

Stock ID: 8249

CREATIVE SENSOR INC.

2019 Annual General Meeting

Meeting Handbook

Date: June 25, 2019

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

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Creative Sensor Incorporated
Meeting procedures for the 2019 regular
shareholders meeting

- I. Announce commencement of meeting
- II. Words from the chairperson
- III. Items to be reported
- IV. Items to be approved
- V. Items to be discussed
- VI. Temporary motions
- V. Meeting adjournment

Creative Sensor Incorporated

Meeting procedures for the 2019 regular shareholders meeting

Time: 9:00 a.m., June 25 (Tuesday) 2019

Venue: No. 15, 1st floor, lane 168, Xingshan Road, Neihu District, Taipei City (multi-function conference hall)

ONE. Announce commencement of meeting (report the number of shares in attendance)

TWO. Words from the chairperson

THREE. Items to be reported

I. The company's 2018 operations report

II. The company's 2018 review report from the supervisors

III. The company's 2018 report on employee remuneration and allocation of remuneration for directors and supervisor.

FOUR. Items to be approved

I. The 2018 operations report and financial report

II. The distribution of earnings for 2018

FIVE. Items to be discussed

I. Amendment to the company's procedures for acquisition or disposal of assets

II. Amendments to the company's procedures for loaning of funds to another party

III. Amendments to the company's procedures for making endorsements/guarantees

SIX. Temporary motions

SEVEN. Meeting adjournment

Items to be reported

Item I

Brief: the company's 2018 operation report

Explanation: the 2018 operation report; please refer to page 8-9 of this booklet.

Item II

Brief: The company's 2018 review report from the supervisors

Explanation: the company's 2018 review report from the supervisors; please refer to page 10 of this booklet.

Item III

Brief: The company's 2018 report on employee remuneration and allocation of remuneration for directors and supervisor.

Explanation: (i) processed in accordance with clause 20 of the Company Charter

(ii) The company earning for 2018 totalled NT\$ 311,441,636 (that is, the total of the pre-tax profit after deducting benefits given to employees, directors and supervisors, as well as deducting the accumulated deficits). A total of NT\$ 9,260,989 was allocated for remuneration of directors and supervisors, while a total of NT\$27,782,966 was allocated for employee remuneration, both of which meets the ratio of allocation as stated in the company charter. Both amount to given out in cash.

Items to be recognized

Item I

Brief: the 2018 operation report and financial statement is hereby submitted for recognition (submitted by the board of directors)

Explanation: (1) The matter of the company's 2018 financial statement (including the consolidated financial statement) was produced by the company's board of directors, reviewed and certified by accountants Chang, Shu-Chiung and Tseng, Hui-Chin of PricewaterhouseCoopers, Taiwan, and the appraisal report thereof is submitted together with the operations report for review by the supervisors, is hereby provided for recognition.

(2) Please refer to this booklet for the various charts and documents related to this item (please refer to page 8-10 for the operations report, page 11-33 for the accountant's appraisal report and the financial statement)

Item 2

Brief: the 2018 earning distribution is hereby submitted for recognition (submitted by the board of directors)

Explanation:

(1) the company's 2018 earning distribution is determined by the board of directors to be cash dividend of NT\$1.3 per share

(2) Upon approval from the regular shareholders' meeting, the chairperson shall determine the ex-dividend date and process of distribution with regards to cash dividend for shareholders.

(3) the earning distribution chart is as follows:

Creative Sensor Inc.
2018 earning distribution chart

Unit: NTD

Item	Amount
Initial undistributed earnings	469,515,435
Subtract: 2018 retained earnings adjusted	(355,182)
Undistributed earnings after adjustment	1469,160,253
Add: 2018 net income	205,799,746
Subtract: 10% legal reserve	(20,579,975)
Total available for distribution	654,380,024
Items of distribution	
Shareholder cash dividend (NT\$1.3/share)	165,171,500
Final undistributed earnings	489,208,524

Chairperson: Yo-ren Huang Manager: Ji-chang Yang Head of accounting: Chun-mei Yang

Note 1: In this earning distribution proposal, if the shares of the company are bought back, or the treasury shares are transferred or other factors affect the number of shares outstanding, the company intends to authorize the chairman to allocate the cash dividend amount according to the resolution of the current earnings distribution proposal, and adjust the shareholder's dividend yield according to the actual number of shares outstanding.

Note 2: The distribution of the cash dividend to shareholders is calculated to the nearest NTD. Fractional dividend yield of less than a dollar shall be listed as the company's other revenue.

Note 3: The amount of earning allocation shall place priority on the 2018 earnings.

Resolution:

Items to be discussed

Item 1

Brief: the amendments for the company's procedures for acquisition and disposal of assets is hereby provided for resolution (submitted by the board of directors)

Explanations: (1) in accordance with the letter Jinguazhengfazi no. 1070341072 promulgated by the Financial Supervisory Commission on November 26, 2018 to amend parts of Regulations Governing the Acquisition and Disposal of Assets by Public Companies, parts of the company's procedures for acquisition and disposal of assets is amended accordingly.

(2) Please refer to page 34-57 and 75-94 for the comparison chart of amendment and the original version of the procedures for acquisition and disposal of assets, respectively.

(3) Please discuss.

Item 2

Brief: The company's procedures for loaning of funds to others is amended is hereby submitted for resolution (submitted by the board of directors)

Explanations: (1) in accordance with the letter Jinguazhengfazi no. 1080304826 promulgated by the Financial Supervisory Commission on July 3, 2018 to amend parts of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, parts of the company's procedures for acquisition and disposal of assets is amended accordingly.

(2) Please refer to page 58-60 and 95-99 for the comparison chart of amendment and the original version of the procedures loaning of funds to others, respectively.

(3) Please discuss.

Brief: the company's procedures for making endorsements/guarantees is hereby submitted for resolution (submitted by the board of directors)

Explanations: (1) in accordance with the letter Jinguazhengfazi no. 1080304826 promulgated by the Financial Supervisory Commission on July 3, 2018 to amend parts of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, parts of the company's procedures for making endorsements/guarantees is amended accordingly.

(2) Please refer to page 61-65 and 100-104 for the comparison chart of amendment and the original version of the procedures for making endorsements/guarantees, respectively.

(3) Please discuss.

Temporary motions

Meeting adjournment

Attachments

Attachment 1

The 2018 operations report

1. Overview of the 2018 operations

Earning in 2018 grew by 15.6% compared to 2017, due to increased market distribution volume by the company's clients, as well as adjustments of company operational strategy leading to good results, raising both the market share and shipment volume.

I. The results from the operational plans and the earning analysis are as follows:

Unit: thousand NTD

Year Category	2018	2017	Growth rate
Operation income	4,576,761	3,957,862	15.6%
Operation gross earning	552,868	551,959	0.2%
Earnings per share	1.62	1.65	-2%

II. Earnings and losses

The earning in 2018 was NT\$4.576 billion, which was a growth of 15.6% compared to the 2017 earnings of NT\$3.957 billion. In terms of management strategies, the effects from the company expanding its market share, increasing shipment volume, amortizing manufacture costs is obvious; but at the same time manual production line has to be used to make up for productivity and under inefficient labor management, gross profit has not seen similar growth with the revenue. In addition, due to changes in the income tax policy in 2018, the overseas profit that has not been repatriated to the parent company plus 3% income tax has affected EPS -0.18, and the net profit after tax was NT\$ 205 million, with net profit after tax per share was NT\$1.62.

III. R&D results:

The R&D in 2018 was focused towards introducing self-made components; enhance vertical integration, finding new material suppliers to effectively lower costs, and to collaborate with suppliers to develop the A3 high speed models. The infrared heat vacuum sealing and AOI linear sensor camera module projects are both still ongoing. Four patents were obtained in 2018, and more are still in the application process.

2. Prospects for 2019

Compared to the survey in 2018 where global economic leaders were optimistic about economic growth, 2019 has been the opposite, where short-, mid- and long-term prospects for corporate earnings is relatively conservative. The effect of the US on stimulating global economy is declining with due to its financial policies and currency, and with the negative impacts due to its trading policies, its own economy is slowing down. The Euro zone is also impacted by the tense U.S.-China trade relations, where

Germany's automobile industry is facing a lull, while conflicts within the French society and Italy's budget policies are causing instability in the two countries, which all leads to a slowdown in the European economy. The Japanese Central Bank is still implementing quantitative easing, which has brought some pressure on the Japanese Yen in recent years. However, with the end of the increased interest rate cycle approaching, the Japanese Central Bank may end its irregular monetary policy, and adjust the interest rate upwards to reduce the difference in interest between U.S. and Japan in order to support the strengthening of the Yen. The Chinese economy is clearly also slowing down, and with the increase fluctuation of the exchange rate for Renminbi, the capricious exchange rate policies of the Chinese Central Bank, these are also contributing towards an unstable global economy in 2019.

Due to the slowing of global economy, the continuing saga of the U.S.-China trade war, as well as popularization of internet cloud usage and increase environmental awareness of going paperless, it is expected that the multi-functional product market is going to shrink somewhat. The focus of the company's management in 2019 will continue to be on actively acquiring new orders, improve precision in factory management, increase the ratio of automated manufacturing processes, improve on manufacture and product yield, and carry out good quality control to satisfy our clients so as to ensure profit. In addition, the R&D of new products are pushing forwards towards a stable autonomous direction, using the outsourced thermal imaging calibre as channels to lay out market sales; the company will use higher performance and its flexible customization capabilities to cut into the user end surveillance/vehicle-based sectors that requires imaging through its vehicle application project, and in combination with the AI identification function currently under development, the field of application will be expanded and the company can actively broaden its source of income and growth.

The company will be striving towards the following in its 2019 management strategy:

1. Maintain its position as leader of the CIS market, and through extension of its own technology, continue to work with its major clients to develop new products, and provide vertically integrated CIS solutions.
2. Adjust factory manufacture and employment strategies to raise the efficiency and yield of automated manufacture processes, continue quality control of costs to increase profit.
3. With the prosperous development of the global IoT and industry 4.0, actively develop related optical application products in these two areas to continue to expand into new market, as well as increase client and product diversity.
4. Continue to invest into R&D resources and recruitment of new talents, deepen the company's application and development of optical sensor components, and strengthen the company's competitiveness in its core technology.

5. With significant fluctuations in raw materials prices leading to unstable market supply, the company will active expand its collaboration with suppliers in order to ensure its supply sources.

Chairperson Yo-ren Huang
General manager Ji-chang Yang
Head of accounting Chun-mei Yang

Creative Sensor Inc.
Review report from the supervisors

To the attendees of the Creative Sensor Inc. 2019 regular shareholder meeting

The board of directors has submitted the company's 2018 financial statement and combined financial statement to be review by accountants Shu-qiong Chang and Hui-Jin Ceng of Price Water Cooperhouse; the operations report and earning allocation has also been reviewed and no discrepancies has been found. The review report is hereby provided for inspection in lieu of Article 219 of the Company Act

Creative Sensor Inc.

Supervisor: GUANG YUAN Co.,Ltd..

Representative: Hui-mei Wu

Supervisor: Hong-ming Lin

Supervisor: Mei-yu Chang

March 25, 2019

Account Audit Report

(108) caishenbaozi no. 18003222

To Creative Sensor Inc.

Audit opinion

Creative Sensor Inc. and its subsidiary (hereinafter refer to as the Creative group) submitted its consolidated assets balance sheets as of December 31, 2018 and 2017, as well as the consolidated income statement, consolidated changes in equity chart, consolidate cash flow chart, and note on consolidated financial report (including summary of major accounting policy) for the periods of January 1 to December 31, 2018 and 2017 for review and certification by the accountants.

Based on the opinions of the accountants, the major aspects of the above consolidated financial statements has complied with the Regulations Governing the Preparation of Financial Reports by Securities Issuers as well as IFRSs, international accounting standards, generation of explanations and explanation of announcements that are recognized by the FSC, and sufficiently represent the consolidated financial status of Creative Sensor Inc. as of December 31, 2017 and 2018, as well as the consolidated financial performance and consolidated cash flow between January 1 to December 31 of 2017 and 2018.

Basis of audit opinion

The accountants have carried out the auditing in accordance with Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants and general accepted auditing standards. The responsibilities of the accountants under these Rules shall be further explained in the responsibility section of the accountant-audited report on the consolidated financial report. Personnel bound by norms of independence at the accounting firm to which the accountants are affiliated to have complied with accountant's professional ethics, remain independent of the Creative group and fulfilled other responsibilities as described by these Rules. The accountants are of the opinion that sufficient and appropriate audit evidence has been acquired to act as basis for presenting the audit opinion.

Key items for the audit

The key items for the audit describe the items that in the accountant's professional judgment was deemed to be the most critical in the review of Creative group's 2018 consolidated financial statement. These items have been responded to in the audit of the entirety of the consolidated financial statement as well as the formation of the audit opinion. The accountants shall not provide opinions independent of the audit opinion.

The key items for the audit of Creative group's 2018 consolidated financial statement are as follows:

The use of equity method for evaluation of loss due to investmentsExplanation

Please refer to note 4 (14) of the consolidated financial statement for the use of the accounting policy that utilize investment-related enterprises of the equity method; please refer to note 5 of the consolidated financial statement for the evaluation of investment loss and assumed uncertainties when utilizing the equity method; please refer to note 6 (7) of the consolidated financial statement for explanations of utilizing the investment items of the equity method.

The Creative group utilized the investment-TECO technology Co. Inc. (hereinafter known as TECO technology) of the equity method to estimate the recoverable amount, and used it as the basis for

evaluating loss. Due to the value used involving prediction of cash flow in the coming year, and the decision made on the discount rate, there is uncertainty on the assumed uncertainties utilized, thus the results of the estimation is highly significant on the evaluation of the use value. Consequently the accountants have listed the evaluation of loss due to investment using the equity method as one of the most critical items in the audit.

The auditing procedure in response

The major auditing procedures that the accountants have carried out are as follows:

Understanding the process through which the management evaluated the estimated future cash flow, and confirm that the future cash flow volume used in the evaluation model is the same as those mentioned in TECO Technology's operations plan.

