting

Date: 9am, June 27 (Wednesday), 2018

Venue: 1F (Multifunction Hall) , No. 15, Lane 168, Xingshan Road, Neihu District, Taipei City

1. Commencement of Meeting (announcing the total number of shares represented in the meeting)
2. The Chairperson's opening speech
3. Points of report
 - I. Business Report of the Company for the 2017 financial year.
 - II. Supervisors Review Report of the Company for the 2017 financial year.
 - III. Report on distribution of remuneration to employees, directors and supervisors of the Company for the 2017 financial year.
 - IV. Establishment of "Corporate Social Responsibility Best Practice Principles."
 - V. Establishment of "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct".
4. Points of ratification
 - I. 2017 Business Report and Financial Statements.
 - II. 2017 Earnings Appropriation
5. Discussions
Amendments to the "Articles of Incorporation" of the Company.
6. Elections
Election of the 8th board directors and supervisors of the Company.
7. Other points
Removal of restrictions on competing business involvement for new directors and their representatives.
8. Extraordinary motions
9. Adjournment of the meeting

Management Presentations (Reports on Company Affairs)

Motion No.1:

Summary: Business Report of the Company for the 2017 financial year.

Description: Please refer to pages 12~13 for the 2017 Business Report.

Motion No. 2:

Summary: Supervisors Review Report of the Company for the 2017 financial year.

Description: Please refer to page 14 for the Supervisors Review Report for the 2017 financial year.

Motion No. 3:

Summary: Report on distribution of remuneration to employees, directors and supervisors of the Company for the 2017 financial year.

Description: (1) To proceed according to Article 20 of the Articles of Incorporation.

(2) The Company's 2017 audited profit (pre-tax profit before director/supervisor/employee remuneration) was concluded at NT\$280,529,225. This proposal includes director and supervisor remuneration of NT\$9,450,873 and employee remuneration of NT\$28,352,618; both amounts are to be paid in cash.

Motion No. 4:

Summary: Establishment of "Corporate Social Responsibility Best Practice Principles."

Description: Please refer to pages 15~22 for the Company's "Corporate Social Responsibility Best Practice Principles."

Motion No. 5:

Summary: Establishment of "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct".

Description: Please refer to pages 23~43 of this manual for the Company's "Ethical Corporate Management Best Practice Principles" and

“Procedures for Ethical Management and Guidelines for Conduct”.

Acknowledgments

Motion No.1:

Summary: Acknowledgment to the Company’s 2017 business report and financial statements. (Proposed by the board of directors)

Description: (1) The Company’s 2017 financial statements (including consolidated financial statements) have been prepared by the board of directors, and audited by CPA Shu-Chiung Chang and CPA Hui-Chin Tseng of Pricewaterhouse Coopers Certified Public Accountants, to which they have issued an independent auditor’s report. The financial statements and business reports have also been reviewed by supervisors and are ready for acknowledgment.

(2) Statements and reports of this discussion have been presented in this manual. (Please refer to pages 12~13 for the business report, and pages 44~69 for independent auditor’s report and the financial statements.)

Resolution:

Motion No. 2:

Summary: Acknowledgment to the Company's 2017 earnings appropriation proposal. (Proposed by the board of directors)

Description: The Company has always adopted a conservative growth strategy as a means to generate consistent returns for shareholders. The Company was able to maintain cash dividend payout at 87% for the last three years, which far exceeded the average among TWSE/GTSM listed companies and peers in Taiwan.

Year	2014	2015	2016
Ratio	87%	87%	88%

Acknowledgment to the Company's 2017 earnings appropriation proposal. (Proposed by the board of directors)

- (1) The board of directors proposed cash dividend of NT\$1.6 per share as part of the Company's 2017 earnings appropriation.
- (2) Upon approval of cash dividends proposed during the annual general meeting, the Chairman shall be authorized to set the cash dividend baseline date and other details relating to the payment.
- (3) Below is the detailed Earnings Appropriation Report:

CREATIVE SENSOR INC.
2017 Earnings Appropriation Report

Unit: NTD

Item	Amount
Unappropriated retained earnings at beginning of the term	481,618,227
Add: Adjustment of retained earnings in 2017	2,167,744
Adjusted undistributed earnings	483,785,971
Add: Net profit after tax in 2017	210,019,404
Less: Appropriated 10% as legal reserve	(21,001,940)
Amount available for distribution	672,803,435
Item of distribution:	
Shareholders cash dividend (NT\$1.6 per share)	203,288,000
Closing undistributed earnings	469,515,435

Chairman:
IKUJIN KO

Manager:
Chi-Chang Yang

Head of Accounting:
Yuan-Sheng Wang

Note 1: If the number of outstanding shares changes on a later date, whether due to share buyback, transfer of treasury stock or other reasons, the Chairman shall be authorized to adjust dividend payout ratio for this earnings appropriation based on the amount of cash dividend resolved herein and the prevailing number of outstanding shares.

Note 2: The amount of cash dividends shall be calculated and truncated to the nearest NT\$1. Fractions that do not amount to a full NT\$1 shall be summed and recognized by the Company as other income.

Note 3: This earnings appropriation shall be allocated from 2017 earnings as the first priority.

- (4) Maximizing shareholder value has long been the focus of CREATIVE SENSORS business operations. Given the uncertain

macroeconomic prospects ahead, the Company will adopt a conservative, principal-protected strategy to manage its retained profits.

Resolution:

Discussions:

Summary: Amendments to the “Articles of Incorporation” of the Company.
(Proposed by the board of directors)

Description: (1) According to Article 11 of “Regulations Governing Review of Applications for Reservation of Corporate Names and Business Scopes”, corporate entities are required to specify business activities using the category names and codes outlined in “Corporate Business Category Code,” but may not specify “ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval” as the sole business activity. To accommodate the Company’s operational requirements, a proposal was raised to amend the Articles of Incorporation to include new business category - CE01010 Precision Instruments Manufacturing. Once approved during the shareholder meeting, relevant changes will be made to the company registration.

(2) Please refer to pages 70~71 of this manual for amended clauses of the “Articles of Incorporation.”

(3) The topic is ready for discussion.

Resolution:

Election

Agenda: Re-election of directors and supervisors. (Proposed by the board of directors)

Description:

(1) Tenure of the 7th board of directors and supervisors is due to end on June 23, 2018. A proposal was made to re-elect the entire board during the 2018 annual general meeting.

- (2) According to the Company's Articles of Incorporation, the re-election shall elect 7 directors (including 2 independent directors) and 3 supervisors to serve a term of 3 years with immediate effect from June 27, 2018 until June 26, 2021. Tenure may be renewed if re-elected in subsequent election.
- (3) Independent directors of the Company shall be elected using the nomination system, in which shareholders will elect from the list of nominated independent director candidates. The list of independent director candidates has been reviewed and passed during the board of directors meeting dated May 11, 2018; candidate details are as follows:

Independent Director Candidates		
Name	James Wang	Semi Wang
Academic background	MBA, Harvard Business School Master in Engineering, Carnegie Mellon University Bachelor of Mechanical Engineering, National Taiwan University	MBA, University of Leicester Department of Aeronautics and Astronautics, National Cheng Kung University
Career experience	President of Sercomm Corporation /2000.01 ~ now	Director of Taiwan Electrical and Electronic Manufacturers' Association /2013.04 ~ now Chairman of Ming Shing Creativity Management Consultant Co., Ltd. /2012.04 ~ now Vice Chairman of Zero Energy Building Technology Association /2011.06 ~ now Vice Chairman and President of NexPower Technology Corp. /2007.03 ~ 2011.12 Chairman of UWIZ Technology Co., Ltd. /2006.11

		<p>~ 2008.11</p> <p>President of Epitech Technology Corp. /2006.02 ~ 2007.02</p> <p>Chairman of Highlink Technology Corporation /2005.12 ~ 2007.02</p>
Reasons for nomination	<p>Mr. James Wang has served as the Company's independent director for more than three terms. Based on the board of directors' assessment, Mr. James Wang's extended tenure on the board has not affected his ability to exercise independent judgments with regards to the Company's affairs. The board is confident about Mr. James Wang's professional capability to continue the role of independent director, given his near 30-year experience in high-tech industry, network and communications and recognitions including "EY Entrepreneur Of The Year" and "Outstanding Strategist and Exemplary Entrepreneur Award" by Ernst & Young in 2014. Furthermore, Mr. James Wang has accumulated abundant professional capacity and management experience that enables him to supervise the board of directors and offer professional opinions as</p>	<p>Mr. Semi Wang has served as the Company's independent director for three terms. Based on the board of directors' assessment, Mr. Semi Wang's extended tenure on the board has not affected his ability to exercise independent judgments with regards to the Company's affairs. The board is confident about Mr. Semi Wang's ability to continue the role of independent director, given his extensive experience and professional capacity in high-tech industry and optoelectronics. Furthermore, Mr. Semi Wang has accumulated abundant experience as a management consultant throughout his many years of involvement with United Microelectronics Corporation and Taiwan Electrical and Electronic Manufacturers' Association, which enables him to supervise the board of directors and offer</p>

	an independent director. For the above reasons, Mr. James Wang has been nominated once again as independent director candidate for the upcoming election.	professional opinions as an independent director. For the above reasons, Mr. Semi Wang has been nominated once again as independent director candidate for the upcoming election.
Shares held	0	0

Voting by Poll:

Other discussions

Summary: Removal of restrictions on competing business involvement for new directors and their representatives. (Proposed by the board of directors)

Description: (1) Pursuant to Article 209 of The Company Act, “A director who does anything g 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”.

(2) It has been acknowledged that some directors and representatives of the 8th board have engaged in business activities that coincide with those of the Company either for directors’ own benefit or for the benefit of others. In order to leverage directors’ professional capacity and relevant experience, a proposal has been made to remove restrictions on competing business involvement imposed against the Company’s 8th board of directors and representatives thereof in accordance with Article 209 of The Company Act during the annual general meeting, under the condition that such involvements do not compromise the Company’s interests.

Resolution:

Extraordinary motions

Adjournment of the meeting

Attachment

2017 Business Report

I. 2017 operational overview

The 2017 revenues had fallen by 8% compared to 2016 mainly due to increased sales of low-end models at customers' request, increased in-house production among customers, and intensive competition from peers that resulted in the drop of market share. Meanwhile, gross profit decreased by 17% partly because of lower revenues, which reduced marginal benefits, and partly because of tightened passive component supply, which resulted in a surge in component pricing. Below is an analysis of consolidated business performance and profitability for 2017:

Unit: NTD thousand

Item \ Year	2017	2016	Growth rate
Net operating revenues	3,957,862	4,309,299	-8%
Gross Profit	551,959	664,203	-17%
EPS	1.65	2.03	-18%

(I) Revenue, profit and loss:

2017 revenues amounted to NT\$3.958 billion, down 8% from the NT\$4.309 billion in 2016. Net income totaled NT\$210 million, which was equivalent to an EPS of NT\$1.65.

(II) R&D results:

The Company had 5 patents reviewed and approved in 2017.

II. 2018 outlook

The U.S. economy should expand further in 2018 due to tax reform and improved corporate fundamentals. In the Eurozone, economic growth is steadily recovering due to stabilized domestic demand and improved trade balance, but movements of right wing extremists and outcome of UK's exit still need to be monitored closely. Japan's prolonged economic slump has finally ended, and should steadily recover growth momentum as domestic demand expands in preparation for 2020 Tokyo Olympics. China, on the other hand, should experience a slowdown of economic growth due to rising financial risk, ongoing trade conflict with the United States, as well as slowdown and construction activities. The United States is likely to raise interest rate three to four times in response to the expanding economy, which may undermine investor and consumer confidence to a certain degree. Overall, the global economy should exhibit moderate expansion throughout 2018.

Although economic activities have recovered in comparison to the previous year, demand for multifunction printers is expected to remain unchanged due to increasing popularity of online applications, cloud computing, and rising awareness towards paperless process and environmental protection. In terms of supply, raw material costs have increased due to rising price of passive components and PCBs, and enforcement of environmental laws in China. Furthermore, following the latest amendment of Income Tax Act in Taiwan, the business income tax rate was increased from 17% to 20%, which brings even more challenges to the business environment. In 2018, the Company will focus on competing for production orders to increase market share, while at the same time enforce proper quality control for higher customer satisfaction and refine factory management for higher profitability. The Company will also actively explore other applications of CIS, and develop new products for applications such as Internet of things (IoT) and Industry 4.0 as new sources of revenue.

The following will be the focuses of the Company's operations in 2018:

1. Maintain leadership position in CIS. Extend proprietary technology and engage main customers in new product development. Offer vertically integrated CIS solutions.
2. Adjust factory production strategy in ways that increase the level of automated production and yield. Control costs and expenses for higher profits.
3. The Company will take initiative in developing optoelectronic products to accommodate two new global trends, namely IoT and Industry 4.0, and continue exploring new markets, customers and product variety.
4. Additional R&D resources will be invested to develop new applications of the Company's optical sensors and enhance competitiveness of core technologies.
5. In response to the volatile price and inconsistent supply of parts, the Company will actively seek out alternative suppliers to secure future supply.

Chairman	IKUJIN KO
Manager	Chi-Chang Yang
Head of Accounting	Yuan-Sheng Wang

CREATIVE SENSOR INC.

Supervisor's Review Report

The 2017 financial statements and consolidated financial statements presented by the board of directors have been audited by CPA Shu-Chiung Chang and CPA Hui-Chin Tseng of Pricewaterhouse Coopers Certified Public Accountants. These financial statements were submitted for review by us, the supervisors, along with the Company's business report and earnings appropriation proposal. We found no misstatement in the above, and thereby issue this review report in accordance with Article 219 of The Company Act.

For

The 2018 Annual General Meeting

CREATIVE SENSOR INC.

Supervisor: GUANG YUAN Co.,Ltd.

Representative: Hui-Mei, Wu

Supervisor: Min-Yu, Chang

Date: March 21, 2018

CREATIVE SENSOR INC.