Compare the estimated income growth rate, gross profit, and operation cost generated by the method through using the above values with historical outcomes, as well as economic and industry forecast literature.

Compare the discount rate used by the value evaluation with the impairment loss, cost of capital, as well as hypothetical and similar return of investment.

Examine the accuracy of the calculations in the evaluation model.

The existence of income from the newly added top 10 sales subjects

Explanation

Please refer to note 4 (25) of the consolidated financial statement for the accounting policy with regards to income recognition; please refer to note 6 (16) of the consolidated financial statement for item of operating income.

The key items of operating income for Creative group are the manufacture and sales of electronic components for image sensors, and the products are primarily used in scanners, fax machines, and multi-functional products. The majority of the company's clients are internationally well-known OEMs or system providers who are stable, long-term partners of the company. In order to cement its position as leader in the market, Creative group has been actively working to develop new clients and expand its market share, and in comparing the list of top 10 clients from 2018 and 2017, it can be seen that due to changes in the sales volume to key clients, some of the clients has become this year's new top 10 sales subjects, and this increases their influence on combined operating income. The accountants believe that the new top 10 sales subjects and whether the related transactions are real has significant impact on the financial statement, and thus has listed this item as a key item in the audit.

The auditing procedure in response

The major auditing procedures that the accountants have carried out are as follows:

1. Evaluate and test the internal control procedures for sales and transaction are operating in accordance with the internal control mechanism as set up by the group.
2. Examine the related industry background and other information for the newly added top 10 sales subjects.
3. Obtain and sample to review certifications related to operating income transactions for the year's newly added top 10 sales subject.

Other items – individual finance report

The Creative group has collated the 2018 and 2017 individual financial report, which is provide for reference after the accountants have issued an audit report of unqualified opinion.

The responsibility of the management and governing body towards the consolidated financial statement

The responsibilities of the management are to produce appropriate consolidated financial statement in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issues, the International Financial Report Standards and International Accounting Standards, interpretations and standing interpretations recognized by the Financial Supervisory Commission, as well as to maintain the necessary internal controls related to production of consolidate financial statement, in order to ensure the financial statement does not contain major misrepresentations due to fraud or error.

In the production of the consolidated financial statement, the responsibilities of the management also include evaluating the capability of Creative group for going concerns, disclosure of related matters, and the utilization of accounting basis for going concerns, unless the management plans to liquidate Creative group or cease operation, or there are no other practical solution outside of liquidation or ceasing operation.

The governing body (including the supervisors) of Creative group has the responsibility of supervising the procedures for reporting company finance.

The responsibilities of the accountant when auditing the consolidated financial statement

The objective of the accountants to audit the consolidated financial statement is to ascertain whether the consolidated financial statement overall contains major misrepresentation due to fraud or error to obtain reasonable assurance, and so issue audit report, indicating the reasonable assurance is of a high degree, except where audits carried out in accordance with generally accepted auditing standards cannot guarantee the detection of major misrepresentation in the consolidated financial statement, where misrepresentation may be due to fraud or error. If the individual amount or total in the misrepresentation is reasonably expected to influence the economic decision made by users of the consolidated financial statement, said misrepresentation is considered to be of significance.

The accountants shall use their professional judgment and maintain professional skepticism when carrying out audits in accordance with general accepted auditing standards. The accountants shall also carry out the following tasks:

1. Identify and evaluate the risk from major misrepresentations due to fraud or error in the consolidated financial statement; design and implement appropriate strategy in response to the evaluated risk; acquire sufficient or appropriate evidence as the basis for the audit opinion, where the fraud may have been committed through collusion, forgery, intentional omission, misrepresentation or passing over the internal controls, which lead to the risk posed by major misrepresentation due to fraud is higher than the risk of the cause itself not being detected.

2. Acquiring necessary understanding on the internal control of entity related to the audit, design audit procedure that is appropriate at the time of the audit, where the purpose is not to express an opinion on the effectiveness of the Creative group's internal control mechanisms.

3. Evaluate the appropriateness of the accounting strategies utilized by the management, as well as the reasonableness of the estimates and related disclosures made from using such accounting procedures.

4. Make conclusion based on the audit evidence obtained with regards to the appropriateness of the basis of accounting utilized by the management for going concerns, and whether major uncertainty on possible matters or circumstances of major going concerns on the capability of the Creative group. The accountants are of the opinion that the major uncertainty on the existence of such matters or circumstances must in the audit report remind the users of the consolidated financial statement to pay attention to related disclosures of the financial statement, or that such disclosures amend the audit opinion at an inappropriate time. The conclusions of the accountants are based on audit evidence obtained up to the date on which the audit report is issued, and future events or circumstances may cause Creative group to not possess the capacity to continue to operate.

5. Evaluate the overall representation, structure and details of the consolidated financial statement (including the related notes), and whether the consolidated financial report adequately represent relevant transactions and events.

6. Acquire sufficient and appropriate audit evidence for individual financial information generated within the group, so as to expression opinion on the consolidated financial statement. The accountants are responsible for the guidance, supervision and implementation of the audit cases in the group, and shall be responsible for forming the audit opinion on the group.

The items of communication between the accountants and the governing body include the scope and time given to the audit, and the major audit discoveries (including significant internal control deficiencies identified during the auditing process).

The accountants shall also provide to the governing body declaration from personnel bound of norms of independence at the accounting firm to which the accountants are affiliated to, that they have complied with independence related to the accountant's professional ethics, and also communicate

with the governing body any possible relationship and other matters that may be considered to influence the independence of the accountant (including related preventative measures).

In the items of communication between the governing body and the accountants, where the key audit items on the 2018 Creative group consolidated financial statement was determined, and such items are described in the audit report, unless the law does not permit public disclosure of specific matters, or in the rare circumstance of the accountant deciding not to communicate specific matters in the audit report, it is reasonable to expect the negative effects generated by such communication would be greater than the public interest.

PricewaterhouseCoopers, Taiwan

Accountant

Chang, Shu-Chiung

Tseng, Hui-Chin

Former Financial Supervisory Commission, Executive Yuan
Approved certification letter no: Jinguanshengshenzi no. 0990042602
Former Securities Management Committee, Ministry of Finance
Approved certification letter no: (79) taicaizheng (I) no. 27815

March 25, 2019

CREATIVE SENSOR INC.
Consolidated Balance Sheet
December 31, 2018 and 2017

Unit: thousand TWD

Assets	Note	Dec. 31, 2018		Dec. 31, 2017		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalent	6(1)	\$ 773,409	17	\$ 779,885	17
1110	financial asset at fair value	6(2) and 12(4)				
	through profit or loss - current		276,972	6	392,328	8
1136	Amortized cost financial assets -	6(4)				
	current		1,233,141	26	-	-
1170	Net account receivable	6(5)	636,693	14	531,432	12
1180	Account receivable ó related part	6(5) and 7				
	net		1,653	-	577	-
130X	Stock	6(6)	497,264	11	331,744	7
1476	Other financial assets - current	12(4)	-	-	1,095,248	24
1479	Other current assets - others		47,654	1	37,775	1
11XX	Total current assets		<u>3,466,786</u>	<u>75</u>	<u>3,168,989</u>	<u>69</u>
Non-current assets						
1517	financial asset measured at fair	6(3)				
	value through other					
	comprehensive income ó					
	non-current		284,042	6	-	-
1523	Available-for-sale financial assets	12(4)				
	ó non-current		-	-	405,033	9
1550	Equity method investments	6(7)	303,321	7	324,929	7
1600	Real property, plant and	6(8)				
	equipment		485,435	10	613,890	13
1780	Intangible assets		6,909	-	4,306	-
1840	Deferred tax assets	6(20)	23,213	1	17,038	1
1900	Other non-current assets	6(9)	64,598	1	61,864	1
15XX	Total non-current assets		<u>1,167,518</u>	<u>25</u>	<u>1,427,060</u>	<u>31</u>
1XXX	Total assets		<u>\$ 4,634,304</u>	<u>100</u>	<u>\$ 4,596,049</u>	<u>100</u>

(continue on next page)

CREATIVE SENSOR INC.
Consolidated Balance Sheet
December 31, 2018 and 2017

Debt and equity		Note	Dec. 31, 2018		Unit: thousand TWD Dec. 31, 2017	
			Amount	%	Amount	%
Current debt						
2170	Account payable		\$ 789,060	17	\$ 668,483	15
2180	Account payable ó related party	7	115,601	3	85,983	2
2200	Other payables	6(10)	345,215	7	346,911	8
2230	Current tax liabilities		24,543	1	19,863	-
2300	Other current debt		10,173	-	9,992	-
21XX	Total current debt		<u>1,284,592</u>	<u>28</u>	<u>1,131,232</u>	<u>25</u>
Non-current dent						
2570	Deferred tax liabilities	6(20)	111,553	2	60,458	1
25XX	Total non-current debt		<u>111,553</u>	<u>2</u>	<u>60,458</u>	<u>1</u>
2XXX	Total debt		<u>1,396,145</u>	<u>30</u>	<u>1,191,690</u>	<u>26</u>
Equity belonging to the owner of the parent company						
Share capital 6(12)						
3110	Normal share capital		1,270,550	27	1,270,550	28
Additional paid-in capital 6(13)						
3200	Additional paid-in capital		677,467	15	677,467	15
Retained earnings 6(14)						
3310	Legal retained earnings		439,415	9	418,413	9
3320	Special retained earnings		39,847	1	39,847	1
3350	Undistributed retain earnings		674,960	15	693,805	15
Other equities 6(15)						
3400	Other equities		135,920	3	304,277	6
31XX	Total equity belonging to the owner of the parent company		<u>3,238,159</u>	<u>70</u>	<u>3,404,359</u>	<u>74</u>
3XXX	Total equity		<u>3,238,159</u>	<u>70</u>	<u>3,404,359</u>	<u>74</u>
Material contingent liabilities and unrecognized contractual commitments						
Major subsequent event 11						
3X2X	Total debt and equity		<u>\$ 4,634,304</u>	<u>100</u>	<u>\$ 4,596,049</u>	<u>100</u>

Please refer to the consolidated financial report in the later part of the book, as it forms part of the consolidated financial statement

Chairperson Huang, yu-ren

Manager: Yang, chi-chan

Head of accounting : Yen, chuan-mei

CREATIVE SENSOR INC. AND SUBSIDIARIES

Consolidated Income Statement

January 1 to December 31, 2018 and 2017

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

Items	Note	2018		2017	
		amount	%	amount	%
4000 Operating revenue	6(16) and 7	\$ 4,576,761	100	\$ 3,957,862	100
5000 Operating cost	6(6)(19) and 7	(4,023,893)	(88)	(3,405,903)	(86)
5900 Gross operating profit		<u>552,868</u>	<u>12</u>	<u>551,959</u>	<u>14</u>
	6(19)				
Operating expense					
6100 Selling expense		(93,048)	(2)	(91,921)	(2)
6200 Management expense		(161,152)	(3)	(149,520)	(4)
6300 R&D expense		(72,233)	(2)	(97,398)	(3)
6000 Total operating expense		<u>(326,433)</u>	<u>(7)</u>	<u>(338,839)</u>	<u>(9)</u>
6900					
Operating profit		<u>226,435</u>	<u>5</u>	<u>213,120</u>	<u>5</u>
Non-operating incomes and expenses					
7010 Other incomes	6(18)	76,024	2	62,945	1
7020 Other gains and losses	6(18)	(1,449)	-	(15,906)	-
7060 Use of equity method to recognize the share of affiliated companies and joint ventures		<u>17,178</u>	<u>-</u>	<u>23,529</u>	<u>1</u>
7000 Total non-operating incomes and expenses		<u>91,753</u>	<u>2</u>	<u>70,568</u>	<u>2</u>
7900 Profit before tax		<u>318,188</u>	<u>7</u>	<u>283,688</u>	<u>7</u>
7950 Income tax expense	6(20)	(112,388)	(2)	(73,669)	(2)
8200 Net income for the period		<u>\$ 205,800</u>	<u>5</u>	<u>\$ 210,019</u>	<u>5</u>
Other comprehensive income (net worth)					
Other items not reclassified as profit or loss					
8311 Re-measurement of defined benefit plan	6(11)	\$ 4,358	-	\$ 2,527	-
8316 Equity instruments valuation profit or loss measured at fair value through other comprehensive income	6(3)(15)	(120,991)	(3)	-	-
8320 Use of equity method to recognize the share of affiliated companies and joint ventures - other items not reclassified as profit or loss	6(15)	(20,696)	-	71	-
8349 Income tax related to other items not reclassified as profit or loss	6(20)	(1,044)	-	(430)	-
8310 Total items not reclassified as profit or loss		<u>(138,373)</u>	<u>(3)</u>	<u>2,168</u>	<u>-</u>
Subsequent items that may be classified as profit or loss					
8361 Exchange Differences on Translation of Foreign Financial Statements	6(15)	(30,242)	(1)	(37,097)	(1)
8362 Unrealized Gain or Loss on Available-for-sale Financial Assets	6(15)	-	-	10,575	1
8370 Use of equity method to recognize the share of affiliated companies and joint ventures - items that may be classified as profit or loss	6(15)	(97)	-	<u>7,542</u>	-
8360 Total of Subsequent items that may be classified as profit or loss		<u>(30,339)</u>	<u>(1)</u>	<u>(18,980)</u>	<u>-</u>

Please refer to the consolidated financial report in the later part of the book, as it forms part of the consolidated financial statement

Chairperson Huang, yu-ren

Manager: Yang, chi-chan

Head of accounting : Yen, chuan-mei

CREATIVE SENSOR INC. AND SUBSIDIARIES

Consolidated Income Statement

January 1 to December 31, 2018 and 2017

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

8500	Total comprehensive income (for this period)		<u>\$ 37,088</u>	<u>1</u>	<u>\$ 193,207</u>	<u>5</u>
	Basic earnings per share	6(21)				
9750	Total basic earnings per share		<u>\$ 1.62</u>		<u>\$ 1.65</u>	
	Diluted earnings per share	6(21)				
9850	Total diluted earnings per share		<u>\$ 1.60</u>		<u>\$ 1.63</u>	

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Please refer to the consolidated financial report in the later part of the book, as it forms part of the consolidated financial statement

Chairperson Huang, yu-ren

Manager: Yang, chi-chan
~20~

Head of accounting : Yen, chuan-mei

CREATIVE SENSOR INC. AND SUBSIDIARIES
Consolidated Statement of Changes in Shareholders' Equity
January 1 to December 31, 2018 and 2017

Unit: NTD thousands

Note	Equity belonging to the owner of the parent company									Total equity	
	Additional paid-in capital			Reserved earnings			Other equities				
	Normal share capital	Paid in capital & issued premium	Paid-in capital & treasury stock transaction	Legal reserve earning	Special feature surplus	Undistributed earnings	Exchange Differences on Translation of Foreign Financial Statements	financial asset measured at fair value through other comprehensive income & non-current	Unrealized Gain or Loss on Available-for-sale Financial Assets		
2017											
		\$ 1,270,550	\$ 673,471	\$ 3,996	\$ 392,660	\$ 39,847	\$ 710,659	\$ 202,102	\$ -	\$ 121,155	\$ 3,414,440
		-	-	-	-	-	210,019	-	-	-	210,019
	6(15)	-	-	-	-	-	2,168	(37,987)	-	19,007	(16,812)
		-	-	-	-	-	212,187	(37,987)	-	19,007	193,207
	6(14)	-	-	-	25,753	-	(25,753)	-	-	-	-
		-	-	-	-	-	(203,288)	-	-	-	(203,288)
		\$ 1,270,550	\$ 673,471	\$ 3,996	\$ 418,413	\$ 39,847	\$ 693,805	\$ 164,115	\$ -	\$ 140,162	\$ 3,404,359
2018											
		\$ 1,270,550	\$ 673,471	\$ 3,996	\$ 418,413	\$ 39,847	\$ 693,805	\$ 164,115	\$ -	\$ 140,162	\$ 3,404,359
	12(4)	-	-	-	-	-	(3,437)	-	143,599	(140,162)	-
		1,270,550	673,471	3,996	418,413	39,847	690,368	164,115	143,599	-	3,404,359
		-	-	-	-	-	205,800	-	-	-	205,800
	6(15)	-	-	-	-	-	3,082	(30,339)	(141,455)	-	(168,712)
		-	-	-	-	-	208,882	(30,339)	(141,455)	-	37,088
	6(14)	-	-	-	21,002	-	(21,002)	-	-	-	-
		-	-	-	-	-	(203,288)	-	-	-	(203,288)
		\$ 1,270,550	\$ 673,471	\$ 3,996	\$ 439,415	\$ 39,847	\$ 674,960	\$ 133,776	\$ 2,144	\$ -	\$ 3,238,159

Please refer to the consolidated financial report in the later part of the book, as it forms part of the consolidated financial statement

Chairperson Huang, yu-ren

Manager: Yang, chi-chan

Head of accounting : Yen, chuan-mei

CREATIVE SENSOR INC. AND SUBSIDIARIES

Consolidated Statement of Cash Flows

January 1 to December 31, 2018 and 2017

Unit: NTD thousands

	<u>Note</u>	<u>January 1 to December 31, 2018</u>	<u>January 1 to December 31, 2017</u>
<u>Cash flow for operating activities</u>			
Pre-tax income (this period)		\$ 318,188	\$ 283,688
Adjusted item			
Income loss items			
Depreciation expenses	6(8)(19)	166,719	162,372
Amortization expenses	6(19)	5,529	4,460
Expected credit impairment loss	12(2)	192	-
Net loss from financial asset or financial liability at fair value through profit or loss (interest)	6(2)(18)	51,786	(31,831)
Share of Profit of Associates Accounted for Using Equity Method		(17,178)	(23,529)
Loss from disposal and retirement of real property, plant and equipment (interest)	6(18)	(716)	695
Interest revenue	6(17)	(26,238)	(20,386)
Dividend revenue	6(17)	(15,351)	(14,769)
Non-financial asset impairment loss	6(8)(18)	(2,669)	(999)
Assets/debt change related to operating activities			
Net changes in assets related to operating activities			
Gains or Losses on Financial Assets (Liabilities) at Fair Value through Profit or Loss		63,570	142,600
Accounts receivable		(106,529)	18,091
Stock		(173,672)	(76,838)
Other current assets		(4,743)	(8,357)
Net changes in debt related to operating activities			
Accounts payable		133,125	50,015
Accounts payable ó related party		31,612	2,700
Other accounts payable		15,464	35,551
Other current debt		181	(4,195)
Cash flow generated by operating		<u>439,270</u>	<u>519,268</u>
Interest charged		21,102	18,790
Dividends charged		33,345	29,166
Income tax paid		(64,089)	(79,453)
Net cash flow of operating activities		<u>429,628</u>	<u>487,771</u>
<u>Cash flow of investment activities</u>			
Financial assets of cost measure after amortization ó increased flow		(145,174)	-
Other financial assets óincreased flow		-	(31,006)
Acquisition of real property, plant and equipment	6(23)	(58,634)	(17,640)
Disposal of real property, plant and equipment		739	206
Acquisition of intangible assets		(6,239)	(1,572)
Increase refundable deposits		(451)	-
Increase of other non-current assets		1,965	(4,930)
Net cash flow of investment activities		<u>(207,794)</u>	<u>(54,942)</u>
<u>Cash flow of fundraising activities</u>			
Distribution of cash dividend	6(14)	(203,288)	(203,288)
Net cash outflow of fundraising activities		<u>(203,288)</u>	<u>(203,288)</u>
Foreign exchange adjustment		(25,022)	(60,180)
(decrease) increase of cash and cash equivalent (of this period)		(6,476)	169,361
Initial cash and cash equivalent		779,885	610,524
End cash and cash equivalent		<u>\$ 773,409</u>	<u>\$ 779,885</u>

Please refer to the consolidated financial report in the later part of the book, as it forms part of the consolidated financial statement

Chairperson Huang, yu-ren

Manager: Yang, chi-chan

Head of accounting : Yen, chuan-mei

Audit Report from the Accountants

(108) caishengbaozi no. 18003113

To Creative Sensor Inc.

Audit opinion

Creative Sensor Inc. (hereinafter known as Creative) has submitted its individual balance sheet as of December 31, 2017 and 2018, as well as the individual composite income sheet, individual equity statement, individual cash flow statement and notes from the individual financial report (including summary of major accounting policies) from January 1 to December 31, 2017 and 2018 to the accountant for review and audit.

Based on the opinions of the accountants, the major aspects of the individual financial statements has complied with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and sufficiently represent the individual financial status of Creative Sensor Inc. as of December 31, 2017 and 2018, as well as the individual financial performance and individual cash flow between January 1 to December 31 of 2017 and 2018.

Basis of audit opinion

The accountants have carried out the auditing in accordance with Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants and general accepted auditing standards. The responsibilities of the accountants under these Rules shall be further explained in the responsibility section of the accountant-audited report on the consolidated financial report. Personnel bound by norms of independence at the accounting firm to which the accountants are affiliated to have complied with accountant's professional ethics, remain independent of the Creative group and fulfilled other responsibilities as described by these Rules. The accountants are of the opinion that sufficient and appropriate audit evidence has been acquired to act as basis for presenting the audit opinion.

Key items for the audit

The key items for the audit describe the items that in the accountant's professional judgment was deemed to be the most critical in the review of Creative group's 2018 consolidated financial statement. These items have been responded to in the audit of the entirety of the consolidated financial statement as well as the formation of the audit opinion. The accountants shall not provide opinions independent of the audit opinion.

The key items for the audit of Creative group's 2018 consolidated financial statement are as follows:

The use of equity method for evaluation of loss due to investments

Explanation

Please refer to note 4 (12) of the consolidated financial statement for the use of the accounting policy that utilize investment-subidiaries and related enterprises of the equity method; please refer to note 5 of the consolidated financial statement for the evaluation of investment loss and assumed uncertainties when utilizing the equity method; please refer to note 6 (6) of the consolidated financial statement for explanations of utilizing the investment items of the equity method.

The Creative group utilized the investment-TECO technology Co. Inc. (hereinafter known as TECO technology) of the equity method to estimate the recoverable amount, and used it as the basis for evaluating loss. Due to the value used involving prediction of cash flow in the coming year, and the decision made on the discount rate, there is uncertainty on the assumed uncertainties utilized, thus the results of the estimation is highly significant on the evaluation of the use value. Consequently the accountants have listed the evaluation of loss due to investment using the equity method as one of the most critical items in the audit.

The auditing procedure in response

The major auditing procedures that the accountants have carried out are as follows:

Understanding the process through which the management evaluated the estimated future cash flow, and confirm that the future cash flow volume used in the evaluation model is the same as those mentioned in TECO Technology's operations plan.

Compare the estimated income growth rate, gross profit, and operation cost generated by the method through using the above values with historical outcomes, as well as economic and industry forecast literature.

Compare the discount rate used by the value evaluation with the impairment loss, cost of capital, as well as hypothetical and similar return of investment.

Examine the accuracy of the calculations in the evaluation model.

The existence of income from the newly added top 10 sales subjects

Explanation

Please refer to note 4 (24) of the consolidated financial statement for the accounting policy with regards to income recognition; please refer to note 6 (14) of the individual financial statement for item of operating income.

The key items of operating income for Creative group are the manufacture and sales of electronic components for image sensors and the products are primarily used in scanners, fax machines, and multi-functional products. The majority of the company's clients are internationally well-known OEMs or system providers who are stable, long-term partners of the company. In order to cement its position as leader in the market, Creative group has been actively working to develop new clients and expand its market share, and in comparing the list of top 10 clients from 2018 and 2017, it can be seen that due to changes in the sales volume to key clients, some of the clients has become this year's new top 10 sales subjects, and this increases their influence on combined operating income. The accountants believe that the new top 10 sales subjects and whether the related transactions are real has significant impact on the financial statement, and thus has listed this item as a key item in the audit.

The auditing procedure in response

The major auditing procedures that the accountants have carried out are as follows:

1. Evaluate and test the internal control procedures for sales and transaction are operating in accordance with the internal control mechanism as set up by the group.
2. Examine the related industry background and other information for the newly added top 10 sales subjects.
3. Obtain and sample to review certifications related to operating income transactions for the year's newly added top 10 sales subject.

The responsibility of the management and governing body towards the individual financial statement

The responsibilities of the management are to produce appropriate individual financial statement in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Report Standards and International Accounting Standards, interpretations and standing interpretations recognized by the Financial Supervisory Commission, as well as to maintain the necessary internal controls related to production of consolidated financial statement, in order to ensure the financial statement does not contain major misrepresentations due to fraud or error.

In the production of the individual financial statement, the responsibilities of the management also include evaluating the capability of Creative group for going concerns, disclosure of related matters, and the utilization of accounting basis for going concerns, unless the management plans to liquidate Creative group or cease operation, or there are no other practical solution outside of liquidation or ceasing operation.

The governing body (including the supervisors) of Creative group has the responsibility of supervising the procedures for reporting company finance.

The responsibilities of the accountant when auditing the individual financial statement

The objective of the accountants to audit the individual financial statement is to ascertain whether the individual financial statement overall contains major misrepresentation due to fraud or error to obtain reasonable assurance, and so issue audit report, indicating the reasonable assurance is of a high degree, except where audits carried out in accordance with generally accepted auditing standards cannot guarantee the detection of major misrepresentation in the individual financial statement, where misrepresentation may be due to fraud or error. If the individual amount or total in the misrepresentation is reasonably expected to influence the economic decision made by users of the individual financial statement, said misrepresentation is considered to be of significance.

The accountants shall use their professional judgment and maintain professional skepticism when carrying out audits in accordance with general accepted auditing standards. The accountants shall also carry out the following tasks:

1. Identify and evaluate the risk from major misrepresentations due to fraud or error in the individual financial statement; design and implement appropriate strategy in response to the evaluated risk; acquire sufficient or appropriate evidence as the basis for the audit opinion, where the fraud may have been committed through collusion, forgery, intentional omission, misrepresentation or passing over the internal controls, which lead to the risk posed by major misrepresentation due to fraud is higher than the risk of the cause itself not being detected.

2. Acquiring necessary understanding on the internal control of entity related to the audit, design audit procedure that is appropriate at the time of the audit, where the purpose is not to express an opinion on the effectiveness of the Creative group's internal control mechanisms.

3. Evaluate the appropriateness of the accounting strategies utilized by the management, as well as the reasonableness of the estimates and related disclosures made from using such accounting procedures.

4. Make conclusion based on the audit evidence obtained with regards to the appropriateness of the basis of accounting utilized by the management for going concerns, and whether major uncertainty on possible matters or circumstances of major going concerns on the capability of the Creative group. The accountants are of the opinion that the major uncertainty on the existence of such matters or circumstances must in the audit report remind the users of the individual financial statement to pay attention to related disclosures of the financial statement, or that such disclosures amend the audit opinion at an inappropriate time. The conclusions of the accountants are based on audit evidence obtained up to the date on which the audit report is issued, and future events or circumstances may cause Creative group to not possess the capacity to continue to operate.

5. Evaluate the overall representation, structure and details of the individual financial statement (including the related notes), and whether the individual financial report adequately represent relevant transactions and events.

6. Acquire sufficient and appropriate audit evidence for individual financial information generated within the group, so as to expression opinion on the individual financial statement. The accountants are responsible for the guidance, supervision and implementation of the audit cases in the group, and shall be responsible for forming the audit opinion on the group.

The items of communication between the accountants and the governing body include the scope and time given to the audit, and the major audit discoveries (including significant internal control deficiencies identified during the auditing process).

The accountants shall also provide to the governing body declaration from personnel bound of norms of independence at the accounting firm to which the accountants are affiliated to, that they have complied with independence related to the accountant's professional ethics, and also communicate

with the governing body any possible relationship and other matters that may be considered to influence the independence of the accountant (including related preventative measures).