Corporate Social Responsibility Best Practice Principles

Chapter I General Principles

Article 1

The Best Practice Principles have been established to guide the Company towards fulfilling social responsibilities and contributing to the improvement of the economy, environment and society, and thereby ensure sustainability.

Article 2

The Principles applies to the Company, including the entire operations of the Company and its business group.

The Company shall actively fulfill its corporate social responsibilities and civic duties in the course of business operation, so as to conform with international trends while contributing to the nation's economic development, and to improve the quality of life of employees, the community and society. The Company shall aim to build competitiveness through corporate responsibilities.

Article 3

In fulfilling corporate social responsibility initiatives, the Company shall, in its corporate management guidelines and business operations, give due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance.

Article 4

To implement corporate social responsibility initiatives, the Company is advised to follow the principles below:

1. Exercise corporate governance.
2. Foster a sustainable environment.
3. Preserve public welfare.
4. Enhance disclosure of corporate social responsibility information.

Article 5

Establishment of corporate social responsibility (CSR) policies, systems and management guidelines shall take into consideration the local and foreign CSR trends, their relevance to the Company's operations, and impacts to the Company's overall business activities and stakeholders. These establishments are subject to the board of directors' approval and

acknowledgment at shareholder meeting.

Any CSR-related discussions proposed by shareholders in accordance with Article 172-1 of The Company Act may be accepted for discussion during shareholder meeting at the board of directors' discretion.

Chapter II Exercising Corporate Governance

Article 6

The Company should establish effective governance framework and ethical standards based on Corporate Governance Best Practice Principles, Ethical Corporate Management Best Practice Principles and Ethics Guidelines to enforce corporate governance practices.

Article 7

The directors of the Company shall exercise the due care of good administrators to urge the company to perform its corporate social responsibility initiatives, review the results of the implementation thereof from time to time and continually make adjustments so as to ensure the thorough implementation of its corporate social responsibility policies.

The board of directors should take into account stakeholders' interests when fulfilling corporate social responsibilities.

The board of directors shall appoint executive-level positions with responsibility for economic, environmental, and social issues resulting from the business operations of the Company, and to report the status of the handling to the board of directors. The handling procedures and the responsible person for each relevant issue shall be concrete and clear.

Article 8

The Company is advised to, on a regular basis, organize education and training on the implementation of corporate social responsibility initiatives, including promotion of the matters prescribed in paragraph 2 of the preceding article.

Article 9

To ensure proper management of corporate social responsibilities, the Company shall assemble a task force that specializes (or is involved) in the making, planning and execution of CSR policies, systems, strategies and projects. This task force should also disclose its progress in the annual report.

The Company is advised to adopt reasonable remuneration policies, to ensure that remuneration arrangements support the strategic aims of the organization, and align with the interests of stakeholders.

Compliance and non-compliance with corporate social responsibilities policy shall be rewarded and disciplined according to the Company's "Work Rules" and "Performance Appraisal Policy."

Article 10

The Company shall properly identify stakeholders and tend to stakeholders' interests. The Company shall use proper communication channels to learn the needs and expectations of stakeholders, and to respond to key CSR issues that are of the utmost concern.

Chapter III Fostering a Sustainable Environment

Article 11

The Company shall follow relevant environmental laws, regulations and international standards to properly protect the environment and shall endeavor to promote a sustainable environment when engaging in business operations and internal management.

Article 12

The Company shall dedicate itself to achieving efficient use of all resources, and adopting the use of renewable materials that have less impact on the environment, so as to ensure sustainability of Earth's resources.

Article 13

The Company is advised to establish proper environment management systems based on the characteristics of their industries. Such systems shall include the following tasks:

1. Collecting sufficient and up-to-date information to evaluate the impact of the company's business operations on the natural environment.
2. Establishing measurable goals for environmental sustainability, and examining whether the development of such goals should be maintained and whether it is still relevant on a regular basis.
3. Adopting enforcement measures such as concrete plans or action plans, and examining the results of their operation on a regular basis.

The system shall conform with the Company's ISO14001 policy.

Article 14

The Company is advised to establish a dedicated unit or assign dedicated personnel for drafting, promoting, and maintaining relevant environment management systems and concrete action plans, and should hold environment education courses for managerial officers and other employees on a periodic basis.

Article 15

The Company is advised to take into account the effect of business operations on ecological efficiency, promote and advocate the concept of sustainable consumption, and conduct research and development, procurement, production, operations, and services in accordance with the following principles to reduce the impact on the natural environment and human

beings from their business operations:

1. Reduce resource and energy consumption of their products and services.
2. Reduce emission of pollutants, toxins and waste, and dispose of waste properly.
3. Improve recyclability and reusability of raw materials or products.
4. Maximize the sustainability of renewable resources.
5. Enhance the durability of products.
6. Improve efficiency of products and services.

Article 16

The Company shall implement management practices that promote more efficient use and ensure sustainability of water resource.

The Company shall strive to minimize adverse impacts on human health and the environment by adopting optimal and feasible pollution prevention and control technologies.

Article 17

The Company is advised to adopt standards or guidelines generally used in Taiwan and abroad to enforce corporate greenhouse gas inventory and to make disclosures thereof, the scope of which shall include the following:

1. Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the company.
2. Indirect greenhouse gas emissions: emissions resulting from the generation of externally purchased or acquired electricity, heating, or steam.

The Company shall monitor how climate changes affect its operating activities, and implement energy/carbon/greenhouse gas reduction strategies based on operational assessments and outcomes of greenhouse gas survey, so as to minimize impact of the Company's operating activities on climate change.

Chapter IV Preserving Public Welfare

Article 18

The Company shall comply with relevant laws and regulations, and the International Bill of Human Rights, with respect to rights such as gender equality, the right to work, and prohibition of discrimination.

The Company shall, for the protection of human rights, enforce globally recognized work rights and human rights such as: freedom of association, collective bargaining, care for the socially disadvantaged, prohibition of child labor, elimination of forced labor, and elimination of employment discrimination. The Company shall also ensure that its human

resource policies are free of discrimination and differential treatment whether in terms of gender, ethnicity, social status, age, marital status or family background, so as to promote fairness in recruitment, employment terms, compensation, benefits, training, performance assessment and promotion opportunities.

The Company shall provide an effective and appropriate grievance mechanism with respect to matters adversely impacting the rights and interests of the labor force, in order to ensure equality and transparency of the grievance process. Channels through which a grievance may be raised shall be clear, convenient, and unobstructed. The Company shall respond to any employee's grievance in an appropriate manner.

Article 19

The Company shall provide information for their employees so that the employees have knowledge of the labor laws and the rights they enjoy in the countries where the companies have business operations.

Article 20

The Company is advised to provide safe and healthful work environments for their employees, including necessary health and first-aid facilities and shall endeavor to curb dangers to employees' safety and health and to prevent occupational accidents.

The Company is advised to organize training on safety and health for their employees on a regular basis.

Article 21

The Company is advised to create an environment conducive to the development of their employees' careers and establish effective training programs to foster career skills.

The Company shall appropriately reflect the corporate business performance or achievements in the employee remuneration policy, to ensure the recruitment, retention, and motivation of human resources, and achieve the objective of sustainable operations.

Article 22

The Company shall establish a platform to facilitate regular two-way communication between the management and the employees for the employees to obtain relevant information on and express their opinions on the company's operations, management and decisions.

The Company shall respect the employee representatives' rights to bargain for the working conditions, and shall provide the employees with necessary information and hardware equipment, in order to improve the negotiation and cooperation among employers, employees and employee representatives.

The Company shall, by reasonable means, inform employees of operation changes that might

have material impacts.

Article 22-1

The Company shall treat customers and consumers fairly for all products and services offered by enforcing principles on fairness, integrity, duty of care and loyalty, truthful advertising, product/service suitability, notification, disclosure, balanced performance compensation, complaints, and professionalism.

Article 23

The Company shall take responsibility for products and services, and take marketing ethics seriously. In the process of research and development, procurement, production, operations, and services, the Company shall ensure the transparency and safety of products and services. They further shall establish and disclose policies on consumer rights and interests, and enforce them in the course of business operations, in order to prevent the products or services from adversely impacting the rights, interests, health, or safety of consumers.

Article 24

The Company shall ensure the quality of products and services by following the laws and regulations of the government and relevant standards of their industries.

The Company shall follow relevant laws, regulations and international guidelines when marketing or labeling products and services and shall not deceive, mislead, commit fraud or engage in any other acts which would betray consumers' trust or damage consumers' rights or interests.

Article 25

The Company is advised to evaluate and manage all types of risks that could cause interruptions in operations, so as to reduce the impact on consumers and society.

The Company is advised to provide a clear and effective procedure for accepting consumer complaints to fairly and timely handle consumer complaints, shall comply with laws and regulations related to the Personal Information Protection Act for respecting consumers' rights of privacy and shall protect personal data provided by consumers.

Article 26

The Company is advised to assess the impact their procurement has on society as well as the environment of the community that they are procuring from, and shall cooperate with their suppliers to jointly implement the corporate social responsibility initiative.

Prior to engaging in commercial dealings, the Company is advised to assess whether there is any record of a supplier's impact on the environment and society, and avoid conducting transactions with those against corporate social responsibility policy.

When the Company enter into a contract with any of major suppliers, the content should

include terms stipulating mutual compliance with corporate social responsibility policy, and that the contract may be terminated or rescinded any time if the supplier has violated such policy and has caused significant negative impact on the environment and society of the community of the supply source.

Article 27

The Company through equity investment, commercial activities, endowments, volunteering service or other charitable professional services etc., dedicate resources to organizations that commercially resolve social or environmental issues, participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development.

Chapter V Enhancing Disclosure of Corporate Social Responsibility Information

Article 28

The Company shall disclose information according to relevant laws, regulations and the Corporate Governance Best Practice Principles for TWSE/GTSM listed Companies and shall fully disclose relevant and reliable information relating to their corporate social responsibility initiatives to improve information transparency.

Relevant information relating to corporate social responsibility which the Company shall disclose includes:

1. The policy, systems or relevant management guidelines, and concrete promotion plans for corporate social responsibility initiatives, as resolved by the board of directors.
2. The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare.
3. Goals and measures for realizing the corporate social responsibility initiatives established by the companies, and performance in implementation.
4. Major stakeholders and their concerns.
5. Disclosure of information on major suppliers' management and performance with respect to major environmental and social issues.
6. Other information relating to corporate social responsibility initiatives.

Article 29

The Company shall adopt internationally widely recognized standards or guidelines when producing corporate social responsibility reports, to disclose the status of implementation of the corporate social responsibility policy. It also is advisable to obtain a third-party assurance or verification for reports to enhance the reliability of the information in the reports. The reports are advised to include:

1. The policy, system, or relevant management guidelines and concrete promotion plans for implementing corporate social responsibility initiatives.
2. Major stakeholders and their concerns.
3. Results and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development.
4. Future improvements and goals.

Chapter VI Supplementary Provisions

Article 30

The Company shall pay constant attention to new developments in local and foreign CSR principles and changes in the business environment, and thereby improve overall CSR performance.

Article 31

Establishment and amendment of the above principles are subject to approval by the board of directors, and acknowledgment in shareholder meeting.

Article 32

The principles were first established on March 21, 2018.

CREATIVE SENSOR INC.
Ethical Corporate Management Best Practice Principles

Article 1 Purpose, Applicability and Scope

The following principles have been established in accordance with “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” to facilitate sustainable development and creation of corporate culture of honest business dealing.

The principles apply to subsidiaries and all companies and organizations within the group (collectively referred to as Group Members).

Article 2 Prohibition Against Dishonest Conducts

The Company’s directors, supervisors, managers, employees or any personnel with practical control (collectively referred to as “employees” below) are prohibited from offering, committing, requesting or accepting any illegitimate benefits and involving in any conducts that would be construed as dishonest, illegal, or in breach of trust (collectively referred to as “dishonest conduct” below), whether directly or indirectly, when carrying out business activities.

Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managers, employees or substantial controllers or other stakeholders.

Article 3 Definition of Benefits

“Benefits” in these Principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

Article 4 Compliance

The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.

Article 5 Policy

The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.

Article 6 Preventions

In support of the business philosophy and policies outlined in the preceding Article, preventive solutions including operating procedures, behavior guidelines and training shall be implemented in accordance with those principles.

The Company’s preventive solutions shall comply with the laws of the locations in which the Company and group members operate.

Article 7 Scope of Preventive Solutions

When developing preventive solutions, the Company shall identify business activities that present higher integrity risk and adopt enhanced measures to prevent at least the following conducts:

1. Offering and acceptance of bribes.
2. Illegal political donations.
3. Improper charitable donations or sponsorship.
4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.
5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.
6. Engaging in unfair competitive practices.
7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.

Article 8 Commitments and Execution

The Company and Group Members shall state explicitly in policies and external documents their commitments to business integrity, as well as board of directors' and the management's commitment to enforcing integrity policies. These commitments need to be reflected accordingly in internal management practices and external commercial activities.

Article 9 Integrity in Commercial Activities

The Company shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management.

Prior to engaging in commercial transactions, the Company is required to evaluate the legitimacy of its distributors, suppliers, customers and any counterparties, and investigate whether they were previously involved in dishonest conducts. The Companies should avoid dealing with entities that demonstrate poor integrity.

Contracts signed by the Company with distributors, suppliers, customers or other counterparties should include an integrity clause that gives the Company the right to terminate the contract if the counterparty is found to have been involved in dishonest conducts.

Article 10 Prohibition Against Bribery

The Company's employees may not offer, guarantee, request or accept any form of illegitimate benefits with customers, distributors, contractors, suppliers, government officials or other stakeholders, whether directly or indirectly, when carrying out business activities.

Article 11 Prohibition Against Illegal Political Donations

Any donations made directly or indirectly to political parties, campaigns or individuals by the Company or its employees must comply with the Political Donations Act and the Company's internal procedures. These donations cannot be exploited as means of obtaining commercial benefits or advantages.