In the items of communication between the governing body and the accountants, where the key audit items on the 2018 Creative group individual financial statement was determined, and such items are described in the audit report, unless the law does not permit public disclosure of specific matters, or in the rare circumstance of the accountant deciding not to communicate specific matters in the audit report, it is reasonable to expect the negative effects generated by such communication would be greater than the public interest

PricewaterhouseCoopers, Taiwan

Accountant

Chang, Shu-Chiung

Tseng, Hui-Chin

Former Financial Supervisory Commission, Executive Yuan
Approved certification letter no: Jinguanshengshenzi no.
0990042602 Former Securities Management Committee,
Ministry of Finance Approved certification letter no: (79)
taicaizheng (I) no. 27815

March 25, 2019

CREATIVE SENSOR INC.
Standalone Balance Sheet
December 31, 2018 and 2017

Unit: NTD thousands

Debt and equity	Note	Dec. 31, 2018		Dec. 31, 2017	
		amount	%	amount	%
Current Assets					
1100					
		\$	417,653	9	\$ 323,267
1110	6(1)				7
			276,972	6	392,328
1170	6(2) and 12(4)				9
			636,693	14	531,135
1180	6(4)				12
			1,653	-	577
1210	6(4) and 7				-
			4,740	-	1,271
130X	7				-
			1,361	-	1,535
1470	6(5)				-
			5,002	-	7,059
11XX			<u>1,344,074</u>	<u>29</u>	<u>1,257,172</u>
1517	6(3)				
			284,042	6	-
1523	12(4)				9
			-	-	405,033
1550	6(6)				63
			2,950,926	64	2,849,705
1600	6(7)				-
			6,443	-	8,770
1780					-
			3,502	-	960
1840	6(18)				-
			741	-	603
1900	6(9)				-
			13,502	1	9,466
15XX			<u>3,259,156</u>	<u>71</u>	<u>3,274,537</u>
1XXX			<u>\$ 4,603,230</u>	<u>100</u>	<u>\$ 4,531,709</u>

(continued page)

Please refer to the consolidated financial report in the later part of the book, as it forms part of the consolidated financial statement

Chairperson Huang, yu-ren

Manager: Yang, chi-chan

Head of accounting : Yen, chuan-mei

CREATIVE SENSOR INC.
Standalone Balance Sheet
December 31, 2018 and 2017

Debt and equity		Note	Dec. 31, 2018		Unit: NTD thousands Dec. 31, 2017	
			amount	%	amount	%
Assets						
2150	Notes payable		\$ 214	-	\$ 214	-
2170	Account payable		2,558	-	-	-
2180	Account payable ó related party	7	1,043,439	23	831,684	19
2200	Other payables	6(8)	203,782	5	228,261	5
2230	Current tax liabilities		9,956	-	9,022	-
2300	Other current debt		7,596	-	4,762	-
21XX	Total current debt		<u>1,267,545</u>	<u>28</u>	<u>1,073,943</u>	<u>24</u>
Non-current dent						
2570	Deferred tax liabilities	6(18)	97,526	2	53,407	1
25XX	Total non-current debt		<u>97,526</u>	<u>2</u>	<u>53,407</u>	<u>1</u>
2XXX	Total debt		<u>1,365,071</u>	<u>30</u>	<u>1,127,350</u>	<u>25</u>
Equity						
Share capital 6(10)						
3110	Normal share capital		1,270,550	27	1,270,550	28
Additional paid-in capital 6(11)						
3200	Additional paid-in capital		677,467	15	677,467	15
Retained earnings 6(12)						
3310	Legal retained earnings		439,415	9	418,413	9
3320	Special retained earnings		39,847	1	39,847	1
3350	Undistributed retain earnings		674,960	15	693,805	15
Other equities 6(13)						
3400	Other equities		135,920	3	304,277	7
3XXX	Total equity		<u>3,238,159</u>	<u>70</u>	<u>3,404,359</u>	<u>75</u>
Material contingent liabilities and unrecognized contractual commitments 9						
11						
Major subsequent event						
3X2X	Total debt and equity		<u>\$ 4,603,230</u>	<u>100</u>	<u>\$ 4,531,709</u>	<u>100</u>

Please refer to the consolidated financial report in the later part of the book, as it forms part of the consolidated financial statement

Chairperson Huang, yu-ren

Manager: Yang, chi-chan

Head of accounting : Yen, chuan-mei

CREATIVE SENSOR INC.
Standalone Statement of Comprehensive Income
January 1 to December 31, 2018 and 2017

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

Item	Note	2018		2017	
		amount	%	amount	%
4000 Operating revenue	6(14) and 7	\$ 4,563,815	100	\$ 3,941,913	100
5000 Operating cost	6(5)(17) and 7	(4,187,946)	(92)	(3,560,157)	(90)
5900 Gross operating profit		<u>375,869</u>	<u>8</u>	<u>381,756</u>	<u>10</u>
	6(17) and 7				
Operating expense					
6100 Selling expense		(70,686)	(1)	(74,301)	(2)
6200 Management expense		(122,823)	(3)	(114,855)	(3)
6300 R&D expense		(57,043)	(1)	(76,351)	(2)
6000 Total operating expense		(250,552)	(5)	(265,507)	(7)
6900					
		<u>125,317</u>	<u>3</u>	<u>116,249</u>	<u>3</u>
Operating profit					
Non-operating incomes and expenses					
7010 Other incomes	6(15)	34,217	1	34,169	1
7020 Other gains and losses	6(16)	(53,561)	(1)	43,587	1
7070 Use of equity method to recognize the share of affiliated companies and joint ventures		<u>168,425</u>	<u>3</u>	<u>48,720</u>	<u>1</u>
7000 Total non-operating incomes and expenses		<u>149,081</u>	<u>3</u>	<u>126,476</u>	<u>3</u>
7900 Profit before tax		<u>274,398</u>	<u>6</u>	<u>242,725</u>	<u>6</u>
7950 Income tax expense	6(18)	(68,598)	(1)	(32,706)	(1)
8200 Net income for the period		<u>\$ 205,800</u>	<u>5</u>	<u>\$ 210,019</u>	<u>5</u>
Other comprehensive income (net worth)					
Other items not reclassified as profit or loss					
8311 Re-measurement of defined benefit plan	6(9)	\$ 4,358	-	\$ 2,527	-
8316 Equity instruments valuation profit or loss measured at fair value through other comprehensive income	6(3)(13)	(120,991)	(3)	-	-
8330 Use of equity method to recognize the share of affiliated companies and joint ventures - other items not reclassified as profit or loss		(20,696)	-	71	-
8349 Income tax related to other items not reclassified as profit or loss	6(18)	(1,044)	-	(430)	-
8310 Total items not reclassified as profit or loss		(138,373)	(3)	<u>2,168</u>	-
Subsequent items that may be classified as profit or loss					
8361 Exchange Differences on Translation of Foreign Financial Statements	6(13)	(30,242)	(1)	(37,097)	(1)
8362 Unrealized Gain or Loss on Available-for-sale Financial Assets	6(13)	-	-	10,575	1
8380 Use of equity method to recognize the share of affiliated companies and joint ventures - items that may be classified as profit or loss	6(13)	(97)	-	<u>7,542</u>	-
8360 Total of Subsequent items that may be classified as profit or loss		(30,339)	(1)	(18,980)	-

Please refer to the consolidated financial report in the later part of the book, as it forms part of the consolidated financial statement

Chairperson Huang, yu-ren
Manager: Yang, chi-chan
Head of accounting : Yen, chuan-mei

CREATIVE SENSOR INC.
Standalone Statement of Comprehensive Income
January 1 to December 31, 2018 and 2017

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

8500	loss Total comprehensive income (for this period)	<u>37,088</u>	<u>1</u>	<u>\$ 193,207</u>	<u>5</u>
	Basic earnings per share				
9750	Total basic earnings per share	<u>1.62</u>		<u>\$ 1.65</u>	
	Diluted earnings per share				
9850	Total diluted earnings per share	<u>1.60</u>		<u>\$ 1.63</u>	

DRAFT

Please refer to the consolidated financial report in the later part of the book, as it forms part of the consolidated financial statement

Chairperson Huang, yu-ren
Manager: Yang, chi-chan
Head of accounting : Yen, chuan-mei

CREATIVE SENSOR INC.
Standalone Statement of Changes in Equity
January 1 to December 31, 2018 and 2017

Unit: NTD thousands

Note	Additional paid-in capital			Reserved earnings			Other equities			Total equity
	Normal share capital	Paid in capital & issued premium	Paid-in capital & treasury stock transaction	Legal reserve earning	Special feature surplus	Undistributed earnings	Exchange Differences on Translation of Foreign Financial Statements	financial asset measured at fair value through other comprehensive income & non-current	Unrealized Gain or Loss on Available-for-sale Financial Assets	
2017										
Balance as of Jan 1, 2017	\$ 1,270,550	\$ 673,471	\$ 3,996	\$ 392,660	\$ 39,847	\$ 710,659	\$ 202,102	\$ -	\$ 121,155	\$ 3,414,440
Net profit (of this period)	-	-	-	-	-	210,019	-	-	-	210,019
Other comprehensive income (of this period) 6(13)	-	-	-	-	-	2,168	(37,987)	-	19,007	(16,812)
Total comprehensive income (of this period)	-	-	-	-	-	212,187	(37,987)	-	19,007	193,207
Distribution of 2016 earnings 6(12)										
Legal reserve	-	-	-	25,753	-	(25,753)	-	-	-	-
Cash dividend	-	-	-	-	-	(203,288)	-	-	-	(203,288)
Balance as of Dec. 31, 2017	\$ 1,270,550	\$ 673,471	\$ 3,996	\$ 418,413	\$ 39,847	\$ 693,805	\$ 164,115	\$ -	\$ 140,162	\$ 3,404,359
2018										
Balance as of Jan. 1, 2018	\$ 1,270,550	\$ 673,471	\$ 3,996	\$ 418,413	\$ 39,847	\$ 693,805	\$ 164,115	\$ -	\$ 140,162	\$ 3,404,359
Effect of retrospective application and retrospective restatement 12(4)	-	-	-	-	-	(3,437)	-	143,599	(140,162)	-
Balance restated after Jan 1	1,270,550	673,471	3,996	418,413	39,847	690,368	164,115	143,599	-	3,404,359
Net profit (this period)	-	-	-	-	-	205,800	-	-	-	205,800
Other comprehensive earnings (this period) 6(13)	-	-	-	-	-	3,082	(30,339)	(141,455)	-	(168,712)
Total comprehensive earning (this period)	-	-	-	-	-	208,882	(30,339)	(141,455)	-	37,088
2018 earning distribution 6(12)										
Legal reserve	-	-	-	21,002	-	(21,002)	-	-	-	-
Cash dividend	-	-	-	-	-	(203,288)	-	-	-	(203,288)
Balance as of Dec. 31, 2018	\$ 1,270,550	\$ 673,471	\$ 3,996	\$ 439,415	\$ 39,847	\$ 674,960	\$ 133,776	\$ 2,144	\$ -	\$ 3,238,159

Note: the remuneration awarded to the directors/supervisors and the employees by the board of directors in 2017 were \$9,451 and \$28,352, respectively; the remuneration awarded to the directors/supervisors and the employees by the board of directors in 2016 were \$11,589 and \$34,767, respectively, all of which has been accounted for in the combined financial statement

Please refer to the consolidated financial report in the later part of the book, as it forms part of the consolidated financial statement

Chairperson Huang, yu-ren
Manager: Yang, chi-chan
Head of accounting : Yen, chuan-mei

CREATIVE SENSOR INC.
Standalone Cash Flow Statement
January 1 to December 31, 2018 and 2017

Unit: NTD thousands

	Note	2018	2017
<u>Cash flow for operating activities</u>			
Pre-tax income (this period)		\$ 274,398	\$ 242,725
Adjusted item			
Income loss items			
Depreciation expenses	6(7)17)	6,601	6,023
Amortization expenses	6(17)	1,389	1,312
Expected credit impairment loss	12(2)	192	-
Net loss from financial asset or financial liability at fair value through profit or loss (interest)	6(2)(16)	51,786	(31,831)
Share of Profit of Associates Accounted for Using Equity Method		(168,425)	(48,720)
Interest revenue	6(15)	(849)	(502)
Dividend revenue	6(15)	(15,351)	(14,769)
Changes in operating related debt/asset			
net change in operating related assets			
Fair value through profit or loss financial assets		63,570	142,600
Accounts payable	(	105,750)	17,594
Accounts payable ó related party net	(	1,076)	584
Accounts payable ó related party	(	3,469)	741
Stock		174	(1,477)
Other current assets		2,057	765
Net changes in debt related to operating activities			
Note payable		-	(4,461)
Accounts payable		2,558	(467)
Accounts payable ó related party		211,755	(42,392)
Other accounts payable	(	24,479)	6,538
Other current debt		1,009	(5,691)
Cash flow generated by operating		296,090	268,572
Interest charged		849	477
Dividends charged		33,345	29,166
Income tax paid	(	24,727)	(42,538)
Net cash flow of operating activities		<u>305,557</u>	<u>255,677</u>
<u>Cash flow of investment activities</u>			
Acquisition of real property, plant and equipment	6(7)	(4,274)	(65)
Acquisition of intangible assets		(3,931)	(348)
decrease of refundable deposits		-	57
Other decrease (increase) of non-current assets		322	(470)
Net cash outflow of investment activities		(7,883)	(826)
<u>Cash flow of fundraising activities</u>			
Distribution of cash dividend	6(12)	(203,288)	(203,288)
Net cash outflow of fundraising activities		(203,288)	(203,288)
Increase in cash and cash equivalent (of this period)		94,386	51,563
Intitial balance of cash and cash equivalent		323,267	271,704
end balance of cash and cash equivalent		<u>\$ 417,653</u>	<u>\$ 323,267</u>

Please refer to the consolidated financial report in the later part of the book, as it forms part of the consolidated financial statement

Chairperson Huang, yu-ren

Manager: Yang, chi-chan

Head of accounting : Yen, chuan-mei

Creative Sensor Inc.

**Chart of comparison for amendments to the company's procedures for
acquisition or disposal of assets**

Article before amendment	Article after amendment	Explanation for amendment
<p>Clause III Scope of asset</p> <ol style="list-style-type: none"> 1. Omitted 2. real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment 3-4. Omitted 5. Right-of-use assets. 6. Claims of financial institutions (including receivables, bill purchased and discounted, loans and overdue receivables). 7. Derivatives. 8. Assets acquired or disposed of in connectino with mergers, demergers, acquisitions, or transfer of shares in accordance with laws 9. Other major assets. 	<p>Clause III Scope of asset</p> <ol style="list-style-type: none"> 1. Omitted 2. real property (including land, houses and buildings, investment property, land right-of-use and construction enterprise inventory) and equipment 3-4. Omitted 5. Claims of financial institutions (including receivables, bill purchased and discounted, loans and overdue receivables). 6. Derivatives. 7. Assets acquired or disposed of in connectino with mergers, demergers, acquisitions, or transfer of shares in accordance with laws 8. Other major assets. 	<ol style="list-style-type: none"> 1. In accordance with IFRS 16 ó leases, paragraph 5 is added to expand on the scope of right-of-use assets, and the land right-of-use currently in paragraph 2 is moved to paragraph 5. 2. Paragraphs 5-8 have now become paragraphs 6-9.
<p>Four</p> <ol style="list-style-type: none"> 1. Derivatives: Forward contracts, options contracts, future contracts, leverage contracts or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variables; or hybrid contracts combining the above contracts; or hybrid or structure products containing embedded derivatives. The term "forward contracts" does not include 	<p>Four</p> <ol style="list-style-type: none"> 1. Derivatives: Forward contracts, options contracts, future contracts, leverage contracts or swap contracts, whose value is derived from a financial instrument price, commodity price, foreign exchange rate, index of prices or rates, or other variables; or hybrid contracts combining the above contracts; or hybrid or structure products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase 	<ol style="list-style-type: none"> 1. In accordance with IFRS 9 ó financial instruments, paragraph 1 is amended, where the scope of the derivative is amended. 2. In accordance with the amendments of the Company Act, "paragraph 6 of Article 156" referred to in subparagraph 2 is amended to "Article 156-3" 3. subparagraph 7 is added in accordance with the law adding definition for investment professionals 4. to clearly define domestic and international securities exchange and OTCs to facilitate company compliance, subparagraphs 8 and 9 are added, to clearly define the scope of domestic and

Article before amendment	Article after amendment	Explanation for amendment
<p>insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales contracts).</p> <p>2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: refers to assets required or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisition Act, or to transfer shares from another company through issuance of new shares of its own as the consideration thereof (hereinafter "transfer of shares") under Article 156-3 of the Company Act.</p> <p>3-6. Omitted</p> <p>7. Investment professional: refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating a proprietary trading or underwriting business, future commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies that are lawfully incorporated and are regulated by the competent</p>	<p>(sales contracts).</p> <p>2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.</p> <p>3-6 omitted.</p> <p>7. "Within the preceding year" used herein refers to the year preceding the date of the occurrence of the current transaction. Length of time that has been publically announced need not be counted in the calculation thereof.</p>	<p>international securities exchange and OTCs.</p> <p>8. The Financial Holding Company Act and the Financial Merger Law is applicable to the financial industry, not the company, and the definitions are hence removed.</p> <p>The current subparagraphs 7-8 are shifted to subparagraphs 10-11.</p>

Article before amendment	Article after amendment	Explanation for amendment
<p>authorities of the jurisdiction where they are located.</p> <p>8. Exchange corporation: ÷foreign securities exchangeö refers to any organized securities exchange market that is regulated by the competent authorities of the jurisdiction where it is located.</p> <p>9. Over-the-counter venue (OTC venues/OTC): ÷domestic OTC venueö refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; ÷foreign OTC venuesö refers to a venue at a financial institution that is regulated by the foreign competent authority and is permitted to conduct securities business.</p> <p>10. ÷Within the preceding yearö used herein refers to the year preceding the date of the occurrence of the current transaction. Length of time that has been publically announced need not be counted in the calculation thereof.</p> <p>11. ÷The most recent financial reportö used herein refers to the company's financial report prior to acquisition or disposal of asset that has been openly certified or reviewed by a CPA</p>	<p>8. ÷The most recent financial reportö used herein refers to the company's financial report prior to acquisition or disposal of asset that has been openly certified or reviewed by a CPA in accordance with law.</p>	

Article before amendment	Article after amendment	Explanation for amendment
in accordance with law.		
<p>Six Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <ol style="list-style-type: none"> 1. May not have previously received a final and un-appealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received. 2. May not be a related party or de facto related party of any party to the transaction. 3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other. <p>When issuing an appraisal</p>	<p>Six Appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not come from professional appraisers, certified public accounts, attorneys, securities underwriters provide to the company is not related to the transaction and not a related party to the company.</p>	<ol style="list-style-type: none"> 1. Note on professional appraisers, certified public accounts, attorneys, securities underwriters used by a public company is incorporated into these procedures; refer to the Securities Exchange Act regarding revoking of qualification as a director, supervisor or manager. And the Regulations Governing the Offering and Issuance of Securities by Securities Issuers with regards to principle of faith for issuers and the persons responsible. 2. Clarify the responsibility of external experts; refer to Article 9 of Regulations Governing the Preparation of Financial Reports by Securities Issuers regarding the evaluation on the reasonableness of the accountant's opinion on investment of real property; paragraph 2 is added to clearly define the evaluation, review and declaration on appraisal report or opinion from experts

Article before amendment	Article after amendment	Explanation for amendment
<p>report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <ol style="list-style-type: none"> 1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. 2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers. 3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion. 4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations. 		

Article before amendment	Article after amendment	Explanation for amendment
<p>Seven</p> <p>Procedures for processing the acquisition or disposal of real property or equipment</p> <p>1. Evaluation and operating procedures</p> <p>The acquisition or disposal of real property or right-of-use assets thereof and equipment by the company shall be processed in accordance with the company's internal control system for real property cycle operations.</p> <p>2. Procedures to determine transaction criteria and degree of authority delegated</p> <p>(i) The acquisition or disposal of real property or right-of-use assets thereof shall refer to publically announced current value, and appraised value, and actual transaction price for neighboring real property. Negotiated transaction terms and price for real property valued at NT\$100 million (inclusive) and below shall require approval from the chairperson, and shall be reported at the next board of directors meeting. Approval from the board of directors is required for transactions over NT\$100 million.</p> <p>(ii) The acquisition or disposal of equipment or right-of-use assets thereof shall be either through price inquiry, price comparison, price negotiation or bidding, and the degree of authority delegated shall be in accordance with the authority delegation chart as described in the company's rules and regulations.</p> <p>(iii) With respect to the</p>	<p>Seven</p> <p>Procedures for processing the acquisition or disposal of real property or equipment</p> <p>1. Evaluation and operating procedures</p> <p>The acquisition or disposal of real property and equipment by the company shall be processed in accordance with the company's internal control system for real property cycle operations.</p> <p>2. Procedures to determine transaction criteria and degree of authority delegated</p> <p>(i) The acquisition or disposal of real property shall refer to publically announced current value, and appraised value, and actual transaction price for neighboring real property. Negotiated transaction terms and price for real property valued at NT\$ 100 million (inclusive) and below shall require approval from the chairperson, and shall be reported at the next board of directors meeting. Approval from the board of directors is required for transactions over NT\$100 million.</p> <p>(ii) The acquisition or disposal of equipment shall be either through price inquiry, price comparison, price negotiation or bidding, and the degree of authority delegated shall be in accordance with the authority delegation chart as described in the company's rules and regulations.</p> <p>(iii) With respect to the company's acquisition or disposal of assets that is subject to the approval of the board of directors under the company's procedures or</p>	<p>1. In Accordance with IFRS 16 ó lease, Article 1, paragraph 1 and 2 of Article 2, Articles 3 and 4 incorporate the right-of-use in to these procedures.</p> <p>2. The competent authorities described in paragraph 4 refers to the Taiwanese central and local governments, mainly in consideration of the transaction taking place between the company with the central or local government agencies may require bidding and auction in accordance with related regulations, and the possibility of price manipulation is less likely, thus is exempted from needing a professional opinion. As for transaction with foreign government agencies, as the related regulations and price negotiation mechanism is unclear, and is not in the scope of exemption under this paragraph, thus paragraph 4 is amended to clearly define only Taiwanese government agencies.</p> <p>3. Discretionary adjustments are made to subparagraph 1, paragraph 4, and subparagraph 3, paragraph 2.</p>

Article before amendment	Article after amendment	Explanation for amendment
<p>company's acquisition or disposal of assets that is subject to the approval of the board of directors under the company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor. Where the position of independent director has been created, when a transaction involving the acquisition or disposal of assets is submitted 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 objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>3. Unit responsible for implementation After the degree of authority delegated is determined as described in the previous paragraph, the company's asset management unit or financial management unit shall be responsible for the acquisition or disposal of the real property or equipment or right-of-use assets thereof.</p> <p>4. Evaluation report for real property or equipment In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency,</p>	<p>other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor. Where the position of independent director has been created, when a transaction involving the acquisition or disposal of assets is submitted 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 objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>3. Unit responsible for implementation After the degree of authority delegated is determined as described in the previous paragraph, the company's asset management unit or financial management unit shall be responsible for the acquisition or disposal of the real property or equipment.</p> <p>4. Evaluation report for real property or equipment In acquiring or disposing of real property, equipment, where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following</p>	

Article before amendment	Article after amendment	Explanation for amendment
<p>engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(i) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>(The following are omitted)</p>	<p>provisions:</p> <p>(i) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>(The following are omitted)</p>	
<p>Nine</p> <p>Transaction with related party</p> <p>1. Omitted</p> <p>2. Procedures for appraisal and implementation</p> <p>When the company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$ 300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of</p>	<p>Nine</p> <p>Transaction with related party</p> <p>1. Omitted</p> <p>2. Procedures for appraisal and implementation</p> <p>When the company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter</p>	<p>1. In accordance with IFRS 16 ó leases, this Article is amended to incorporate the right-of-use</p> <p>2. The government bond in paragraph 2 refers to domestic government bond government bonds refers to domestic government bonds, in consideration that the bond from the Taiwanese central government is clear and easy to enquire after, and thus is exempted from requiring approval from the board of directors and recognition from the supervisors. Bonds from foreign governments are highly varied and are not exempted by this Article which only clearly defines domestic government bonds.</p> <p>3. Amended the referenced Article number.</p>

Article before amendment	Article after amendment	Explanation for amendment
<p>money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:</p> <p>(i) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets or right-of-use assets thereof</p> <p>(ii) The reason for choosing the related party as transaction counterparty.</p> <p>(iii) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with paragraph 4 of this Article.</p> <p>(iv) - (vii) Omitted.</p> <p>Where the position of independent director has been created, when a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to subparagraph 8, paragraph 1 the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting</p> <p>3. Where the real property right-of-use assets for business use are acquired by the company with its subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the board of</p>	<p>into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:</p> <p>(i) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(ii) The reason for choosing the related party as transaction counterparty.</p> <p>(iii) With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with paragraph 3 of this Article.</p> <p>(iv) - (vii) Omitted.</p> <p>Where the position of independent director has been created, when a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to the subparagraph 8, paragraph 1, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting</p> <p>3. Evaluation on the reasonableness of the transaction costs</p> <p>(i) The reasonableness of transaction cost for acquisition of real property by the company from a related party shall be in accordance with the following:</p> <p>A. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be</p>	<p>4. in consideration of a public company with its parent and subsidiaries, or subsidiaries where it directly or indirectly hold 100% of the shares, due to overall business planning, and the need and demand for retransfer of group procurement or leasing of equipment for business use (sales or sublease), or possibility of leasing and subleasing, and with the lower risk in such transactions, paragraph 3 is added to relax the standard for the company to acquire or dispose of equipment for business use. The chairperson is authorized to proceed in the acquisition or disposal thereof and ratify the action after the fact.</p> <p>5. the current paragraph 3 becomes paragraph 4.</p> <p>6. In accordance with the actual operation of leasing plant and other real properties, the acquisition of right-of-use assets with related party is relaxed, and shall use the transaction price of neighboring areas by unrelated party in the preceding year as the reasonable reference for calculation of transaction price. The current subparagraph 4-1(3) of paragraph 4 is incorporated into subparagraph 4-1(2), and leases are also added as examples of transactions.</p> <p>7. As stated in 4: explanations, sub-subparagraph 4, subparagraph 6, paragraph 4 is added, removing the provision for evaluating the reasonableness of said</p>

Article before amendment	Article after amendment	Explanation for amendment
<p>directors may pursuant to subparagraph 2, paragraph 7, delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting</p> <p>A. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>B. Acquisition or disposal of real property right-of-use assets held for business use.</p> <p>4.. Evaluation on the reasonableness of the transaction costs</p> <p>(i) The reasonableness of transaction cost for acquisition of real property or right-of-use thereof by the company from a related party shall be in accordance with the following: (omitted)</p> <p>(ii) Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>(iii) Acquisition of real property or right-of-use thereof from a related party and appraisal of the cost of the real property in accordance with the preceding two subparagraphs shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>(iv) When the results of the company's appraisal conducted in accordance with subparagraph 1 paragraph 4 and paragraph 2 are uniformly lower than the transaction price, the matter shall be handled in compliance</p>	<p>higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>B. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.</p> <p>(ii) Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>(iii) Acquisition of real property from a related party and appraisal of the cost of the real property in accordance with the preceding two subparagraphs shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>(iv) When the results of the company's appraisal conducted in accordance with subparagraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with subparagraph 5, paragraph 3 of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not</p>	<p>transaction based on subparagraphs 1-3 of paragraph 4, and there is also no need for the reasonableness of subparagraph 4, paragraph 4, and the special reserve described in subparagraph 5, paragraph 4.</p>