Article 12 Prohibition Against Improper Donations or Sponsorships

Any donations or sponsorships made by the Company or its employees to charity organizations must comply with the relevant laws and the Company's internal procedures. These donations and sponsorships cannot be exploited as means of bribery.

Article 13 Prohibition Against Inappropriate Gifts, Treatments and Illegitimate Benefits

The Company and its employees shall not violate laws, internal procedures and contracts, and must refrain from offering or accepting inappropriate gifts, treatments or benefits, whether directly or indirectly, as a means to establish commercial relationship or affect commercial outcomes.

Article 14 Prohibition Against Infringement of Intellectual Property Rights

The Company and its employees shall comply strictly with intellectual property laws, internal procedures and contracts. Except with the consent of the intellectual property rights owner, The Company may not use, disclose, dispose, destroy or commit any action that constitutes infringement of intellectual property rights.

Article 15 Avoidance of Unfair Competition

The Company shall comply with competition laws when engaging in business activities, and should avoid actions that may be construed as unfair competition, such as: price fixing, bid rigging, use of output restrictions or quota, or share or divide markets by allocating customers, suppliers, territories, or business activities.

Article 16 Preventing Product or Service Damage to Stakeholders

The Company and employees shall comply with laws and international standards when researching, developing, procuring, manufacturing, supplying and selling products and services. The Company shall also ensure the transparency of product/service information and the safety of products/services offered. These requirements must be duly enforced in all aspects of business operation to prevent products/services from causing direct or indirect damage to consumers or the rights, health and safety of other stakeholders. Where there are sufficient facts to determine that the company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the company shall, in principle, recall those products or suspend the services immediately.

Article 17 Organization and Responsibilities

The Company's employees shall exercise the duty of care as prudent managers to supervise and prevent dishonest conducts, while constantly review performance to ensure ongoing improvement and sound execution of integrity policy.

To ensure sound integrity management, the Audit Office shall be collectively responsible for the establishment, supervision and execution of integrity policy and the following affairs (Subparagraphs 1 to 5 are to be carried out by the Human Resource Section):

1. Assisting in incorporating ethics and moral values into the Company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
2. Adopting programs to prevent unethical conduct and setting out the standard operating procedures and conduct guidelines with respect to the Company's operations and business in each program.
3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.
4. Promoting and coordinating awareness and educational activities with respect to ethics policy.
5. Developing a whistle-blowing system and ensuring its operating effectiveness.
6. Assisting the board of directors and the management in assessing the effectiveness of existing integrity practices and prevention measures, assessing compliance of operating procedures, and making regular reports to the board of directors.

Article 18 Compliance in Business Dealings

Employees are bound to comply with laws and preventive solutions when conducting business activities.

Article 19 Avoidance of Conflicting Interest by Employees

The Company shall identify, supervise and manage potential conflicts of interest that may give rise to dishonest behaviors, and implement channels for directors, supervisors, managers, stakeholders and board meeting participants to state their conflicting interests with the Company.

When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the Company's directors, supervisors, managers, and other stakeholders attending or present at board meetings, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.

The Company's employees must not exploit their vested authorities or influences for improper gains, whether for themselves or for spouse, parents, children, or any other parties.

Article 20 Accounting and Internal Control

The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.

The internal audit unit of the Company shall periodically examine the Company's compliance with the foregoing systems and prepare audit reports and submit the same to the board of directors. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.

Article 21 Operating Procedures and Behavioral Guidelines

The Company shall establish operating procedures and behavioral guidelines based on Article 6 to outline certain issues that employees must take note of when performing duties, including:

1. Standards for determining whether improper benefits have been offered or accepted.
2. Procedures for offering legitimate political donations.
3. Procedures and the standard rates for offering charitable donations or sponsorship.
4. Rules for avoiding work-related conflicts of interests and how they should be reported and handled.
5. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.
6. Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of unethical conduct.
7. Handling procedures for violations of these Principles.
8. Disciplinary measures on offenders.

Article 22 Training and Appraisal

The Company's chairman, general manager, or senior management shall communicate the importance of corporate ethics to its directors, employees, and mandataries on a regular basis.

The Company shall organize or encourage employees to participate in internal and external integrity training courses, so that they are adequately aware of the Company's commitment, policies and preventive solutions in regards to integrity management, and consequences for engaging in dishonest conduct.

Compliance and non-compliance with business integrity policy shall be rewarded, disciplined and appealed according to the Company's "Work Rules" and "Performance Appraisal Policy."

Article 23 Reporting and Discipline of Misconducts

The Company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:

1. An independent mailbox by an independent external institution, to allow company insiders and outsiders to submit reports.
2. The Company shall assign dedicated personnel or unit to handle misconduct reports. Any report of misconduct involving a director or senior manager shall be escalated to the independent directors or supervisors. The Company shall also establish a set of standard operating procedures for handling misconduct reports.
3. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.
4. Confidentiality of the identity of whistle-blowers and the content of reported cases.
5. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.
6. Whistle-blowing incentive measures.

All misconduct reports shall be collected handled by the dedicated unit. If the investigation uncovers any major violation or any material losses that the Company is likely to suffer, a report must be prepared in writing and sent to the audit unit immediately. Once the audit unit has verified the details, the report shall be escalated to the independent directors or supervisors.

Article 24 Discipline and Grievance System

The Company shall establish and announce a system that facilitates the reporting and discipline of conducts that violate the integrity policy. Any personnel who commit major violations against the integrity policy shall be relieved of duty or have employment terminated according to relevant regulations or the Company's management rules. In the meantime, the Company's intranet shall be updated immediately with information about the date of violation, the details of violation, and follow-up progress.

Article 25 Information Disclosure

The Company shall disclose the terms of its Ethical Corporate Management Best Practice Principles on the Market Observation Post System, and explain the measures it has taken to enforce the principles through the website, annual report and prospectus.

Article 26 Review and Amendment of Ethical Corporate Management Best Practice Principles and Measures

The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their directors, supervisors, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.

Article 27 Implementation

The principles shall be implemented upon approval from the board of directors, and are subject to review by supervisors and acknowledgment during shareholder meeting. The same procedures apply to subsequent amendments.

Independent directors' opinions must be fully taken into consideration when the principles are raised for discussion among the board of directors. All objections and qualified opinions expressed by independent directors must be detailed in the board of directors meeting minutes. If the independent director is unable to express objections or qualified opinions in person during the board of directors meeting, the opinion shall be expressed in writing in advance and recorded in the board of directors meeting minutes unless there is justifiable reason not to do

so.

Rules stated in the principles concerning supervisors shall also apply to the audit committee.

Article 28 Additional Rules

The principles were first established on May 11, 2018.

CREATIVE SENSOR INC.
Procedures for Ethical Management and Guidelines for
Conduct

Article 1 Purpose of adoption and scope of application

The Company engages in commercial activities out of the utmost fairness, honesty, faithfulness and transparency. The following procedures and guidelines have been established in accordance with Article 21 of Ethical Corporate Management Best Practice Principles and laws in the countries where the Company and group enterprises operate to fully enforce ethical management, prevent unethical conducts, and outline areas that require employees' attention when performing duties.

The following procedures and behavioral guidelines apply to the Company's subsidiaries and all companies and organizations within the group (collectively referred to as Group Members below).

Article 2 Applicable subjects

For the purposes of the Procedures and Guidelines, the term "personnel of the Company" refers to any director, supervisor, manager, employee, mandatary and person having substantial control, of the Company or the group enterprises and organizations.

Any provision, promise, request, or acceptance of improper benefits by any personnel of the Company through a third party will be presumed to be an act by the personnel of the Company.

Article 3 Unethical conduct

For the purposes of these Procedures and Guidelines, "unethical conduct" means that any personnel of the Company, in the course of their duties, directly or indirectly provides, promises, requests, or accepts improper benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or

maintaining benefits.

The counterparties of the unethical conduct under the preceding paragraph include public officials, political candidates, political parties or their staffs, and government-owned or private-owned enterprises or institutions and their directors, supervisors, managerial officers, employees, persons having substantial control, or other interested parties.

Article 4 Types of benefits

For the purposes of these Procedures and Guidelines, the term “benefits” means any money, gratuity, gift, commission, position, service, preferential treatment, rebate, facilitating payment, entertainment, dining, or any other item of value in whatever form or name.

Article 5 Responsible unit

The Company has designated the Audit Office (the Responsible Unit) as the unit responsible for the amendment, execution, interpretation, and consultation of operating procedures and behavioral guidelines, maintenance of submitted reports, and supervision over the execution of relevant operations. The Responsible Unit operates under the board of directors and oversees the following affairs, of which Subparagraphs 1 to 5 are to be carried out by the Human Resource Section:

1. Assisting in incorporating ethics and moral values into the Company’s business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
2. Adopting programs to prevent unethical conduct and setting out the standard operating procedures and conduct guidelines with respect to the Company’s operations and business in each program.
3. Planning the internal organization, structure, and allocation of responsibilities

and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.

4. Promoting and coordinating awareness and educational activities with respect to ethics policy.
5. Developing a whistle-blowing system and ensuring its operating effectiveness.
6. Assisting the board of directors and the management in assessing the effectiveness of existing integrity practices and prevention measures, assessing compliance of operating procedures, and making regular reports to the board of directors.

Article 6 Prohibition against providing or accepting improper benefits

Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, any benefits as specified in Article 4, the conduct of the given personnel of the Company shall comply with the provisions of the “Ethical Corporate Management Best Practice Principles for the Company” and the Procedures and Guidelines, and the relevant procedures shall have been carried out:

1. The conduct is undertaken to meet business needs and is in accordance with local courtesy, convention, or custom during domestic (or foreign) visits, reception of guests, promotion of business, and communication and coordination.
2. The conduct has its basis in ordinary social activities that are attended or others are invited to hold in line with accepted social custom, commercial purposes, or developing relationships.
3. Invitations to guests or attendance at commercial activities or factory visits in relation to business needs, when the method of fee payment, number of

participants, class of accommodations, and the time period for the event or visit have been specified in advance.

4. Attendance at folk festivals that are open to and invite the attendance of the general public.
5. Rewards, emergency assistance, condolence payments, or honorariums from the management.
6. Money, property or other benefits with market value below NT\$5,000 offered to or accepted from a person other than a relative or friend, except for circumstances outlined in Subparagraphs 1 to 5, Paragraph 1 of this Article.
7. Gifts with market value no more than NT\$5,000 received from a person other than relative or friend for occasions including engagement, wedding, childbirth, house warming, employment, promotion, retirement, resignation, transfer, or injury, illness or death suffered by self, spouse or direct relatives.
8. Other conduct that complies with the rules of the Company.

Article 7 Procedures for handling the acceptance of improper benefits

Except under any of the circumstances set forth in the preceding article, when any personnel of the Company are provided with or are promised, either directly or indirectly, any benefits as specified in Article 4 by a third party, the matter shall be handled in accordance with the following procedures:

1. If there is no relationship of interest between the party providing or offering the benefit and the official duties of the Company's personnel, the personnel shall report to their immediate supervisor within 3 days from the acceptance of the benefit, and the responsible unit shall be notified.
2. If a relationship of interest does exist between the party providing or offering the benefit and the official duties of the Company's personnel, the personnel shall return or refuse the benefit, and shall report to his or her immediate

supervisor and notify the responsible unit. When the benefit cannot be returned, then within 3 days from the acceptance of the benefit, the personnel shall refer the matter to the responsible unit for handling.

“A relationship of interest between the party providing or offering the benefit and the official duties of the Company’s personnel,” as referred to in the preceding paragraph, refers to one of the following circumstances:

1. When the two parties have commercial dealings, a relationship of direction and supervision, or subsidies (or rewards) for expenses.
2. When a contracting, trading, or other contractual relationship is being sought, is in progress, or has been established.
3. Other circumstances in which a decision regarding the Company’s business, or the execution or non-execution of business, will result in a beneficial or adverse impact.

The responsible unit of the Company shall make a proposal, based on the nature and value of the benefit under Paragraph 1, that it be returned, accepted on payment, given to the public, donated to charity, or handled in another appropriate manner. The proposal shall be implemented after being reported to the general manager and approved.

Article 8 Prohibition of and handling procedure for facilitating payments

The Company shall neither provide nor promise any facilitating payment.

If any personnel of the Company provides or promises a facilitating payment under threat or intimidation, they shall submit a report to their immediate supervisor stating the facts and shall notify the responsible unit.

Upon receipt of the report under the preceding paragraph, the responsible unit shall take immediate action and undertake a review of relevant matters in order to minimize the risk of recurrence. In a case involving alleged illegality, the responsible

unit shall also immediately report to the relevant judicial agency.

Article 9 Procedures for handling political contributions

Offering of political donations shall comply with the following rules and is subject to board of directors' approval:

1. It shall be ascertained that the political contribution is in compliance with the laws and regulations governing political contributions in the country in which the recipient is located, including the maximum amount and the form in which a contribution may be made.
2. A written record of the decision-making process shall be kept.
3. Account entries shall be made for all political contributions in accordance with applicable laws and regulations and relevant procedures for accounting treatment.
4. In making political contributions, commercial dealings, applications for permits, or carrying out other matters involving the interests of the Company with the related government agencies shall be avoided.

Article 10 Procedures for handling charitable donations or sponsorships

Offering of donation or sponsorship to charity organizations is subject to discussion in board meetings and the following rules:

1. Shall in compliance with the laws and regulations of the country where the Company is doing business.
2. A written record of the decision-making process shall be kept.
3. A charitable donation shall be given to a valid charitable institution and may not be a disguised form of bribery.
4. The returns received as a result of any sponsorship shall be specific and reasonable, and the subject of the sponsorship may not be a counterparty of the Company's commercial dealings or a party with which any personnel of the

Company has a relationship of interest.

5. After a charitable donation or sponsorship has been given, it shall be ascertained that the destination to which the money flows is consistent with the purpose of the contribution.

Article 11 Recusal

When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the Company's directors, supervisors, managers, and other stakeholders attending or present at board meetings, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.