Article before amendment	Article after amendment	Explanation for amendment
<p>with subparagraph 5, paragraph 4 of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>A. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>a. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>b. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.</p> <p>c. Removed</p>	<p>apply:</p> <p>A. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>a. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>b. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.</p> <p>c. Lease of other floors of the same property by unrelated party within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.</p> <p>B. Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a</p>	

Article before amendment	Article after amendment	Explanation for amendment
<p>B. Completed transactions or leasing involving neighboring or closely valued parcels of land or right-of-use assets thereof in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.</p> <p>(v) When the company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with subparagraph 1 and 2, paragraph 4 of this Article are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>A. A special reserve shall be set aside in accordance with paragraph 1, Article 41 of the Securities Exchange Act against the difference between the real property transaction or lease price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the company uses the equity method to account for its investment in another company, then the special reserve called for under paragraph 1, Article 41 of the Securities Exchange Act shall be set aside pro rata in a proportion</p>	<p>distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.</p> <p>(v) When the company acquires real property from a related party and the results of appraisals conducted in accordance with subparagraph 1 and 2, paragraph 3 of this Article are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>A. A special reserve shall be set aside in accordance with paragraph 1, Article 41 of the Securities Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the company uses the equity method to account for its investment in another company, then the special reserve called for under paragraph 1, Article 41 of the Securities Exchange Act shall be set aside pro rata in a proportion consistent with the share of the company's equity stake in the other company.</p> <p>B-C. Omitted</p> <p>The company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased, or they have been disposed of, or adequate compensation has been made, or</p>	

Article before amendment	Article after amendment	Explanation for amendment
<p>consistent with the share of the company's equity stake in the other company.</p> <p>The company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>B-C. Omitted</p> <p>(vi) Where the company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with paragraphs 1 and 2 of this article, and subparagraphs 1-3, paragraph 4 of this Article do not apply:</p> <p>A. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.</p> <p>B. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or the right-of-use assets thereof to the signing date for the current transaction.</p> <p>C. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build</p>	<p>the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>(vi) Where the company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with paragraphs 1 and 2 of this article, and subparagraphs 1-3, paragraph 3 of this Article do not apply:</p> <p>A. The related party acquired the real property through inheritance or as a gift.</p> <p>B. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.</p> <p>C. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.</p> <p>(vii) Where the company obtains real property from a related party, it shall also comply with subparagraph 5, paragraph 3 of this Article if there is other evidence indicating that the acquisition was not an arm's length transaction.</p>	

Article before amendment	Article after amendment	Explanation for amendment
<p>real property, either on the company's own land or on rented land.</p> <p>D. Acquisition or disposal of real property right-of-use assets held for business use by the company's subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in which the company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.</p> <p>(vii) Where the company obtains real property or right-of-use assets thereof from a related party, it shall also comply with subparagraph 5, paragraph 4 of this Article if there is other evidence indicating that the acquisition was not an arm's length transaction.</p>		

Article before amendment	Article after amendment	Explanation for amendment
<p>Eleven Procedures for processing intangible assets</p> <p>1. Evaluation and operating procedures</p> <p>The acquisition or disposal of intangible assets or right-of-use assets thereof by the company shall be processed in accordance with the company's internal control system for fixed assets cycle operations.</p> <p>2. Procedures to determine transaction criteria and degree of authority delegated</p> <p>(i) The acquisition or disposal of intangible assets or right-of-use assets thereof shall refer to appraisal report from experts or fair market value, where the negotiated transaction terms and prices for the acquisition or disposal of intangible assets or right-of-use assets thereof shall be submitted to the board and directors and approved.</p> <p>(ii) omitted</p> <p>3. Unit responsible for implementation After the degree of authority delegated is determined as described in the previous paragraph, the company's financial management unit and department utilizing the asset or right-of-use assets thereof shall be responsible for the implementation thereof. .</p> <p>4. Expert evaluation report and opinions for intangible assets In acquisition or disposal of intangible assets or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless</p>	<p>Eleven Procedures for processing intangible assets</p> <p>1. Evaluation and operating procedures</p> <p>The acquisition or disposal of intangible assets by the company shall be processed in accordance with the company's internal control system for fixed assets cycle operations.</p> <p>2. Procedures to determine transaction criteria and degree of authority delegated</p> <p>(i) The acquisition or disposal of intangible assets shall refer to appraisal report from experts or fair market value, where the negotiated transaction terms and prices for the acquisition or disposal of intangible assets shall be submitted to the board and directors and approved.</p> <p>(ii) omitted</p> <p>3. Unit responsible for implementation After the degree of authority delegated is determined as described in the previous paragraph, the company's financial management unit and department utilizing the asset shall be responsible for the implementation thereof. .</p> <p>4. Expert evaluation report and opinions for intangible assets In acquisition or disposal of intangible assets where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a government agency, shall obtain an appraisal report prior to the date of occurrence of the event from a professional accountant and shall further engage a certified</p>	

Article before amendment	Article after amendment	Explanation for amendment
<p>transacting with a domestic government agency, shall obtain an appraisal report prior to the date of occurrence of the event from a professional accountant and shall further engage a certified public accountant to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price</p> <p>5. The calculation of the transaction amounts referred to in the preceding paragraphs shall be done in accordance with subparagraph 8, paragraph 1, Article 15 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p>	<p>public accountant to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price</p> <p>5. The calculation of the transaction amounts referred to in the preceding paragraphs shall be done in accordance with subparagraph 5, paragraph 1, Article 15 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p>	

Article before amendment	Article after amendment	Explanation for amendment
<p>Thirteen</p> <p>Procedures for processing the acquisition or disposal of derivatives</p> <p>1. Transaction principle and direction</p> <p>In principle, the company engages in transaction of derivatives with the objective of avoiding operational risks, and the personnel responsible shall carefully evaluate the possible risks the company may face, and engage in derivative transaction to avoid risks, and shall also fully grasp the possible risks generated from derivative transactions.</p> <p>A. Type of derivatives</p> <p>Derivatives refers to contracts that has their values derive from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives (such as forward contracts, options, futures, or from a combination thereof). The forward contracts described in these procedures do not include insurance contracts, performance bonds, after-sales</p>	<p>Thirteen</p> <p>Procedures for processing the acquisition or disposal of derivatives</p> <p>1. Transaction principle and direction</p> <p>In principle, the company engages in transaction of derivatives with the objective of avoiding operational risks, and the personnel responsible shall carefully evaluate the possible risks the company may face, and engage in derivative transaction to avoid risks, and shall also fully grasp the possible risks generated from derivative transactions.</p> <p>A. Type of derivatives</p> <p>Derivatives refers to contracts that has their values derive from an asset, interest rate, exchange rate, stock price, index or the profits thereof (such as forward contracts, options, futures, or from a combination thereof). The forward contracts described in these procedures do not include insurance contracts, performance bonds, after-sales service, long-term lease contracts and long-term import (sales) contract.</p> <p>B-F. Omitted</p>	<p>1. In accordance with IFRS 9 ó financial instruments, the wordings for the scope of the derivatives in this procedures are adjusted.</p> <p>2. In reference to the spirit of article 15 ó implementation of audit operation - of the Regulations Governing Establishment of Internal Control Systems by Public Companies, subparagraph 3, paragraph 1 is amended, to clearly state that independent directors shall be notified in writing for major violations due to derivatives.</p> <p>3. The wording of subparagraph 1, paragraph 4 is adjusted.</p>

Article before amendment	Article after amendment	Explanation for amendment
<p>service, long-term lease contracts and long-term import (sales) contract.</p> <p>B-F. Omitted</p> <p>2. Omitted</p> <p>3. Internal auditing mechanisms</p> <p>A. Internal audit personnel shall regularly understand the fairness of the internal control for derivatives, shall review the state of compliance by the transacting department when processing derivative transactions and analyze the transaction cycles on a monthly basis, and submit the results as an audit report. The personnel shall notify the supervisors in writing if a major violation is discovered. If the company has created independent directors, said directors shall also be notified in writing.</p> <p>B. Omitted</p> <p>4. Methods for regular evaluations</p> <p>A. The board of directors shall authorize high level management personnel to monitor and evaluate on a regular basis whether derivative transactions are properly carried out in accordance with the transaction procedures as drafted by the company, and whether the risks undertaken are within the</p>	<p>2. Omitted</p> <p>3. Internal auditing mechanisms</p> <p>A. Internal audit personnel shall regularly understand the fairness of the internal control for derivatives, shall review the state of compliance by the transacting department when processing derivative transactions and analyze the transaction cycles on a monthly basis, and submit the results as an audit report. The personnel shall notify the supervisors in writing if a major violation is discovered.</p> <p>B. Omitted</p> <p>4. Methods for regular evaluations</p> <p>A. The board of directors shall authorize high level management personnel to monitor and evaluate on a regular basis whether derivative transactions are properly carried out in accordance with the transaction procedures as drafted by the company, and whether the risks undertaken are within the acceptable limits. Irregularities in the market price evaluation report</p>	

Article before amendment	Article after amendment	Explanation for amendment
<p>acceptable limits. Irregularities in the market price evaluation report (such as the held position has exceeded the maximum acceptable loss) are to be immediately reported to the board of directors and the necessary responsive measures are to be taken.</p> <p>B. Positions held by derivatives shall be evaluated at least once a week, except where the operation involves hedging transactions which shall be evaluated at least twice a month, and the evaluation report shall be submitted to high level management personnel authorized by the board of directors.</p> <p>(The following are omitted)</p>	<p>(such as the held position has exceeded the maximum acceptable loss) are to be immediately reported to the board of directors and the necessary responsive measures are to be taken.</p> <p>B. Positions held by derivatives shall be evaluated at least once a week, except where the operation involves hedging transactions which shall be evaluated at least twice a month, and the evaluation report shall be submitted to high level management personnel authorized by the board of directors.</p> <p>(The following are omitted)</p>	

Article before amendment	Article after amendment	Explanation for amendment
<p>Fifteen</p> <p>procedures for public disclosure of information</p> <p>1. Matters to be publically announced and standards thereof:</p> <p>A. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>B. (omitted)</p> <p>C. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p>D. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the</p>	<p>Fifteen</p> <p>procedures for public disclosure of information</p> <p>1. Matters to be publically announced and standards thereof:</p> <p>A. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>B. (omitted)</p> <p>C. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p>D. Where equipment for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party,</p>	

Article before amendment	Article after amendment	Explanation for amendment
<p>transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <p>(i) For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.</p> <p>(ii) For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.</p> <p>E. Acquisition or disposal by the company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million; among such cases, if the public company has paid-in capital of NT\$10 billion or more, and it is disposing of real property from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NT\$1 billion or more.</p> <p>F. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to</p>	<p>and the transaction amount meets any of the following criteria:</p> <p>(i) For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.</p> <p>(ii) For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.</p> <p>E. Acquisition or disposal by a public company in the construction business of real property for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million.</p> <p>F. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction reaches NT\$500 million.</p>	

Article before amendment	Article after amendment	Explanation for amendment
<p>build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, where the transaction counterparty is an unrelated party, and the amount the company expects to invest in the transaction reaches NT\$500 million.</p> <p>G. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>(i) Trading of domestic government bonds.</p> <p>(ii) Where done by professional investors securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures</p>	<p>G. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>(i) Trading of government bonds.</p> <p>(ii) Where done by professional investors securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics that are offered and issued in the primary market, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the</p>	

Article before amendment	Article after amendment	Explanation for amendment
<p>trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>(iii) omitted</p> <p>H. the method of calculation for the amount of the transaction described in the preceding paragraphs is as follows, where "within the preceding year" refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>(i) - (ii) omitted</p> <p>(iii) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.</p> <p>(the following are omitted)</p>	<p>rules of the Taipei Exchange.</p> <p>(iii) omitted</p> <p>H. the method of calculation for the amount of the transaction described in the preceding paragraphs is as follows, where "within the preceding year" refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>(i) - (ii) omitted</p> <p>(iii) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property within the same development project within the preceding year.</p> <p>(the following are omitted)</p>	
<p>Nineteen Dates of amendments These procedures were drafted on June 20, 2003 These procedures were</p>	<p>Nineteen Dates of amendments These procedures were drafted on June 20, 2003 These procedures were amended</p>	<p>Added and changed number and dates of amendments.</p>

Article before amendment	Article after amendment	Explanation for amendment
<p>amended for the first time on June 14, 2006. These procedures were amended for the second time on June 21, 2007. These procedures were amended for the third time on June 13, 2011. These procedures were amended for the fourth time on June 12, 2014. These procedures were amended for the fifth time on June 15, 2016. These procedures were amended for the sixth time on June 15, 2007. These procedures were amended for the seventh time on June 20, 2007.</p>	<p>for the first time on June 14, 2006. These procedures were amended for the second time on June 21, 2007. These procedures were amended for the third time on June 13, 2011. These procedures were amended for the fourth time on June 12, 2014. These procedures were amended for the fifth time on June 15, 2016. These procedures were amended for the sixth time on June 15, 2007.</p>	

Creative Sensor Inc.