If in the course of conducting company business, any personnel of the Company discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions.

No personnel of the Company may use company resources on commercial activities other than those of the Company, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of the Company.

Article 12 Special unit in charge of confidentiality regime and its responsibilities

All departments within the Company shall exercise proper management, safekeeping and confidentiality over the Company's business secrets, trademarks, patents, copyrights and intellectual properties, and thereby ensures the continual effectiveness of the Company's confidentiality system.

All personnel of the Company shall faithfully follow the operational directions pertaining to intellectual properties as mentioned in the preceding paragraph and may not disclose to any other party any trade secrets, trademarks, patents, works, and other intellectual properties of the Company of which they have learned, nor may they inquire about or collect any trade secrets, trademarks, patents, works and other intellectual properties of the Company unrelated to their individual duties.

Article 13 Prohibition against disclosure of confidential information

The Company shall comply with fair trading and competition laws when engaging in business activities, and should avoid actions that may be construed as unfair competition, such as: price fixing, bid rigging, use of output restrictions or quota, or share or divide markets by allocating customers, suppliers, territories, or business activities.

Article 14 Prohibition against insider trading

The Company shall collect and understand the applicable laws and regulations and international standards governing its products and services which it shall observe and gather all guidelines to cause personnel of the Company to ensure the transparency of information about, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of products and services.

Where there are sufficient facts to determine, that the Company's products or services are likely to pose any hazard to the safety and health of consumers or other

stakeholders, the Company shall recall those products or suspend the services immediately, verify the facts and present a review and improvement plan.

The responsible unit of the Company shall report the event as in the preceding paragraph, actions taken, and subsequent reviews and corrective measures taken to the board of directors.

Article 15 Non-disclosure agreement

All Company personnel shall adhere to the provisions of the Securities and Exchange Act, and may not take advantage of undisclosed information of which they have learned to engage in insider trading. Personnel are also prohibited from divulging undisclosed information to any other party, in order to prevent other party from using such information to engage in insider trading.

Any organization or person outside of the Company that is involved in any merger, demerger, acquisition and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract by the Company shall be required to sign a non-disclosure agreement in which they undertake not to disclose to any other party any trade secrets or other material information of the Company acquired as a result, and that they may not use such information without the prior consent of the Company.

Article 16 Announcement of policy of ethical management to outside parties

The Company shall disclose the policy of ethical management in the internal rules, annual reports, on the company's websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as product launches and investor press conferences, in order to make the suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.

Article 17 Ethical management evaluation prior to development of commercial relationships

Before establishing new business relationship, the Company shall first evaluate the legitimacy and integrity policy of its potential distributor, supplier, customer or counterparty, and investigate whether they exhibit history of dishonest conduct.

When conducting the above assessment, the Company may use the following criteria to establish the integrity of its business partner:

1. The enterprise's nationality, location of business operations, organizational structure, and management policy, and place where it will make payment.
2. Whether the enterprise has adopted an ethical management policy, and the status of its implementation.
3. Whether enterprise's business operations are located in a country with a high risk of corruption.
4. Whether the business operated by the enterprise is in an industry with a high risk of bribery.
5. The long-term business condition and degree of goodwill of the enterprise.
6. Consultation with the enterprise's business partners on their opinion of the enterprise.
7. Whether the enterprise has a record of involvement in unethical conduct such as bribery or illegal political contributions.

Article 18 Statement of ethical management policy to counterparties in commercial dealings

Any personnel of the Company, when engaging in commercial activities, shall make a statement to the trading counterparty about the Company's ethical management policy and related rules, and shall clearly refuse to provide, promise, request, or accept, directly or indirectly, any improper benefit in whatever form or name.

Article 19 Avoidance of commercial dealings with unethical operators

If the business partner is found to have exhibited dishonest conducts: Employees shall evaluate the severity of the uncovered incident and how it affects the

Company's sustainable operations, and escalate findings to the President for the final decision on whether to continue business relationship with restrictive clauses or at all. The assessment and decision also need to be reported during the upcoming board of directors meeting. If the dishonest conduct involves a trade counterparty that accounts for more than one-fifth of the Company's revenues in the previous year or the previous quarter, the decision of whether to continue business relationship with restrictive clauses or at all shall be discussed and made by the board of directors. In order to effectively implement this Corporation's ethical management policy.

Article 20 Stipulation of terms of ethical management in contracts

Prior to signing contract with another party, the Company must establish thorough understanding of the integrity of the counterparty, and negotiate to include the following business integrity principles into the contract where possible:

1. When a party to the contract becomes aware that any personnel has violated the terms and conditions pertaining to prohibition of acceptance of commissions, rebates, or other improper benefits, the party shall immediately notify the other party of the violator's identity, the manner in which the provision, promise, request, or acceptance was made, and the monetary amount or other improper benefit that was provided, promised, requested, or accepted. The party shall also provide the other party with pertinent evidence and cooperate fully with the investigation. If there has been resultant damage to either party, the party may claim from the other party and may also deduct the full amount of the damages from the contract price payable.
2. Where a party is discovered to be engaged in unethical conduct in its commercial activities, the other party may terminate or rescind the contract unconditionally at any time.
3. Specific and reasonable payment terms, including the place and method of

payment and the requirement for compliance with related tax laws and regulations.

Article 21 Handling of unethical conduct by personnel of this Corporation

The Company encourages reporting of dishonest behaviors or misconducts from within or outside the organization. Misconduct reports must be investigated immediately to clarify the relevant facts. Employees who are found to have made false or malicious accusations shall be disciplined according to the Company's policies.

The Company shall internally establish and publicly announce on the website and the intranet, and an independent mailbox, for Company insiders and outsiders to submit reports.

A whistleblower shall at least furnish the following information:

1. The whistleblower's name and I.D. number, and an address, telephone number and e-mail address where it can be reached.
2. The informed party's name or other information sufficient to distinguish its identifying features.
3. Specific facts available for investigation.

Personnel who have been assigned to handle misconduct reports must issue written commitments to maintain confidentiality of the informant's identity and the report contents. The Company not only commits to protect informants from mistreatment as a result of their reports, but shall also assign dedicated units to handle misconduct reports according to the following procedures:

1. Information shall be reported to the department head if involving the rank and file and to an independent director or supervisor if involving a director or a senior executive.
2. The responsible unit of the Company and the department head or personnel

being reported to in the preceding subparagraph shall immediately verify the facts and, where necessary, with the assistance of the legal compliance or other related department.

3. If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or the Company's policy and regulations of ethical management, the Company shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, the Company will institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.
4. Documentation of case acceptance, investigation processes and investigation results shall be retained for five years and may be retained electronically. In the event of a suit in respect of the whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.
5. With respect to a confirmed information, the Company shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.
6. The responsible unit of the Company shall submit to the board of directors a report on the whistleblowing case, actions taken, and subsequent reviews and corrective measures.

Article 22 Actions upon event of unethical conduct by others towards this Corporation

If any personnel of the Company discovers that another party has engaged in unethical conduct towards the Company, and such unethical conduct involves alleged illegality, the Company shall report the relevant facts to the judicial and prosecutorial authorities; where a public service agency or public official is involved, the Company shall additionally notify the governmental anti-corruption agency.

Article 23 Establishment of a system for rewards, penalties, and complaints, and related disciplinary measures

The responsible unit shall supervise the Human Resource Section to organize at least one internal/external integrity-related awareness program per year, and have the Chairman, President and senior managers participate while at the same time encourage employees to join, in order to fully convey the importance of business integrity.

Integrity practices shall be rewarded, disciplined and appealed according to the Company's "Work Rules" and "Performance Appraisal Policy."

If any personnel of the Company seriously violates ethical conduct, the Company shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the work rules and procedures of the Company.

Article 24 Enforcement

These Principles and Guidelines shall be implemented after the board of directors grants approval, and shall be sent to the supervisors and reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.

The Company submitted these Principles and Guidelines for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director expresses any objection or reservation about a matter, it shall be recorded in the board meeting minutes. An independent director intending to express an objection or reservation but unable to attend the meeting in person shall, unless there is some legitimate reason to do otherwise, issue a written opinion in advance, which shall be recorded in the meeting minutes.

Rules stated in the procedures and behavioral guidelines concerning supervisors shall also apply to the audit committee.

Article 25

The procedures and behavioral guidelines were first established on May 11, 2018.

[Attachment V]

Independent Auditor's Audit Report

(2018) Cai-Shen-Bao-Zi No. 17003050

To stakeholders of CREATIVE SENSOR INC.:

Audit opinions

We have audited the consolidated balance sheet of CREATIVE SENSOR INC. and subsidiaries (collectively referred to as "CREATIVE SENSOR GROUP") as at December 31, 2017 and 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated cash flow statement for the periods January 1 to December 31, 2017 and 2016, and the accompanying footnotes (including summary of major accounting policies).

In our opinion, all material disclosures of the consolidated financial statements mentioned above were prepared in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers," international financial reporting standards approved by the Financial Supervisory Commission, the International Accounting Standards, and interpretations thereof, and presented a fair view of the consolidated financial position of CREATIVE SENSOR GROUP as at December 31, 2017 and 2016, and business performance and cash flow for the periods January 1 to December 31, 2017 and 2016.

Basis of audit opinion

We have conducted our audits in accordance with "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and the generally accepted auditing standards of the Republic of China. Our responsibilities as an auditor under the abovementioned standards will be explained in the "Consolidated financial statement auditing responsibilities" paragraph. All relevant personnel of the accounting firm have followed CPA code of ethics of the Republic of China and maintained independence from CREATIVE SENSOR GROUP, and fulfilled other responsibilities under the code of ethics. The CPAs believe that sufficient and adequate inspection evidence has been obtained in order to support the inspection feedback provided herein.

Key audit issues

Key audit issues are matters that we considered to be the most important, based on professional judgment, when auditing the 2017 consolidated financial statements of CREATIVE SENSOR GROUP. These issues have already been addressed when we audited and formed our opinions on the consolidated financial statements. Therefore we do not provide opinions separately for individual issues.

Key audit issues concerning the 2017 consolidated financial statements of CREATIVE SENSOR GROUP are as follows:

Assessment of impairment on equity-accounted investments

Description

Please refer to Notes 4(13) and 4(17) of the consolidated financial statements for detailed accounting policy on impairment of equity-accounted investment - associated company and non-financial assets. Please refer to Note 6(7) of the consolidated financial statements for more detailed descriptions about equity-accounted investments.

CREATIVE SENSOR GROUP had presented equity-accounted investment - TECO Image Systems Co., Ltd. (TECO) on the financial statements by estimating its recoverable value. The same basis was used for assessing impairments. When estimating the utilization value of an investment, the Company was required to forecast future cash flows and determine the appropriate discount rate. There were uncertainties associated with the assumptions used, and the estimated parameters could significantly impacts the assessment of utilization value. For the above reasons, we consider the method adopted by CREATIVE SENSOR GROUP for assessing impairment on equity-accounted investments a key audit issue.

Audit procedures

The following audit procedures were taken in relation to the audit issue:

- Understanding the processes undertaken by the management to estimate future cash flows, and verifying that the future cash flows used in the valuation model were consistent with TECO's operating plans.
- Comparing parameters used in the valuation process, such as estimated revenue growth rate, gross profit margin and operating expense ratio, with historical results and economic and industrial forecasts.
- Comparing the discount rate used in the valuation process with the funding cost of the cash generation unit and returns on similar assets.
- Examining the correctness of calculations from the valuation model.

Existence of revenues from new top-10 buyers

Description

CREATIVE SENSOR GROUP is mainly involved in the manufacturing and sale of image sensors and electronic components. Its products are mostly used for the production of scanners, fax machines and multifunction printers. The buyers consist primarily of world-renowned OEMs or system manufacturers that the Company has long-term, stable business relationship with. CREATIVE SENSOR GROUP continues to expand its customer base and increase market share to further secure market leadership, which was why the amount of sales to the top-10 buyers list had changed from 2016 to 2017. In 2017, we noticed new names on the top-10 buyers list with significantly higher contribution to consolidated revenues than the year before. Whether or not the reported sales transactions did actually take place with the new top-10 buyers would significantly affect the presentation of the financial statement. For the above reason, we consider existence of revenues from CREATIVE SENSOR GROUP's new top-10 buyers list a key audit issue.

Audit procedures

The following audit procedures were taken in relation to the audit issue:

- Assessing and testing the internal control process on sales transactions to determine whether transactions were carried out according to the group's internal control system.
- Reviewing industry background and profile of the new top-10 buyers.
- Making random checks for proof of revenue and transaction with the new top-10 buyers.

Other issues - individual financial statements

CREATIVE SENSOR GROUP has prepared individual financial statements for 2017 and 2016, to which we have issued an independent auditor's report with unqualified opinion.

Responsibilities of the management and governing body to the consolidated financial statements

Responsibilities of the management were to prepare and ensure fair presentation of consolidated financial statements in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers,” international financial reporting standards approved and published by the Financial Supervisory Commission, the International Accounting Standards and interpretations thereof, and exercise proper internal control practices that are relevant to the preparation of consolidated financial statements so that the consolidated financial statements are free of material misstatements caused by fraud or error.

The management’s responsibilities when preparing consolidated financial statements also involved: assessing the ability of CREATIVE SENSOR GROUP to operate, disclose information and account for transactions as a going concern unless the management intends to liquidate or cease business operations, or is compelled to do so with no alternative solution.

The governance unit (including supervisors) of CREATIVE SENSOR GROUP is responsible for supervising the financial reporting process.

Consolidated financial statement auditing responsibilities

The purposes of our audit were to obtain reasonable assurance of whether the consolidated financial statements were prone to material misstatements caused by fraud or error, and issue a report of our audit opinions. We considered assurance to be reasonable only if it is highly credible. However, audit tasks conducted in accordance with generally accepted auditing principles of the Republic of China do not necessarily guarantee detection of all material misstatements within the consolidated financial statements. Untruthful expressions might have been caused by errors or frauds. Misstatements are considered material if the individual amount or aggregate total is reasonably expected to affect economic decisions of the consolidated financial statement user.

When conducting audits in accordance with generally accepted audit principles of the Republic of China, we exercised proper judgment and raised doubts as deemed professionally appropriate. The CPAs also perform the following tasks:

1. Identifying and assessing risks of material misstatement due to fraud or error; designing

and executing appropriate responsive measures for the identified risks; and obtaining adequate and appropriate audit evidence to support audit opinions. Due to the fact that frauds might involve collusion, forging, intentional omission, untruthful statement, or non-compliance with internal control, the risk associated undetected significant untruthful expressions caused by frauds is higher than that caused by errors.

2. Obtain a necessary understanding of internal control concerning the inspection in order to design appropriate inspection procedures that are appropriate for the time being. The purpose, however, is not to effectively express opinions on the internal control of CREATIVE SENSOR GROUP.
3. Evaluate the adequacy of accounting policies adopted by the management and the legitimacy of accounting estimates and related disclosures made.
4. Reach a conclusion with regard to the adequacy of the accounting basis adopted to continue with operation by the management and whether significant uncertainties of events or conditions that might result in significant concerns about the ability of CREATIVE SENSOR GROUP to continue with operation exist or not according to the obtained inspection findings. We are bound to remind consolidated financial statement users and make related disclosures if material uncertainties exist in regards to the abovementioned events or circumstances, and amend audit opinions when the disclosures are no longer appropriate. Conclusions made by the CPAs are based on the inspection findings obtained as of the date of inspection report. Future events or conditions, however, are likely to result in CREATIVE SENSOR GROUP no longer capable of continuing with operation.
5. Assessing the overall presentation, structure and contents of the consolidated financial statements (including related footnotes), and whether certain transactions and events are presented appropriately in the financial statements.
6. Obtaining sufficient and appropriate audit evidence on financial information of equity-accounted investments within the group, and expressing opinions on consolidated financial statements. Our responsibilities as auditor are to instruct, supervise and execute

audits and form audit opinions on the group.

Communications made by the CPAs with governance units include the planned scope and timing of inspection and significant inspection findings (including significant deficiencies found with internal control during inspection).

We have also provided the governance body with a declaration of independence stating that all relevant personnel of the accounting firm have complied with auditors' professional ethics of the Republic of China, and communicated with the governance body on all matters that may affect the auditor's independence (including protection measures).

We have identified the key audit issues after communicating with the governance body regarding the 2017 consolidated financial statements of CREATIVE SENSOR GROUP. These issues have been addressed in our audit report except for: 1. Certain topics that are prohibited by law from disclosing to the public; or 2. under extreme circumstances, topics that we decided not to communicate in the audit report because of higher negative impacts they may cause than the benefits they bring to public interest.

Pricewaterhouse Coopers Certified Public Accountants

Shu-Chiung Chang

CPA

Hui-Chin Tseng

Former Financial Supervisory Commission, Executive Yuan
Approval No.: Jin-Guan-Zheng-Shen-Zi No. 0990042602
Former SEC, Ministry of Finance
Approval No.: (1990) Tai-Tsai-Zheng (I) No. 27815

March 21, 2018

CREATIVE SENSOR INC.
Consolidated Balance Sheet
December 31, 2017 and 2016

Assets		Note	12/31/2017		Unit: NTD thousands 12/31/2016	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalent	6(1)	\$ 779,885	17	\$ 610,524	13
1110	Financial assets at fair value through profit or loss - current	6(2)	392,328	8	510,522	11
1170	Receivable accounts, net	6(3)	531,432	12	548,939	12
1180	Accounts receivable - related parties, net	7	577	-	1,161	-
130X	Inventory	6(4)	331,744	7	278,012	6
1476	Other financial instruments-current	6(5)	1,095,248	24	1,064,242	23
1479	Other current assets - other		37,775	1	27,954	1
11XX	Total current assets		<u>3,168,989</u>	<u>69</u>	<u>3,041,354</u>	<u>66</u>
Non-current assets						
1523	Financial assets on available-for-sale - Non Current	6(6)	405,033	9	394,459	9
1550	Investment under the equity method	6(7)	324,929	7	308,183	7
1600	Real estate, plant and equipment	6(8)	613,890	13	786,190	17
1780	Intangible assets		4,306	-	6,369	-
1840	Deferred income tax assets	6(20)	17,038	1	17,560	-
1900	Other non-current assets	6(9)	61,864	1	58,637	1
15XX	Total non-current assets		<u>1,427,060</u>	<u>31</u>	<u>1,571,398</u>	<u>34</u>
1XXX	Total assets		<u>\$ 4,596,049</u>	<u>100</u>	<u>\$ 4,612,752</u>	<u>100</u>

(Continued)

CREATIVE SENSOR INC.
Consolidated Balance Sheet
December 31, 2017 and 2016

Liability and equity		Note	2017/12/31		2016/12/31	
			Amount	%	Amount	%
Unit: NTD thousands						
Current liabilities						
2120	Financial Liabilities Measured by Fair Value through Profits and Losses - current	6(10)	-	-	\$ 7,425	-
2170	Accounts payable		668,483	15	671,477	15
2180	Accounts payable - related parties	7	85,983	2	90,718	2
2200	Other payable accounts	6(11)	346,911	8	328,707	7
2230	Current income tax liabilities		19,863	-	32,431	1
2300	Other current liabilities		9,992	-	14,187	-
21XX	Total current liabilities		<u>1,131,232</u>	<u>25</u>	<u>1,144,945</u>	<u>25</u>
Non-current liabilities						
2570	Deferred income tax liabilities	6(20)	60,458	1	53,367	1
25XX	Total non-current liabilities		<u>60,458</u>	<u>1</u>	<u>53,367</u>	<u>1</u>
2XXX	Total liabilities		<u>1,191,690</u>	<u>26</u>	<u>1,198,312</u>	<u>26</u>
Equity attributable to parent company shareholders						
Share capital						
3110	Common shares	6(13)	1,270,550	28	1,270,550	28
Capital surplus						
3200	Capital surplus	6(14)	677,467	15	677,467	15
Retained earnings						
3310	Legal Reserve	6(15)	418,413	9	392,660	8
3320	Special Reserve		39,847	1	39,847	1
3350	Undistributed Earnings		693,805	15	710,659	15
Other equity						
3400	Other equity	6(16)	304,277	6	323,257	7
31XX	Total equity attributable to the parent company		<u>3,404,359</u>	<u>74</u>	<u>3,414,440</u>	<u>74</u>
3XXX	Total equities		<u>3,404,359</u>	<u>74</u>	<u>3,414,440</u>	<u>74</u>
Major or liable and unrecognized contract promises						
Significant Post-Period Items:						
3X2X	Total liabilities and equities	9	<u>\$ 4,596,049</u>	<u>100</u>	<u>\$ 4,612,752</u>	<u>100</u>

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

CREATIVE SENSOR INC. AND SUBSIDIARIES

Consolidated Income Statement

January 1 to December 31, 2017 and 2016

Unit: NTD thousands
(Except for earnings per share in NTD)

Item	Note	2017		2016	
		Amount	%	Amount	%
4000 Operating revenue	7	\$ 3,957,862	100	\$ 4,309,299	100
5000 Operating costs	6(4)(19) &7	(3,405,903)	(86)	(3,645,096)	(85)
5900 Gross profit		551,959	14	664,203	15
Operating expenses	6(19)				
6100 Selling expenses		(91,921)	(2)	(83,882)	(2)
6200 Management expenses		(149,520)	(4)	(168,197)	(4)
6300 Research and Development Expenses		(97,398)	(3)	(114,327)	(2)
6000 Total operating expense		(338,839)	(9)	(366,406)	(8)
6900 Operating benefits		213,120	5	297,797	7
Non-operating revenue and expense					
7010 Other Income	6(17)	62,945	1	55,887	1
7020 Other benefits and loss	6(18)	(15,906)	-	(7,881)	-
7060 Share of profits/losses on equity-accounted associated companies and joint ventures		23,529	1	19,088	-
7000 Total non-operating income and expense		70,568	2	67,094	1
7900 Net Profit Before Taxes		283,688	7	364,891	8
7950 Income tax expense	6(20)	(73,669)	(2)	(107,355)	(2)
8200 Net profit		\$ 210,019	5	\$ 257,536	6
Other net consolidated incomes					
8311 Re-measurable weight of defined benefit programs	6(20)	\$ 2,527	-	\$ 690	-
8320 Items not recategorized to profits and losses of the shares of other combined profits and losses of affiliates, and joint ventures recognized adopting the Equity Method		71	-	416	-
8349 Income tax related to not recategorized items	6(20)	(430)	-	(117)	-
8310 Total of items not recategorized to profits and losses		2,168	-	989	-
Items possibly recategorized to profits and losses later					
8361 Difference in exchange from the conversion of financial statements of overseas operating entities	6(16)	(37,097)	(1)	(177,883)	(4)

CREATIVE SENSOR INC. AND SUBSIDIARIES

Consolidated Income Statement

January 1 to December 31, 2017 and 2016

Unit: NTD thousands
(Except for earnings per share in NTD)

8362	Available-for-sale financial assets unrealized gains and losses in valuation	6(6)(16)	10,575	1 (44)	-
8370	Share of other comprehensive income on associated companies and joint ventures recognized under equity method that are likely to be reclassified into profit or loss	6(16)	7,542	- (5,628)	-
8360	Total of items possibly reclassified to profits and losses later		<u>18,980</u>	- (<u>183,555</u>)	<u>4</u>
8500	Current total consolidated income		<u>\$ 193,207</u>	5	<u>\$ 74,970</u>	<u>2</u>
	Basic EPS	6(21)				
9750	Total of Basic EPS		<u>\$ 1.65</u>		<u>\$ 2.03</u>	
	Diluted EPS	6(21)				
9850	Total of Diluted EPS		<u>\$ 1.63</u>		<u>\$ 1.99</u>	

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

CREATIVE SENSOR INC. AND SUBSIDIARIES
Consolidated Statement of Changes in Shareholders' Equity
January 1 to December 31, 2017 and 2016

Unit: NTD thousands

	Note	Capital surplus			Retained earnings			Other equities		Total equities
		Common shares	Capital surplus-additional paid-in capital	Capital surplus-treasury stock transactions	Legal Reserve	Special Reserve	Undistributed Earnings	Exchange difference arising from translation of the financial statement of foreign operations	Unrealized gains and losses on available-for-sale financial assets	
2016										
Balance on January 1, 2016		\$ 1,270,550	\$ 673,471	\$ 3,996	\$ 363,300	\$ 39,847	\$ 710,193	\$ 380,707	\$ 126,105	\$ 3,568,169
Appropriation and distribution of 2015 earnings:	6(15)									
Legal Reserve		-	-	-	29,360	-	(29,360)	-	-	-
Cash dividends		-	-	-	-	-	(228,699)	-	-	(228,699)
Net profit		-	-	-	-	-	257,536	-	-	257,536
Other comprehensive income	6(16)	-	-	-	-	-	989	(178,605)	(4,950)	(182,566)
Balance on December 31, 2016		<u>\$ 1,270,550</u>	<u>\$ 673,471</u>	<u>\$ 3,996</u>	<u>\$ 392,660</u>	<u>\$ 39,847</u>	<u>\$ 710,659</u>	<u>\$ 202,102</u>	<u>\$ 121,155</u>	<u>\$ 3,414,440</u>
2017										
Balance on January 1, 2017		\$ 1,270,550	\$ 673,471	\$ 3,996	\$ 392,660	\$ 39,847	\$ 710,659	\$ 202,102	\$ 121,155	\$ 3,414,440
Appropriation and distribution of 2016 earnings:	6(15)									
Legal Reserve		-	-	-	25,753	-	(25,753)	-	-	-
Cash dividends		-	-	-	-	-	(203,288)	-	-	(203,288)
Net profit		-	-	-	-	-	210,019	-	-	210,019
Other comprehensive income	6(16)	-	-	-	-	-	2,168	(37,987)	19,007	(16,812)
Balance on December 31, 2017		<u>\$ 1,270,550</u>	<u>\$ 673,471</u>	<u>\$ 3,996</u>	<u>\$ 418,413</u>	<u>\$ 39,847</u>	<u>\$ 693,805</u>	<u>\$ 164,115</u>	<u>\$ 140,162</u>	<u>\$ 3,404,359</u>

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

CREATIVE SENSOR INC. AND SUBSIDIARIES

Consolidated Statement of Cash Flows

January 1 to December 31, 2017 and 2016

Unit: NTD thousands

	<u>Note</u>	<u>January 1 to December 31, 2017</u>	<u>January 1 to December 31, 2016</u>
<u>Cash flows from operating activities</u>			
Net profit before tax this term		\$ 283,688	\$ 364,891
Adjustments			
Income charges (credits)			
Depreciation expense	6(8)(19)	162,372	172,481
Amortization expenses	6(19)	4,460	6,652
Net gain on financial assets or liabilities at fair value through profit and loss	6(2)(10)(18)	(31,831)	4,016
Share of profits/losses on equity-accounted associated companies and joint ventures		(23,529)	(19,088)
Loss (gain) on disposal and scrapping of property, plant and equipment	6(18)	695	(635)
Interest revenue	6(17)	(20,386)	(21,383)
Dividend income	6(17)	(14,769)	(13,866)
Loss in impairment of non-financial assets	6(18)	-	6,849
Gain on reversal of impairment in non-financial assets	6(8)(18)	(999)	(1,159)
Changes in assets/debts having to do with business activities			
Net changes in assets related to operating activities			
Financial assets held for trading		142,600	(333,913)
Receivable accounts		18,091	(48,494)
Inventory		(76,838)	17,686
Other Current Assets		(8,357)	36,610
Net changes in liabilities related to operations			
Accounts payable		50,015	119,342
Accounts payable - related parties		2,700	21,333
Other payable accounts		35,551	54,572
Other current liabilities		(4,195)	(1,483)
Cash in-flows generated by business operation		519,268	364,411
Interest received		18,790	21,995
Stock dividend received		29,166	28,261
Income tax paid		(79,453)	(112,276)
Net cash inflow from operating activities		<u>487,771</u>	<u>302,391</u>
<u>Cash flows from investing activities</u>			
Increase in other financial assets - current		(31,006)	(525,049)
Acquisition of real estate, plant and equipment	6(23)	(17,640)	(106,666)
Disposal of property, plant and equipment		206	1,721
Acquisition of intangible assets		(1,572)	(1,708)
Increase in refundable deposit		-	(250)
Increase in other non current assets		(4,930)	(6,547)
Net cash outflows from investment activities		<u>(54,942)</u>	<u>(625,405)</u>
<u>Cash flow from financing</u>			
Disbursement of cash dividends	6(15)	(203,288)	(228,699)
Net cash outflows form financing activities		<u>(203,288)</u>	<u>(228,699)</u>
Foreign exchange rate effect		<u>(60,180)</u>	<u>(143,845)</u>
Increase (decrease) of cash and cash equivalents in current period		169,361	(695,558)
Balance of cash and cash equivalents at beginning of period		610,524	1,306,082
Balance of cash and cash equivalents at ending of period		<u>\$ 779,885</u>	<u>\$ 610,524</u>

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

Independent Auditor's Audit Report

(2018) Cai-Shen-Bao-Zi No. 17002948

To stakeholders of CREATIVE SENSOR INC.:

Audit opinions

We have audited the standalone balance sheet of CREATIVE SENSOR INC. (“CREATIVE SENSOR”) as at December 31, 2017 and 2016, the standalone statement of comprehensive income, standalone statement of changes in equity, and standalone cash flow statement for the periods January 1 to December 31, 2017 and 2016, and the accompanying footnotes (including summary of major accounting policies).