Chart of comparison for amendments to procedures for loaning of funds to another party

Article after amendment	Article after amendment	Exaplantion for amendment
<p>Four The aggregate amount of loans and the maximum amount permitted to a single borrowing party 1-3 omitted 4. When a responsible person of a company violates paragraph 1 or the proviso of the preceding paragraph, the responsible person shall bear joint and several liability with the borrower for repayment; if the company suffers damage, the responsible person also shall be liable for damages.</p>	<p>Four The aggregate amount of loans and the maximum amount permitted to a single borrowing party 1-3 omitted 4. added</p>	<p>Article four is added in accordance with paragraph 2, Article 14 of the Company Act.</p>
<p>Nine Procedures for public announcement and report 1. Omitted 2. Where the company's loans of funds reach one of the following levels, the company shall announce and report such event within two days commencing immediately from the date of occurrence. The Date of occurrence in these procedures means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the loan counterparty and monetary amount of the loan of funds or endorsement/guarantee, whichever date is earlier: (the following are omitted)</p>	<p>Nine Procedures for public announcement and report 1. Omitted 2. Where the company's loans of funds reach one of the following levels, the company shall announce and report such event within two days commencing immediately from the date of occurrence. The Date of occurrence in these procedures means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the loan of funds or endorsement/guarantee, whichever date is earlier: (the following are omitted)</p>	<p>Disretionary amendment made in consideration of the loan that is not of a transactional nature.</p>
<p>Ten The company shall prepare a memorandum</p>	<p>Ten The company shall prepare a</p>	<p>To strengthen corporate</p>

Article after amendment	Article after amendment	Exaplantion for amendment
<p>book for its fund-loaning activities and truthfully record the following information: borrower, amount, date of approval by the board of directors, lending/borrowing date, and matters to be carefully evaluated under paragraph 1 of the preceding Article.</p> <p>The company's internal auditors shall audit the Operational Procedures for Loaning Funds to Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify all the supervisors and independent directors in writing of any material violation found.</p>	<p>memorandum book for its fund-loaning activities and truthfully record the following information: borrower, amount, date of approval by the board of directors, lending/borrowing date, and matters to be carefully evaluated under paragraph 1 of the preceding Article.</p> <p>The company's internal auditors shall audit the Operational Procedures for Loaning Funds to Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify all the supervisors in writing of any material violation found.</p>	<p>governance, paragraph 2 of Article eleven is amended.</p>
<p>Eleven</p> <p>If, as a result of a change in circumstances, an entity for which an endorsement/guarantee is made does not meet the requirements of these Regulations or the loan balance exceeds the limit, a public company shall adopt rectification plans and submit the rectification plans to all the supervisors and independent supervisor, and shall complete the rectification according to the timeframe set out in the plan.</p>	<p>Eleven</p> <p>If, as a result of a change in circumstances, an entity for which an endorsement/guarantee is made does not meet the requirements of these Regulations or the loan balance exceeds the limit, a public company shall adopt rectification plans and submit the rectification plans to all the supervisors, and shall complete the rectification according to the timeframe set out in the plan.</p>	<p>To strengthen corporate governance, Article eleven is amended.</p>
<p>Sixteen</p> <p>Implementation</p> <p>These procedures and any amendments hereto, shall be passed by the board of directors, delivered to all supervisors, and submitted to the shareholdersø meeting. If a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor.</p> <p>Where the position of independent director has been created, when a transaction involving the acquisition or disposal of assets is submitted 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 objects to or expresses reservations about any matter, it shall be recorded in the minutes of</p>	<p>Sixteen</p> <p>Implementation</p> <p>These procedures, and any amendments hereto, shall be passed by the board of directors, delivered to all supervisors, and submitted to the shareholdersø meeting</p>	<p>To strengthen corporate governance, Article sixteen is amended, and paragraph 2 is added.</p>

Article after amendment	Article after amendment	Exaplantion for amendment
the board of directors meeting.		
<p>Seventeen Dates of amendments These procedures were drafted on June 20, 2003 These procedures were amended for the first time on June 7, 2004. These procedures were amended for the second time on June 16, 2009. These procedures were amended for the third time on June 25, 2000. These procedures were amended for the fourth time on June 11, 2013. These procedures were amended for the fifth time on June 25, 2019.</p>	<p>Seventeen Dates of amendments These procedures were drafted on June 20, 2003 These procedures were amended for the first time on June 7, 2004. These procedures were amended for the second time on June 16, 2009. These procedures were amended for the third time on June 25, 2000. These procedures were amended for the fourth time on June 11, 2013.</p>	<p>Added and changed the number and date of amendments.</p>

Creative Sensor Inc.

Chart of comparison for amendments to procedures for making endorsements/guarantees

Article after amendment	Article before amendment	Explanation for amendment
<p>Six Time limit and details for public announcement and reporting The company shall publically announce and report the previous month's balance of the company and its subsidiaries before the 10th day of every month. Where the amount of company's guarantee/endorsement reaches one of the following levels, the company shall announce and report such event within two days commencing immediately from the date of occurrence. The Date of occurrence in these procedures means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the guarantee/endorsement counterparty and monetary amount of the loan of funds or endorsement/guarantee, whichever date is earlier:</p> <ol style="list-style-type: none"> 1. The aggregate balance of guarantee/endorsement from the company and its subsidiaries reaches 50% or more of the company's net worth as stated in its latest financial statement. 2. The balance of guarantee/endorsement from the company and its subsidiaries to a single enterprise reaches 20% or more of the company's net worth as stated in its latest financial statement. 3. The amount of guarantee/endorsement 	<p>Six Time limit and details for public announcement and reporting The company shall publically announce and report the previous month's balance of the company and its subsidiaries before the 10th day of every month. Where the amount of company's guarantee/endorsement reaches one of the following levels, the company shall announce and report such event within two days commencing immediately from the date of occurrence. The Date of occurrence in these procedures means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the loan of funds or endorsement/guarantee, whichever date is earlier:</p> <ol style="list-style-type: none"> 1. The aggregate balance of guarantee/endorsement from the company and its subsidiaries reaches 50% or more of the company's net worth as stated in its latest financial statement. 2. The balance of guarantee/endorsement from the company and its subsidiaries to a single enterprise reaches 20% or more of the company's net worth as stated in its latest financial statement. 3. The amount of guarantee/endorsement 	<ol style="list-style-type: none"> 1. discretionary wording adjustment in consideration of making of guarantees/endorsements are not of a transactional nature. 2. Clearly define the definition of long-term investments.

Article after amendment	Article before amendment	Explanation for amendment
<p>from the company or its subsidiaries reaches NT\$10 million or more. The aggregate total of the carrying value of equity method investments and the loaning of funds to others and is 30% or more of the company's net worth as stated in its latest financial statement.</p> <p>4. The amount of new guarantees/endorsements made by the company or its subsidiary reaches NT\$30 million and is 5% of more of the company's net worth as stated in its latest financial statement.</p> <p>The company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraph 3 of the preceding paragraph.</p>	<p>from the company or its subsidiaries reaches NT\$10 million or more. The aggregate total of long-term investments and the loaning of funds to others and is 30% or more of the company's net worth as stated in its latest financial statement.</p> <p>4. The amount of new guarantees/endorsements made by the company or its subsidiary reaches NT\$30 million and is 5% of more of the company's net worth as stated in its latest financial statement.</p> <p>The company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraph 3 of the preceding paragraph.</p>	
<p>Seven</p> <p>Note for processing guarantees/endorsements</p> <p>5. The company's internal auditors shall audit the Operational Procedures for Endorsements/Guarantees for Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify all the supervisors and independent directors in writing of any material violation found.</p>	<p>Seven</p> <p>Note for processing guarantees/endorsements</p> <p>5. The company's internal auditors shall audit the Operational Procedures for Endorsements/Guarantees for Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify all the supervisors in writing of any material violation found.</p>	<p>To corporate governance, paragraph 5 of Article seven is amended</p>

Article after amendment	Article before amendment	Explanation for amendment
<p>Eight</p> <p>Procedures for making guarantees/endorsements</p> <p>1. Where the company is making guarantees/endorsements, it shall evaluate the risks, and shall only proceed upon approval from the board of directors. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. When it is deemed necessary by the company, the board of directors shall authorize the chairperson to make the decision within the set amount, and submit the to the board of directors for ratification after the fact, as well as report the process and related matters to the shareholders' meeting for future reference. Where the company needs to exceed the limits set out in the Operational Procedures for Endorsements/Guarantees to satisfy its business requirements, and where the conditions set out in the Operational Procedures for Endorsements/Guarantees are complied with, it shall obtain approval from the board of directors and half or more of the directors shall act as joint guarantors for any loss that may be caused to the company by the excess endorsement/guarantee. It shall also amend the Operational Procedures for Endorsements/Guarantees accordingly and submit the same to the shareholders' meeting for ratification after the fact. If the shareholders' meeting does not give consent, the company shall adopt a plan to discharge the amount in excess within a given time limit. During a discussion, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>2. When the guarantee/endorsement is made or cancelled, the finance department shall submit the matter for approval, detailing the names of the entity for which the guarantee/endorsement is made, the matter under guarantee/endorsement, the amount</p>	<p>Eight</p> <p>Procedures for making guarantees/endorsements</p> <p>1. Where the company is making guarantees/endorsements, it shall evaluate the risks, and shall only proceed upon approval from the board of directors. When it is deemed necessary by the company, the board of directors shall authorize the chairperson to make the decision within the set amount, and submit the to the board of directors for ratification after the fact, as well as report the process and related matters to the shareholders' meeting for future reference. Where the company needs to exceed the limits set out in the Operational Procedures for Endorsements/Guarantees to satisfy its business requirements, and where the conditions set out in the Operational Procedures for Endorsements/Guarantees are complied with, it shall obtain approval from the board of directors and half or more of the directors shall act as joint guarantors for any loss that may be caused to the company by the excess endorsement/guarantee. It shall also amend the Operational Procedures for Endorsements/Guarantees accordingly and submit the same to the shareholders' meeting for ratification after the fact. If the shareholders' meeting does not give consent, the company shall adopt a plan to discharge the amount in excess within a given time limit.</p> <p>2. When the guarantee/endorsement is made or cancelled, the finance department shall submit the matter for approval, detailing the names of the entity for which the guarantee/endorsement is made, the matter under guarantee/endorsement, the amount and terms of release from the responsibilities of the guarantee/endorsement, dates, etc., and submit to the chairperson for review. Based on the nature of the matter under guarantee, the finance department shall determine to enter the matter in account or register it on the guarantee/endorsement registration book. The finance department shall also make monthly public announcements on information for the and publically announce and report in</p>	<p>1. The wording of paragraph 1, Article eight is adjusted in accordance with Article 14-3 of the Securities Exchange Act.</p> <p>2. To strengthen corporate governance, paragraph 4 of Article eight is amended.</p>

Article after amendment	Article before amendment	Explanation for amendment
<p>and terms of release from the responsibilities of the guarantee/endorsement, dates, etc., and submit to the chairperson for review. Based on the nature of the matter under guarantee, the finance department shall determine to enter the matter in account or register it on the guarantee/endorsement registration book. The finance department shall also make monthly public announcements on information for the guarantees/endorsements within the described timeframe to the competent securities authorities in accordance with regulations.</p> <p>3. Where the company requires guarantee from a related enterprise, or are acting as guarantors for each other, the terms shall be drafted by a lawyer or the finance department, issued as a letter upon approval from the chairperson, recorded and followed up.</p> <p>4. Where change in circumstance leads to the entity for which the guarantee/endorsement is made does not meet the provision of these procedures, or where the amount is exceeded appropriate improvement plans shall be made, and said plans shall be delivered to the various supervisors and the independent directors. The improvement shall be completed within the prescribed timeframe and reported to the board of directors.</p> <p>5. The subsidiaries shall make guarantees/endorsements based on these regulations, and the company shall incorporate the procedures related to making of guarantees/endorsements by the subsidiary, and publically announce and report in accordance with provision of Article six.</p>	<p>accordance with provision of Article six.</p> <p>3. Where the company requires guarantee from a related enterprise, or are acting as guarantors for each other, the terms shall be drafted by a lawyer or the finance department, issued as a letter upon approval from the chairperson, recorded and followed up.</p> <p>4. Where change in circumstance leads to the entity for which the guarantee/endorsement is made does not meet the provision of these procedures, or where the amount is exceeded appropriate improvement plans shall be made, and said plans shall be delivered to the various supervisors. The improvement shall be completed within the prescribed timeframe and reported to the board of directors.</p> <p>5. The subsidiaries shall make guarantees/endorsements based on these regulations, and the company shall incorporate the procedures related to making of guarantees/endorsements by the subsidiary, and publically announce and report in accordance with provision of Article six.</p>	
<p>Eleven Implementation These procedures and any amendments hereto, shall be passed by the board of directors, delivered to all supervisors, and submitted to the shareholders meeting. If a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's</p>	<p>Eleven Implementation These procedures and any amendments hereto, shall be passed by the board of directors, delivered to all supervisors, and submitted to the shareholders meeting.</p>	<p>To strengthen corporate governance, Article eleven is amended, and Article</p>

Article after amendment	Article before amendment	Explanation for amendment
<p>dissenting opinion to each supervisor. Where the position of independent director has been created, when a transaction involving the acquisition or disposal of assets is submitted 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 objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p>		<p>eleven-2 is added</p>
<p>Twelve Dates of amendments These procedures were drafted on June 20, 2003 These procedures were amended for the first time on June 7, 2004. These procedures were amended for the second time on May 20, 2005. These procedures were amended for the third time on June 14, 2006. These procedures were amended for the fourth time on June 16, 2009. These procedures were amended for the fifth time on June 25, 2010. These procedures were amended for the sixth time on June 11, 2013. These procedures were amended for the seventh time on June 25, 2019.</p>	<p>Twelve Dates of amendments These procedures were drafted on June 20, 2003 These procedures were amended for the first time on June 7, 2004. These procedures were amended for the second time on May 20, 2005. These procedures were amended for the third time on June 14, 2006. These procedures were amended for the fourth time on June 16, 2009. These procedures were amended for the fifth time on June 25, 2010. These procedures were amended for the sixth time on June 11, 2013.</p>	<p>Added number and date of amendments</p>

Attachments

Creative Sensor Inc. Company charter

Chapter one General provisions

- One** The Company is named Creative Sensor Incorporated and formed as an organization in accordance with the regulations on incorporated companies in the Company Act
- Two** The Company is involved in the following business:
- (1) CC01080 Electronic Parts and Components Manufacturing
 - (2) CC01110 Computers and Peripheral Equipment Manufacturing
 - (3) CC01060 Wired Communication Equipment and Apparatus Manufacturing
 - (4) CC01070 Wireless Communication Equipment and Apparatus Manufacturing
 - (5) CC01101 Restrained Telecom Radio Frequency Equipments and Materials Manufacturing
 - (6) CE01010 Precision Instruments Manufacturing
 - (7) CE01030 Photographic and Optical Equipment Manufacturing
 - (8) F401010 International trade
 - (9) F401021 Restrained Telecom Radio Frequency Equipments and Materials Import
 - (10) F119010 Wholesale of Electronic Materials.
 - (11) F113050 Wholesale of Computing and Business Machinery Equipment
 - (12) F113070 Wholesale of Telecom Instruments.
 - (13) F113030 Wholesale of Precision Instruments.
 - (14) F219010 Retail Sale of Electronic Materials.
 - (15) F213030 Retail sale of Computing and Business Machinery Equipment.
 - (16) F213060 Retail Sale of Telecom Instruments.
 - (17) F213040 Retail sale of Precision Instruments
 - (18) I301010 Software design services
 - (19) ZZ99999 business items that are not prohibited or restricted by law
- Three** The company headquarters is located in Taipei City, and where necessary, branch offices may be set up upon approval from the board of directors.