In our opinion, all material disclosures of the individual financial statements mentioned above were prepared in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers,” and presented a fair view of the standalone financial position of CREATIVE SENSOR as at December 31, 2017 and 2016, and business performance and cash flow for the periods January 1 to December 31, 2017 and 2016.

Basis of audit opinion

We have conducted our audits in accordance with “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and the generally accepted auditing standards of the Republic of China. Our responsibilities as an auditor under the abovementioned standards will be explained in the “Responsibilities of CPAs in Inspecting Individual Financial Statements” paragraph. All relevant personnel of the accounting firm have followed CPA code of ethics of the Republic of China and maintained independence from CREATIVE SENSOR, and fulfilled other responsibilities under the code of ethics. The CPAs believe that sufficient and adequate inspection evidence has been obtained in order to support the inspection feedback provided herein.

Key audit issues

Key audit issues are matters that we considered to be the most important, based on professional judgment, when auditing the 2017 individual financial statements of CREATIVE SENSOR. These issues have already been addressed when we audited and formed our opinions on the individual financial statements. Therefore, we do not provide opinions on individual issues.

Key audit issues concerning the 2017 individual financial statements of CREATIVE SENSOR are as follows:

Assessment of impairment on equity-accounted investments

Description

Please refer to Notes 4(12) and 4(16) of the individual financial statements for detailed accounting policy on impairment of equity-accounted investment - subsidiary and associated company and non-financial assets. Please refer to Note 6(6) of the individual financial statements for more detailed descriptions about equity-accounted investments.

CREATIVE SENSOR had presented equity-accounted investment - TECO Image Systems Co., Ltd. (TECO) on the financial statements by estimating its recoverable value. The same basis was used for assessing impairments. When estimating the utilization value of an investment, the Company was required to forecast future cash flows and determine the appropriate discount rate. There were uncertainties associated with the assumptions used, and the estimated parameters could significantly impacts the assessment of utilization value. For the above reasons, we consider the method adopted by CREATIVE SENSOR for assessing impairment on equity-accounted investments a key audit issue.

Audit procedures

The following audit procedures were taken in relation to the audit issue:

- Understanding the processes undertaken by the management to estimate future cash flows, and verifying that the future cash flows used in the valuation model were consistent with TECO's operating plans.
- Comparing parameters used in the valuation process, such as estimated revenue growth rate, gross profit margin and operating expense ratio, with historical results and economic and industrial forecasts.
- Comparing the discount rate used in the valuation process with the funding cost of the cash generation unit and returns on similar assets.
- Examining the correctness of calculations from the valuation model.

Existence of revenues from new top-10 buyers

Description

CREATIVE SENSOR is mainly involved in the manufacturing and sale of image sensors and electronic components. Its products are mostly used for the production of scanners, fax machines and multifunction printers. The buyers consist primarily of world-renowned OEMs or system manufacturers that the Company has long-term, stable business relationship with. CREATIVE SENSOR continues to expand its customer base and increase market share to further secure market leadership, which was why the amount of sales to the top-10 buyers list had changed from 2016 to 2017. In 2017, we noticed new names on the top-10 buyers list with significantly higher contribution to revenues than the year before. Whether or not the reported sales transactions did actually take place with the new top-10 buyers would significantly affect the presentation of the financial statement. For the above reason, we consider the existence of revenues from CREATIVE SENSOR's new top-10 buyers list one of the most critical audit issues.

Audit procedures

The following audit procedures were taken in relation to the audit issue:

- Assessing and testing the internal control process on sales transactions to determine whether transactions were carried out according to the Company's internal control system.
- Reviewing industry background and profile of the new top-10 buyers.
- Making random checks for proof of revenue and transaction with the new top-10 buyers.

Responsibilities of the management and governing body to the individual financial statements

Responsibilities of the management were to prepare and ensure fair presentation of individual financial statements in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers," and maintain necessary internal control that is relevant to the preparation of individual financial statements so that the financial statements

are free of material misstatement due to fraud or error.

The management's responsibilities when preparing individual financial statements also involved: assessing the ability of CREATIVE SENSOR to operate, disclose information and account for transactions as a going concern unless the management intends to liquidate or cease business operations, or is compelled to do so with no alternative solution.

The governance unit (including supervisors) of CREATIVE SENSOR INC. is responsible for supervising the financial reporting process.

Responsibilities of CPAs in Inspecting Individual Financial Statements

The CPAs inspect individual financial statements in order to be reasonably convinced over whether or not significant untruthful expressions exist in individual financial statements as a whole due to fraud or errors and issue the inspection report accordingly. Reasonably convinced is highly convinced. There is no guarantee, however, that existence of significant untruthful expressions in individual financial statements will be detected according to generally accepted auditing standards of R.O.C. Untruthful expressions might have been caused by errors or frauds. If individual values or an overview of untruthful expressions can be reasonably expected to affect economic decisions made by users of individual financial reports. they are considered significant.

The CPAs apply their professional judgment and keep their professional doubts while performing the inspection according to generally accepted auditing standards of R.O.C. The CPAs also perform the following tasks:

1. Identify and evaluate the risk of significant untruthful expressions in individual financial statements due to frauds or errors, design and enforce appropriate responsive policies for determined risks; and collect sufficient and adequate inspection evidence to be the basis for inspection opinions. Due to the fact that frauds might involve collusion, forging, intentional omission, untruthful statement, or non-compliance with internal control, the risk associated undetected significant untruthful expressions caused by frauds is higher than that caused by errors.

2. Obtain a necessary understanding of internal control concerning the inspection in order to design appropriate inspection procedures that are appropriate for the time being. The purpose, however, is not to effectively express opinions on the internal control of CREATIVE SENSOR INC.
3. Evaluate the adequacy of accounting policies adopted by the management and the legitimacy of accounting estimates and related disclosures made.
4. Reach a conclusion with regard to the adequacy of the accounting basis adopted to continue with operation by the management and whether significant uncertainties of events or conditions that might result in significant concerns about the ability of CREATIVE SENSOR INC. to continue with operation exist or not according to the obtained inspection findings. In the event that it is determined that significant uncertainties exist with such events or conditions, on the other hand, the CPAs must remind users of individual financial statements in their inspection report that they should pay attention to related disclosures included in the statements or modify their inspection feedback if such disclosures are inappropriate. Conclusions made by the CPAs are based on the inspection findings obtained as of the date of inspection report. Future events or conditions, however, are likely to result in CREATIVE SENSOR INC. no longer capable of continuing with operation.
5. Assessing the overall presentation, structure and contents of the individual financial statements (including related footnotes), and whether certain transactions and events are presented appropriately in the financial statements.
6. Obtaining sufficient and appropriate audit evidence on financial information of equity-accounted investments held by CREATIVE SENSOR, and expressing opinions on individual financial statements. Our responsibilities as auditors are to instruct, supervise and execute audits and form audit opinions on the company.

Communications made by the CPAs with governance units include the planned scope and timing of inspection and significant inspection findings (including significant deficiencies found with internal control during inspection).

We have also provided the governance body with a declaration of independence stating that all relevant personnel of the accounting firm have complied with auditors' professional ethics of the Republic of China, and communicated with the governance body on all matters that may affect the auditor's independence (including protection measures).

We have identified the key audit issues after communicating with the governance body regarding the 2017 individual financial statements of CREATIVE SENSOR. These issues have been addressed in our audit report except for: 1. Certain topics that are prohibited by law from disclosing to the public; or 2. Under extreme circumstances, topics that we decided not to communicate in the audit report because of higher negative impacts they may cause than the benefits they bring to public interest.

Pricewaterhouse Coopers Certified Public Accountants

Shu-Chiung Chang

CPA

Hui-Chin Tseng

Former Financial Supervisory Commission, Executive Yuan
Approval No.: Jin-Guan-Zheng-Shen-Zi No. 0990042602
Former SEC, Ministry of Finance
Approval No.: (1990) Tai-Cai-Zheng (I) No. 27815

March 21, 2018

CREATIVE SENSOR INC.
Standalone Balance Sheet
December 31, 2017 and 2016

Unit: NTD thousands
2016/12/31

Assets		Note	2017/12/31		2016/12/31	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalent	6(1)	\$ 323,267	7	\$ 271,704	6
1110	Financial assets at fair value through profit or loss - current	6(2)	392,328	9	510,522	11
1170	Receivable accounts, net	6(3)	531,135	12	548,729	12
1180	Accounts receivable - related parties, net	7	577	-	1,161	-
1210	Other Receivables-Related parties	7	1,271	-	2,012	-
130X	Inventory	6(4)	1,535	-	58	-
1470	Other current assets		7,059	-	7,799	-
11XX	Total current assets		<u>1,257,172</u>	<u>28</u>	<u>1,341,985</u>	<u>29</u>
Non-current assets						
1523	Financial assets on available-for-sale - Non Current	6(5)	405,033	9	394,459	9
1550	Investment under the equity method	6(6)	2,849,705	63	2,843,374	62
1600	Real estate, plant and equipment	6(7)&7	8,770	-	14,728	-
1780	Intangible assets		960	-	1,925	-
1840	Deferred income tax assets	6(18)	603	-	5,137	-
1900	Other non-current assets	6(10)	9,466	-	6,525	-
15XX	Total non-current assets		<u>3,274,537</u>	<u>72</u>	<u>3,266,148</u>	<u>71</u>
1XXX	Total assets		<u>\$ 4,531,709</u>	<u>100</u>	<u>\$ 4,608,133</u>	<u>100</u>

(To be continued)

CREATIVE SENSOR INC.
Standalone Balance Sheet
December 31, 2017 and 2016

Liability and equity		Note	2017/12/31		Unit: NTD thousands 2016/12/31	
			Amount	%	Amount	%
Current liabilities						
2120	Financial Liabilities Measured by Fair Value through Profits and Losses - current	6(8)	-	-	\$ 7,425	-
2150	Note payables		214	-	4,675	-
2170	Accounts payable		-	-	467	-
2180	Accounts payable - related parties	7	831,684	19	874,076	19
2200	Other payable accounts	6(9)	228,261	5	221,723	5
2230	Current income tax liabilities		9,022	-	22,997	1
2300	Other current liabilities		4,762	-	8,963	-
21XX	Total current liabilities		<u>1,073,943</u>	<u>24</u>	<u>1,140,326</u>	<u>25</u>
Non-current liabilities						
2570	Deferred income tax liabilities	6(18)	53,407	1	53,367	1
25XX	Total non-current liabilities		<u>53,407</u>	<u>1</u>	<u>53,367</u>	<u>1</u>
2XXX	Total liabilities		<u>1,127,350</u>	<u>25</u>	<u>1,193,693</u>	<u>26</u>
Equity						
Capital stock						
3110	Common shares	6(11)	1,270,550	28	1,270,550	28
Capital surplus						
3200	Capital surplus	6(12)	677,467	15	677,467	15
Retained earnings						
3310	Legal Reserve	6(13)	418,413	9	392,660	8
3320	Special Reserve		39,847	1	39,847	1
3350	Undistributed Earnings		693,805	15	710,659	15
Other equity						
3400	Other equity	6(14)	304,277	7	323,257	7
3XXX	Total equity		<u>3,404,359</u>	<u>75</u>	<u>3,414,440</u>	<u>74</u>
Major or liable and unrecognized contract promises						
Significant Post-Period Items:						
3X2X	Total liabilities and equities		<u>\$ 4,531,709</u>	<u>100</u>	<u>\$ 4,608,133</u>	<u>100</u>

The attached Notes to the financial statements are part of this standalone financial statement and should be read in conjunction.

Chairman: IKUJIN KO

Manager: Chi-Chang Yang

Head of Accounting: Yuan-Sheng Wang

CREATIVE SENSOR INC.
Standalone Statement of Comprehensive Income
January 1 to December 31, 2017 and 2016

Unit: NTD thousands
(Except for earnings per share in NTD)

Item	Note	2017		2016	
		Amount	%	Amount	%
4000 Operating revenue	VII	\$ 3,941,913	100	\$ 4,291,231	100
5000 Operating costs	6(4)(17) & 7	(3,560,157)	(90)	(3,853,451)	(90)
5900 Gross profit		381,756	10	437,780	10
Operating expenses	6(17) & 7				
6100 Selling expenses		(74,301)	(2)	(65,821)	(1)
6200 Management expenses		(114,855)	(3)	(131,631)	(3)
6300 Research and Development Expenses		(76,351)	(2)	(91,661)	(2)
6000 Total operating expense		(265,507)	(7)	(289,113)	(6)
6900 Operating benefits		116,249	3	148,667	4
Non-operating revenue and expense					
7010 Other Income	6 (15)	34,169	1	30,056	1
7020 Other benefits and loss	6(16)	43,587	1	(3,901)	-
7070 Share of gain from subsidiaries, associated companies and joint ventures using the equity method		48,720	1	115,020	2
7000 Total non-operating income and expense		126,476	3	141,175	3
7900 Net Profit Before Taxes		242,725	6	289,842	7
7950 Income tax expense	6(18)	(32,706)	(1)	(32,306)	(1)
8200 Net profit		\$ 210,019	5	\$ 257,536	6
Other net consolidated incomes					
Items not recategorized to profits and losses					
8311 Re-measurable weight of defined benefit programs	6(10)	\$ 2,527	-	\$ 690	-
8330 Share of other comprehensive income on associated companies and joint ventures recognized using equity method that are not reclassified into profit or loss		71	-	416	-
8349 Income tax related to not recategorized items	6(18)	(430)	-	(117)	-
8310 Total of items not recategorized to profits and losses		2,168	-	989	-
Items possibly recategorized to profits and losses later					
8361 Difference in exchange from the conversion of financial statements of overseas operating entities	6 (14)	(37,097)	(1)	(177,883)	(4)

CREATIVE SENSOR INC.
Standalone Statement of Comprehensive Income
January 1 to December 31, 2017 and 2016

Unit: NTD thousands
(Except for earnings per share in NTD)

8362	Unrealized valuation gain on available-for-sale financial assets	6(5)(14)	10,575	1 (44)	-
8380	Share of other comprehensive income on associated companies and joint ventures recognized under equity method that are likely to be reclassified into profit or loss		7,542	- (5,628)	-
8360	Total of items possibly reclassified to profits and losses later		(18,980)	-	(183,555) (4)
8500	Current total consolidated income		<u>\$ 193,207</u>	<u>5</u>	<u>\$ 74,970</u>	<u>2</u>
	Basic EPS	6(19)				
9750	Total of Basic EPS		<u>\$ 1.65</u>		<u>\$ 2.03</u>	
	Diluted EPS	6(19)				
9850	Total of Diluted EPS		<u>\$ 1.63</u>		<u>\$ 1.99</u>	

The attached Notes to the financial statements are part of this standalone financial statement and should be read in conjunction.

Chairman: IKUJIN KO

Manager: Chi-Chang Yang

Head of Accounting: Yuan-Sheng Wang

CREATIVE SENSOR INC.
Standalone Statement of Changes in Equity
January 1 to December 31, 2017 and 2016

Unit: NTD thousands

	Note	Capital surplus			Retained earnings		Other equities			Total equities
		Common shares	Capital surplus-additional paid-in capital	Capital surplus-treasury stock transactions	Legal Reserve	Special Reserve	Undistributed Earnings	Exchange difference arising from translation of the financial statement of foreign operations	Unrealized gains and losses on available-for-sale financial assets	
2016										
Balance on January 1, 2016		\$ 1,270,550	\$ 673,471	\$ 3,996	\$ 363,300	\$ 39,847	\$ 710,193	\$ 380,707	\$ 126,105	\$ 3,568,169
Appropriation and distribution of 2015 earnings: (Note)	6(13)									
Legal Reserve		-	-	-	29,360	-	(29,360)	-	-	-
Cash dividends		-	-	-	-	-	(228,699)	-	-	(228,699)
Net profit		-	-	-	-	-	257,536	-	-	257,536
Other comprehensive income	6(14)	-	-	-	-	-	989	(178,605)	(4,950)	(182,566)
Balance on December 31, 2016		<u>\$ 1,270,550</u>	<u>\$ 673,471</u>	<u>\$ 3,996</u>	<u>\$ 392,660</u>	<u>\$ 39,847</u>	<u>\$ 710,659</u>	<u>\$ 202,102</u>	<u>\$ 121,155</u>	<u>\$ 3,414,440</u>
2017										
Balance on January 1, 2017		\$ 1,270,550	\$ 673,471	\$ 3,996	\$ 392,660	\$ 39,847	\$ 710,659	\$ 202,102	\$ 121,155	\$ 3,414,440
Appropriation and distribution of 2016 earnings: (Note)	6(13)									
Legal Reserve		-	-	-	25,753	-	(25,753)	-	-	-
Cash dividends		-	-	-	-	-	(203,288)	-	-	(203,288)
Net profit		-	-	-	-	-	210,019	-	-	210,019
Other comprehensive income	6(14)	-	-	-	-	-	2,168	(37,987)	19,007	(16,812)
Balance on December 31, 2017		<u>\$ 1,270,550</u>	<u>\$ 673,471</u>	<u>\$ 3,996</u>	<u>\$ 418,413</u>	<u>\$ 39,847</u>	<u>\$ 693,805</u>	<u>\$ 164,115</u>	<u>\$ 140,162</u>	<u>\$ 3,404,359</u>

Note: The amounts of director/supervisor and employee remuneration resolved by the board of directors for 2016 were NT\$11,589 and NT\$34,767, respectively; furthermore, director/supervisory remuneration totaling NT\$13,212 and employee bonus totaling NT\$39,636 that the board had resolved for 2015 had been deducted from the statement of comprehensive income.

The attached Notes to the financial statements are part of this standalone financial statement and should be read in conjunction.

Chairman: IKUJIN KO

Manager: Chi-Chang Yang

Head of Accounting: Yuan-Sheng Wang

CREATIVE SENSOR INC.
Standalone Cash Flow Statement
January 1 to December 31, 2017 and 2016

Unit: NTD thousands

	<u>Note</u>	<u>2017</u>	<u>2016</u>
<u>Cash flows from operating activities</u>			
Net profit before tax this term		\$ 242,725	\$ 289,842
Adjustments			
Income, expenses and losses			
Depreciation expenses	6(7)(17)	6,023	8,254
Amortization expenses	6(17)	1,312	1,398
Net gain (loss) from financial assets and liabilities at fair value through profit or loss	6(2)(8)(16)	(31,831)	4,016
Share of gain from subsidiaries, associated companies and joint ventures using the equity method		(48,720)	(115,020)
Interest revenue	6(15)	(502)	(799)
Dividend income	6(15)	(14,769)	(13,866)
Changes in assets/debts having to do with business activities			
Net changes in assets related to operating activities			
Financial assets held for trading		142,600	(333,913)
Receivable accounts		17,594	(52,197)
Accounts receivable - related parties, net		584	3,261
Other receivable accounts-related party		741	15,535
Inventory		(1,477)	971
Other Current Assets		765	(895)
Net changes in liabilities related to operations			
Notes Payable		(4,461)	4,461
Accounts payable		(467)	333
Accounts payable - related parties		(42,392)	396,573
Other payable accounts		6,538	16,234
Other current liabilities		(5,691)	(1,351)
Cash in-flows generated by business operation		268,572	222,837
Interest received		477	799
Stock dividend received		29,166	28,261
Income tax paid		(42,538)	(39,406)
Net cash inflow from operating activities		<u>255,677</u>	<u>212,491</u>
<u>Cash flows from investing activities</u>			
Acquisition of real estate, plant and equipment	6(21)	(65)	(1,464)
Acquisition of intangible assets		(348)	(625)
Decrease (increase) in refundable deposit		57	(57)
Increase in other non current assets		(470)	(213)
Net cash outflows from investment activities		<u>(826)</u>	<u>(2,359)</u>
<u>Cash flow from financing</u>			
Disbursement of cash dividends	6(13)	(203,288)	(228,699)
Net cash outflows form financing activities		<u>(203,288)</u>	<u>(228,699)</u>
Increase (decrease) of cash and cash equivalents in current period		51,563	(18,567)
Balance of cash and cash equivalents at beginning of period		<u>271,704</u>	<u>290,271</u>
Balance of cash and cash equivalents at ending of period		<u>\$ 323,267</u>	<u>\$ 271,704</u>

The attached Notes to the financial statements are part of this standalone financial statement and should be read in conjunction.

Chairman: IKUJIN KO

Manager: Chi-Chang Yang

Head of Accounting: Yuan-Sheng Wang

Comparison of changes to “Articles of Incorporation”

Content of amendment to the clauses	Pre-amendment contents	Descriptions
<p>Article 2: The scope of business of the Company shall be as follows:</p> <p>(1) CC01080 Electronic Parts and Components Manufacturing.</p> <p>(2) CC01110 Computers and Computing Peripheral Equipments Manufacturing.</p> <p>(3) CC01060 Wired Communication Equipment and Apparatus Manufacturing.</p> <p>(4) CC01070 Telecommunication Equipment and Apparatus Manufacturing.</p> <p>(5) CC01101 Restrained Telecom Radio Frequency Equipments and Materials Manufacturing.</p> <p><u>(6) CE01010 Precision Instruments Manufacturing.</u></p> <p><u>(7) CE01030 Photographic and Optical Equipment Manufacturing.</u></p> <p><u>(8) F401010 International Trade.</u></p> <p><u>(9) F401021 Restrained Telecom Radio Frequency Equipments and Materials Import.</u></p> <p><u>(10) F119010 Wholesale of Electronic Materials.</u></p> <p><u>(11) F113050 Wholesale of Computing and Business Machinery Equipment.</u></p> <p><u>(12) F113070 Wholesale of Telecom Instruments.</u></p> <p><u>(13) F113030 Wholesale of Precision Instruments.</u></p> <p><u>(14) F219010 Retail Sale of Electronic Materials.</u></p> <p><u>(15) F213030 Retail sale of Computing and Business Machinery Equipment.</u></p> <p><u>(16) F213060 Retail Sale of Telecom Instruments.</u></p> <p><u>(17) F213040 Retail Sale of</u></p>	<p>Article 2: The scope of business of the Company shall be as follows:</p> <p>(1) CC01080 Electronic Parts and Components Manufacturing.</p> <p>(2) CC01110 Computers and Computing Peripheral Equipments Manufacturing.</p> <p>(3) CC01060 Wired Communication Equipment and Apparatus Manufacturing.</p> <p>(4) CC01070 Telecommunication Equipment and Apparatus Manufacturing.</p> <p>(5) CC01101 Restrained Telecom Radio Frequency Equipments and Materials Manufacturing.</p> <p>(6) CE01030 Photographic and Optical Equipment Manufacturing.</p> <p>(7) F401010 International Trade.</p> <p>(8) F401021 Restrained Telecom Radio Frequency Equipments and Materials Import.</p> <p>(9) F119010 Wholesale of Electronic Materials.</p> <p>(10) F113050 Wholesale of Computing and Business Machinery Equipment.</p> <p>(11) F113070 Wholesale of Telecom Instruments.</p> <p>(12) F113030 Wholesale of Precision Instruments.</p> <p>(13) F219010 Retail Sale of Electronic Materials.</p> <p>(14) F213030 Retail sale of Computing and Business Machinery Equipment.</p> <p>(15) F213060 Retail Sale of Telecom Instruments.</p> <p>(16) F213040 Retail Sale of Precision Instruments.</p> <p>(17) I301010 Software Design</p>	<p>1. Added new business category as needed for the Company’s operations.</p> <p>2. Adjusted the serial numbers.</p>

<p>Precision Instruments.</p> <p>(18) I301010 Software Design Services.</p> <p>(19) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.</p>	<p>Services.</p> <p>(18) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.</p>	
<p>Article 22: The Articles of Incorporation is instituted by the all founder of 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. <u>The 18th amendment on June 27, 2018, to take effect from the date of shareholder meeting resolution; the same applies to subsequent amendments.</u></p>	<p>Article 22: The Articles of Incorporation is instituted by the all founder of 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, to take effect from the date of shareholder meeting resolution; the same applies to subsequent amendments.</p>	<p>Added description on the amendment count and date.</p>

Appendix

CREATIVE SENSOR INC.

Articles of Incorporation (existing clauses)

Chapter I General Principles

Article I: The Company has been duly incorporated in accordance with Company Limited by Shares in the Company Act and titled CREATIVE SENSOR INC.

Article II: The scope of business 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) CE01030 Photographic and Optical Equipment Manufacturing.
- (7) F401010 International Trade.
- (8) F401021 Restrained Telecom Radio Frequency Equipments and Materials Import.
- (9) F119010 Wholesale of Electronic Materials.
- (10) F113050 Wholesale of Computing and Business Machinery Equipment.
- (11) F113070 Wholesale of Telecom Instruments.
- (12) F113030 Wholesale of Precision Instruments.
- (13) F219010 Retail Sale of Electronic Materials.
- (14) F213030 Retail sale of Computing and Business Machinery Equipment.
- (15) F213060 Retail Sale of Telecom Instruments.
- (16) F213040 Retail Sale of Precision Instruments.
- (17) I301010 Software Design Services.
- (18) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article III: The Company is headquartered in Taipei City, and may establish domestic or foreign branches subject to the board of directors' approval.

Chapter II Exercising Corporate Governance

Article IV: The Company may invest in other business entities, and the total cost of invested businesses is not subject to the restrictions imposed under Article 13 of The Company Act (i.e. 40% of paid up capital).

Article IV-1: The Company may provide guarantees to outside parties for business-related purposes.

Article V: The Company has an authorized capital of NTD1.6 Billion in 160 Million shares. Each share has a value of NTD10. The board of directors is authorized to issue the remaining shares over multiple offerings as deemed necessary to support business activities.

The amount of authorized capital mentioned in the preceding paragraph shall have NTD150 Million reserved for the issuance of employee warrants, which is equivalent to 15 million shares of NTD10 each. The board of directors is authorized to make multiple issues of this capital.

Article V-1: Subject to the support of more the two-thirds of voting rights in a shareholder 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 VI: The Company issues shares to registered owners, and is exempted from printing share certificates for the issued shares. All issued shares shall be registered with the centralized depository institution.

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

Chapter III Fostering a Sustainable Environment

Article VIII: The Company holds 2 types of shareholder meetings: the annual general meeting and extraordinary shareholder meetings:

1. The annual general meeting is convened within six (6) months after the end of a financial year.
2. Extraordinary shareholder meetings may be held whenever deemed necessary, subject to compliance with laws.

With regards to the convention of the abovementioned shareholder meetings, the Company is required to notify all shareholders at least thirty (30) days before an annual general meeting or fifteen (15) days before an extraordinary shareholder meeting with details including the date, venue and agenda, and make corresponding public announcements.

Article IX: Shareholder meetings that are convened by the board of directors shall be chaired by the Chairman. If the Chairman is absent for any reason, the Chairman will appoint one of the directors to act on behalf. If no one is appointed, the remaining directors shall appoint one among themselves to perform the Chairman's duties on behalf.

For shareholder meetings that are convened by any authorized party other than the board of directors, the convener shall chair the meeting. If there are two or more conveners at the same time, one shall be appointed among themselves to chair the meeting.

Article X: If a shareholder is unable to attend the shareholder meeting in person, a proxy can be appointed 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 percent 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 vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

Article XII: Except when otherwise regulated by The Company Act, a shareholder meeting resolution is passed when more than half of all outstanding shares are represented in the meeting, and voted in favor by more than half of all voting rights represented during the meeting.

Chapter IV Preserving Public Welfare

Article XIII: The Company's board of directors consist of 7 directors and 3 supervisors, all of whom shall be elected from persons of adequate capacity during shareholder meetings to serve a term of three (3) years. The term of serve may be renewed or re-elected in subsequent elections. The number of directors mentioned above shall include no fewer than 2 independent directors that represent no lesser than one-fifth of the board. Independent directors shall be elected by shareholders from the list of nominated candidates using the nomination system. The nomination shall proceed according to Article 192-1 of The Company Act. The Company may purchase liability insurance policies to insure itself against possible claims that may arise as a result of directors' and supervisors' decisions.

Article XIII-1: The board of directors is authorized to determine the level of remuneration for the Chairman, directors and supervisors based on individual participation and contribution to the Company's operations, and in reference to industry peers.

Article XIV: Except for decisions that are subject to resolution in a shareholder meeting, as specified in The Company Act or Articles of Incorporation, all business decisions of the Company shall be resolved by the board of directors, which include but are not limited to the following:

1. Approval of key policies, rules and contracts.
2. Proposal of business plans.
3. Approval of budget and year-end account closure.
4. Appointment and dismissal of the Company's managers.
5. Proposal of earnings distribution or loss reimbursement plans.
6. Proposal of capital increment or reduction plans.
7. Reporting to supervisors about possible, significant losses that the Company may incur.
8. Approval of investment and management in domestic or foreign businesses.

Article XV: The board consists of directors. A Chairman shall be elected among board members during a board meeting with more than two-thirds of directors present, and with the support of more than half of all attending directors. The Chairman oversees all affairs within the Company and serves as the Company's representative to the outside world.

During the chairman's absence or unavailability for performance of duties, the substitution shall be duly handled in accordance with Article 208 of the Company Act. Directors may appoint other directors to attend meetings on their behalf by issuing a proxy form detailing the extent of authorities delegated to the proxy attendant. Each director can only represent the presence of one other director.

Article XVI: Unless otherwise specified in The Company Act, board of directors meetings are to be convened by the Chairman. Convention of board of directors meetings can be advised to directors and supervisors through writing, e-mail or fax. Unless otherwise regulated by The Company Act, the board's resolutions are passed if more than half of total board members are present in a meeting, and with more than half of attending directors voting in favor.

Article XVII: Supervisors' responsibilities are as follows:

1. Review accounts, statements, and reports that the board of directors will be presenting during the shareholders' meeting.
2. Review the Company's budgets and year-end account closure.
3. Supervise and inspect the Company's operations.
4. Reconcile the Company's accounts, including expenses, revenues and any assets.
5. Notify and demand the board of directors to cease any conducts that are in violation of law, the Articles of Incorporation, or shareholder meeting resolution.
6. Any other authorities vested by The Company Act.

The supervisor shall sign or seal on the accounts reviewed, and present findings during shareholder meetings.

The supervisor may engage external lawyers or accountants to perform the abovementioned duties on behalf of the Company.

Supervisors may be invited to present opinions in board of directors meetings, but cannot exercise voting rights.

Article XVIII: The Company may assign managerial roles such as president, vice president, assistant vice president. Appointment and dismissal of managers are subject to comply with Article 29 of The Company Act. The President manages all business activities within the Company under the command of the Chairman.

Chapter V Enhancing Disclosure of Corporate Social Responsibility Information

Article XIX: 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 meeting.

1. Report on Operation
2. Financial statements
3. Earnings appropriation or loss reimbursement proposals.

Article XX: Profits concluded by the Company in a financial year are subject to employee remuneration of 5%~15%, and director and supervisor remuneration of no more than 5%. However, profits must first be taken to offset against cumulative losses, if any, before the remainder can be distributed as employee/director/supervisor remuneration according to the abovementioned percentages.

Distribution of employee remuneration can be made in cash or in shares. This decision must be resolved in a board meeting with more than two-thirds of the board present, and voted in favor by more than half of all attending directors, and subsequently reported in the shareholder meeting.

Employee remuneration, as mentioned above, can be paid in shares or cash to employees of affiliated companies that satisfy certain criteria. The criteria may be defined at the discretion of the board of directors.

Article XX-1: Earnings concluded at the end of a year shall be allocated in the priority listed below:

1. Payment of tax;
2. Covering of loss;
3. 10% provision for statutory reserve, unless the balance of statutory reserve has accumulated to the same amount as the Company's paid-up capital.
4. Provision or reversal of special reserve according to the authority's rules.
5. The remainder from Subparagraphs (1)~(4) plus undistributed earnings carried from previous years are available to shareholders, for which the board of directors will propose an earnings appropriation plan to be resolved during shareholder meeting.

The Company operates in a growing industry. Given the likelihood of future factory expansion and investment plans, the Company shall distribute no more than 80% of its earnings as dividends. Cash dividends shall comprise no lesser than 5% and no more than 50% of total dividends each year.

Chapter VI Supplementary Provisions

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

Article XXII: The Articles of Incorporation is instituted by the all founder of 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, to take effect from the date of shareholder meeting resolution; the same applies to subsequent amendments.

CREATIVE SENSOR INC.
Rules of Procedure for Shareholders Meetings

- I. Unless otherwise specified by law or Articles of Incorporation, shareholder meetings of the Company shall proceed according to the following rules.
- II. The Company shall get ready sign-in book to enable the participating shareholders to sign. A participating shareholder may, as well, present his or her sign-in card instead of signing to prove presence. The number of shares represented by the participating shareholders shall be calculated based on the sign-in book or the submitted sign-in cards, added with the number of shares with voting rights that are exercised in writing or in electronic means.
- III. The presence and voting in a shareholders' meeting shall be duly calculated based on the number of shares so represented.
- IV. The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.
- V. Shareholder meetings that are convened by the board of directors shall be chaired by the Chairman. If the Chairman is unable to perform duty due to leave of absence or any reasons, the Chairman will appoint one of the directors to act on their behalf. If no one is appointed, the remaining directors shall appoint one among themselves to perform the Chairman's duties on behalf.

For shareholder meetings that are convened by any authorized party other than the board of directors, the convener shall chair the meeting. If there are two or more conveners at the same time, one shall be appointed among themselves to chair the meeting.

- VI. The Company may appoint the retained Attorney(s)-at-Law, Certified Public Accountant(s) or relevant personnel to participate in a shareholders' meeting. The staff serving on the shareholders' meeting shall wear identity certificates or arm-bands.
- VII. The Company's shareholder meetings must be recorded in video or audio, and kept for at least one (1) year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.
- VIII. The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour. If attending shareholders represent more than one-third but less than half of outstanding shares after two postponements, the attending shareholders may reach a tentative resolution according to

Paragraph 1, Article 175 of the Company Act. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

- IX. If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions).

After the meeting is adjourned, shareholders cannot nominate another chairman or seek another venue for continuation of the meeting.

- X. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

While a shareholder is speaking, other shareholders cannot speak simultaneously or interfere in any way unless agreed by the chairperson and the person speaking. Any violators shall be restrained by the chairperson with comments disregarded.

- XI. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes.

If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

- XII. Where an institutional shareholder may be appointed as a proxy to attend the General Meeting, such institutional shareholder may appoint only one representative to the meeting.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

- XIII. After a present shareholder completes speech, the chairperson may respond either in person or through a relevant person designated.

- XIV. The chairperson may announce to discontinue further discussions if the topic is considered to have been sufficiently discussed to proceed with the vote.
- XV. Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation. Voting results shall be made known on-site immediately and recorded in writing.
- XVI. When a meeting is in progress, the chair may announce a break based on time considerations.
- XVII. Unless otherwise provided for in the Company Act and the Articles of Incorporation, the decision of an issue shall be resolved by a majority vote in the meeting which is attended by shareholders who represent a majority of the total issued shares.

An agenda is considered passed if the chairperson receives no objection from any attending shareholders. This voting method shall carry the same effect as the conventional ballot method.

Shareholders may appoint proxies to attend shareholder meetings on their behalf. With the exception of trust enterprises and certain share administration agencies approved by the competent authority, a proxy may not represent more than 3% of total voting rights in aggregate when representing two or more shareholders during the meeting. Voting rights that exceed this threshold shall be excluded from calculation. When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

- XVIII. When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required
- XIX. The chair may direct the proctors (or security) personnel to help maintain order at the meeting place. When proctors (or security personnel) help maintain order at the meeting place, they shall wear an armband bearing the word "Proctor."
- XX. These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.
- XXI. The above rules were passed during the annual general meeting dated June 12, 2002.

The 1st amendment was made on June 13, 2012.

CREATIVE SENSOR INC.

Regulations for Election of Directors and Supervisors

- I. Election of directors and supervisors shall proceed according to the terms of this policy.
- II. Election of the Company's directors and supervisors 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 followed by supervisor, until the number of director and supervisor seats mentioned in the Articles of Incorporation are 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.

In the event that a candidate is elected both a director and a supervisor at the same time, the candidate shall have the choice to decide whether to serve as a director or a supervisor, but not both.

Government or corporate representatives who have been elected as director and supervisor at the same time shall be entitled to decide whether to serve as a director or as a supervisor, unless otherwise approved by the competent authority.

- IV. Except where the Competent Authority has granted approval, the following relationships may not exist among more than half of a company's directors:
 1. A spousal relationship.
 2. A familial relationship within the second degree of kinship

Except where the Competent Authority has granted approval, a company shall have at least one or more supervisors, or one or more supervisors and directors, among whom no relationship under the preceding subparagraphs exists.

The original selectees do not meet the conditions of the two preceding paragraphs, determination of which directors or supervisors are elected shall be made according to the following provisions:

1. When there are some among the directors who do not meet the conditions, the election of the director receiving the lowest number of votes among those not meeting the conditions shall be deemed invalid.

2. When there are some among the supervisors who do not meet the conditions, the provisions of the preceding subparagraph shall apply mutatis mutandis.
 3. When there are some among the directors and supervisors who do not meet the conditions, the election of the supervisor receiving the lowest number of votes among those not meeting the conditions shall be deemed invalid. V. Independent directors and general directors shall be elected during the same voting session, and have votes allocated separately.
- 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:
1. Use of ballot that does not conform with the formats specified in this policy, or ballots that are not casted into the designated box.
 2. Blank ballots casted into the ballot box.
 3. The writing is unclear and indecipherable or has been altered.
 4. 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.
 5. Ballots that contain writings other than the candidate’s name and shareholder ID (or identity document number).
 6. Ballots that only have candidate’s name written in the “candidate” column without shareholder ID or identity document number.
 7. Where the names of two or more candidates are printed on the same ballot.

8. 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 Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.
- XIII. The above rules were first established on June 12, 2002; the 1st amendment was made on June 19, 2008; and the 2nd amendment was made on June 15, 2016.

CREATIVE SENSOR INC.

Directors' and supervisors' shareholding position

1. Paid-up capital of the Company: NT\$1,270,550,000
Current outstanding shares: 127,055,000 shares
2. Minimum shareholding required from all directors: 8,000,000 shares.
3. Minimum shareholding required from all supervisors: 800,000 shares.
4. Directors' and supervisors' actual shareholding position are as follows:

Date: 04/28/2018

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: IKUJIN KO	2015.6.24	21,928,260	17.26%	21,928,260	17.26%
Director	TECO Image Systems Co., Ltd. Representative: Chiang Hsu	2015.6.24	21,928,260	17.26%	21,928,260	17.26%
Director	TECO Electric & Machinery Co., Ltd. Representative: Chao-Chih Lien	2015.6.24	2,137,044	1.68%	2,137,044	1.68%
Director	KROM Electronics Co., Ltd. Representative: Ying-Sheng Hsieh	2015.6.24	100,000	0.08%	100,000	0.08%
Director	TECO Capital Investment Co., Ltd. Representative: Yao-Ming Wei	2015.6.24	7,913,310	6.23%	7,913,310	6.23%
Independent Director	Semi Wang	2015.6.24	0	0%	0	0%
Independent Director	James Wang	2015.6.24	0	0%	0	0%
Total directors' shareholding			32,078,614	25.25%	32,078,614	25.25%
Supervisor	KUANG YUANG Enterprise Co., Ltd. Representative: Hui-Mei, Wu	2015.6.24	789,530	0.62%	789,530	0.62%
Supervisor	Min-Yu Chang	2015.6.24	13,000	0.01%	13,000	0.01%
Total supervisors' shareholding			802,530	0.63%	802,530	0.63%

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