Chapter two Shares

- Four** The company's reinvestment total is not restricted by Article 13 of the Company Act describing the investment shall not exceed 40% of the paid-up share capital.
- Four-1** The company shall make external guarantees for its related businesses.
- Five** The company's total authorized capital is NT\$1.6 billion New Taiwanese Dollars, divided into 160 million shares valued at 10 New Taiwanese Dollars. The board of directors shall authorize the issuance of unissued shares based on business needs.4 Within the authorized capital, an amount of NT\$150 million will be reserved for issue employee stock option certificates, totaling 15 million shares each valued at NT\$10, and shall be issued separately in accordance with the board of directors resolution.
- Five-1** The Company shall convene a shareholder's meeting, where if shareholders holding onto more than half of the total number of shares in issue, and more than two-thirds of the shareholders consent, employee stock option certificate at a lower price than

the ordinary shares of the company at the date of issue and at a price that is lower than the actual share buy-back price shall be made available to the employees.

Six The stock of the company is registered in the name of the holder and the issued shares shall not be printed out, and a centralized securities depository institution shall be contacted for registration of the stock.

Seven The transfer of shares shall cease from 60 days prior to a regular shareholders meeting, 30 days prior to an emergency shareholders meeting, or 5 days prior to the reference date for the company's distribution of share dividend, bonuses or other benefit.

Chapter three shareholders' meetings

Eight The company's shareholders meetings are divided into two types: regular meetings and emergency meetings.
1. Regular shareholders meetings shall be convened within 6 months after each fiscal year end.
2. Emergency shareholder meetings shall be convened in accordance with regulations where necessary.

The convening of the regulars shareholders meetings shall be 30 days prior to the date, and 15 days prior for emergency meetings. The date, venue and cause for convening the meeting shall be publically announced and all shareholders shall be notified.

Nine If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the chairperson shall appoint one of the directors shall be appointed to act as chair.
If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

Ten Where shareholder is unable to attend the shareholders' meeting for any reason, he or she shall obtain a power of attorney issued by the company and entrust an agent to attend. Excepting for trust business or the stock agency approved by the securities regulatory authority, when one person is entrusted by two or more shareholders at the same time, The voting rights of the agent shall not exceed 3 percent of the total number of issued shares, and the voting rights exceeded at the time of voting shall not be counted.

Eleven Shareholders have one vote per share; except for those who are restricted or have no voting rights as described in paragraph 2, Article 179 of the Company Act.

Twelve The resolution of the shareholders' meeting shall, unless otherwise specified by the Company Act, be represented by shareholders present holding more than half of the total issued shares. Consent to resolution is determined by the majority of attending shareholders.

Chapter four directors, supervisors and managers

Thirteen The company's board of directors shall have 7 directors, 3 supervisors, elected by the shareholders meeting from among the persons with disposing capacity, for a term of 3 years, and may be elected for consecutive terms. Of the directors, no less than two members and no less than one-fifth of the directorship shall be independent directors.

Election of directors, supervisors and independent directors are based on the candidates' nomination system, where shareholders nominate from the list of directors, supervisors and independent director candidates. The nomination method shall be in accordance with Article 192-1 of the Company Act. In accordance with the law, the company shall purchase liability insurance for liable damage when the directors and supervisors carrying out their duties.

Thirteen-1 The remuneration for the chairperson, directors and supervisors shall be determined based on their degree of participation and contribution to the company's operations, and the industry standard shall be referred to.

Fourteen: The execution of the company's business, where not described by the Company Act, the company charter or resolutions from the shareholders' meeting, shall be determined by the board of directors. These include but are not limited to the following:

1. Approval of important regulations, rules or contracts.
2. Production of business plan
3. Review of budget and final account.
4. Appointment or dismissal of the company's managers.
5. Earning distribution or loss make-up proposals.
6. Capital increase or decrease proposals.
7. Report from the supervisor regarding concerns of major harm to the company.
8. Review assets and management thereof held by the company domestically and overseas.

Fifteen The board of directors consists of the directors, where the chairperson is nominated with two-thirds of the directors present and a majority consent. The chairperson shall be responsible for all internal business and represent the company externally.

Where the chairperson is on leave or unable to exercise his/her functional duties for any reason, a proxy shall be appointed in accordance with Article 208 of the Company Act. A director may appoint another director as a proxy to attend a board of directors meeting on his/her behalf by executing a power of attorney stating therein the scope of power authorized to the proxy. Each member is limited to act as a proxy for one director.

Sixteen Unless otherwise described by the Company Act, the chairperson shall convene the board of directors meeting, where all directors and supervisors shall be notified in writing, by e-mail or facsimile. Resolution by the board of directors shall require a majority of the directors present, and consent given by the majority of the directors present.

Seventeen The responsibilities of the supervisors are as follows:

1. Review the account statement report produced by the board of director that is to be delivered to the shareholders' meeting.
2. Review the company's budget and final account
3. Supervise and inspect the company's business.
4. Check the company's account book, expenses and income, and all assets.
5. Notify the board of directors to cease any action that is in violation of laws and regulations, the company charter, or decisions made at shareholders' meeting.
6. Carry out any other responsibilities as described by the Company Act

The supervisors shall sign or attached their seal when reviewing account book, and submit the report to the shareholders' meeting

The supervisors may represent the company in the appointment of lawyers or accountants in carrying out matters as stated in the preceding paragraphs.

The supervisors shall be present at the board of directors meeting to provide their opinions, but shall have no voting right.

- Eighteen** The company shall appoint the general manager, vice general manager, assistant manager and other managerial positions, and may remove individuals from these positions in accordance with Article 29 of the Company Act. The general manager shall comply with the orders of the chairperson and manage all company businesses.

Chapter five Accounting

- Nineteen** At each fiscal year end, the board of directors shall produce the following books, deliver to the supervisors for review, and submit them to the regular shareholders meeting:

1. Operating report
2. Financial statement
3. Earning distribution or loss make-up proposal

- Twenty** Where the company has made a profit for the year, 5% to 15% of the profit for the year shall be distributed towards employee remuneration, and no more than 5% distributed as remuneration for directors and supervisors. Where the company suffered a loss in the previous year, the loss shall be made up first prior to distributing the remaining profit to the employees and director/supervisors in the prescribed manner.

The employee remuneration in the preceding paragraph shall be approved by at least two-third of the directors present at a board of directors meeting, and a majority consent, and shall be reported to the shareholders meeting.

The subject of the share or cash distribution includes employees of subordinate companies that meet certain criteria, of which shall be determined by the board of directors.

- Twenty-1** Where the company shows earning after each final account, the earning shall be distributed in the following order:

1. Tax payment
2. Make up losses
3. 10% is allocated as legal reserve, excepting where the accumulated legal reserve is equivalent to the company's total capital.
4. Submitted or transferred to special reserve in accordance with regulations from the competent authority
5. Where there is a balance after 1-4 has been completed, the balance and the accumulated undistributed earnings shall be allocated based on the earning distribution proposal from the board of directors, and shall be approved at the shareholder's meeting.

The business environment for the company is an industry with stable growth, and in consideration of possible expansion and reinvestment plans in the future, the distribution of earnings shall be 80% of the shareholder's bonus in principle. The ratio of the cash dividend in the annual distribution of shareholder bonuses shall be 50% in principle, and no lower than 5%.

Chapter Six Supplementary provisions

Twenty-one Matters not described in this charter shall be processed in accordance with the Company Act and related laws and regulations.

Twenty-two

This charter was agreed upon by all sponsors at the sponsorsø meeting on May 29, 1998.

The charter was amended for the first time on March 4, 1999

The charter was amended for the second time on June 14, 1999.

The charter was amended for the third time on May 17, 2000.

The charter was amended for the fourth time on May 24, 2001.

The charter was amended for the fifth time on June 12, 2002.

The charter was amended for the sixth time on June 20, 2004.

The charter was amended for the seventh time on June 7, 2004.

The charter was amended for the eighth time on June 7, 2004

The charter was amended for the ninth time on May 20, 2005

The charter was amended for the tenth time on June 14, 2006

The charter was amended for the eleventh time on June 21, 2007

The charter was amended for the twelfth time on June 1, 2008.

The charter was amended for the thirteenth time on June 16, 2009.

The charter was amended for the fourteenth time on June 13, 2012.

The charter was amended for the fifteenth time on June 11, 2013.

The charter was amended for the sixteenth time on June 12, 2014

The charter was amended for the seventeenth time on June 15, 2016.

The charter was amended for the eighteenth time on June 27, 2018,

The charter and any amendments hereto, are effective from the date of the resolution at the shareholdersø meetings.

Creative Sensor Inc.

Rules of procedures for shareholders meeting

1. The rules of procedures for this Corporation's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.
2. This Corporation shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.
3. Attendance and Voting at a shareholders meeting shall be calculated based the number of shares.
4. The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting shall begin no earlier than 9 a.m. and no later than 3 p.m.
5. If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the chairperson shall appoint one of the directors to act as chair. Where the chairperson does not make such a designation, the directors shall select from among themselves one person to serve as chair.

If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.
6. Attorneys, certified public accountants appointed by the company or related persons retained by it attending a shareholders meeting shall wear identification cards or arm bands.
7. The company shall make an uninterrupted audio or video recording of the entire shareholders meeting, and retain the recording for at least 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.
8. 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, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. If the quorum is not

met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 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.

9. 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), except by a resolution of the shareholders meeting.

Upon adjournment of the meeting, shareholders shall not nominate another chair at the same location or a different location to continue with the meeting.

10. 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.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

11. A shareholder may not speak more than twice on the same proposal except with the consent of the chair, 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.
12. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in 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.
13. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

14. When the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.
15. 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. The results of the voting shall be announced on site at the meeting and a record made of the vote.
16. When a meeting is in progress, the chair may announce a break based on time considerations.
17. Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. Where the chair has not received any dissent on a resolution, the resolution shall be viewed as unanimously passed and has the same effects as passed by voting. 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. 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 this Corporation, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.
18. 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, other proposals will then be deemed as rejected, and no further voting shall be required.
19. 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 identification card or armband bearing the word "Proctor."
20. These rules and any amendments hereto, shall be implemented after adoption by shareholders meetings.
21. These Rules were passed at the regular shareholders meeting on June 12, 2002.

These rules were first amended on June 13, 2012.

Attachment 3

Creative Sensor Inc.

Regulations Governing the Acquisition and Disposal of Assets (original version)

One Objective

These regulations are hereby drafted to protect the rights of the shareholders and the interests of the investors.

Two Legal basis

These regulations are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act ("the Act").

Three Scope of asset

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
2. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
3. Memberships.
4. Intangible assets, including: patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
6. Derivatives.
7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
9. Other major assets.

Four Definitions

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.
3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
7. "Within the preceding year" used herein refers to the year preceding the date of the occurrence of the current transaction. Length of time that has been publically announced need not be counted in the calculation thereof.
8. "The most recent financial report" used herein refers to the company's financial report prior to acquisition or disposal of asset that has been openly certified or reviewed by a CPA in accordance with law.

Five

Amount of investment on real property and securities for business use

1. The limit for acquisition of the above assets by the company is as follows:

(i) The total amount of investment in real property and right-of-use assets thereof shall not exceed 30% of the shareholders equity as listed in the most recent CPA certified or reviewed financial statements of the company.

(ii) The total amount of investment in securities shall not exceed the total shareholders equity as listed in the most recent CPA certified or reviewed financial statements of the company.

(iii) The total amount of investment in individual securities shall not exceed 30% of the shareholders equity as listed in the most recent CPA certified or reviewed financial statements of the company.

2. The limit for acquisition of the above assets by a subsidiary of the company is as follows:

(i) The total amount of investment in real property and right-of-use assets thereof shall not exceed 20% of the shareholders equity as listed in the most recent CPA certified or reviewed financial statements of the subsidiary.

(ii) The total amount of investment in securities shall not exceed the total shareholders equity as listed in the most recent CPA certified or reviewed financial statements of the subsidiary.

(iii) The total amount of investment in individual securities shall not exceed 20% of the shareholders equity as listed in the most recent CPA certified or reviewed financial statements of the subsidiary.

Six Appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not come from professional appraisers, certified public accounts, attorneys, securities underwriters that provide public companies, or parties related to the transaction that is a related party to the company.

Seven Procedures for processing the acquisition or disposal of real property or equipment

1. Evaluation and operating procedures

The acquisition or disposal of real property and equipment by the company shall be processed in accordance with the company's internal control system for real property cycle operations.

2. Procedures to determine transaction criteria and degree of authority delegated

(i) The acquisition or disposal of real property shall refer to publically announced current value, and appraised value, and actual transaction price for neighboring real property. Negotiated transaction terms and price for real property valued at NT\$100 million (inclusive) and below shall require approval from the chairperson, and shall be reported at the next board of directors meeting. Approval from the board of directors is required for transactions over NT\$100 million.

(ii) The acquisition or disposal of equipment shall be either through price inquiry, price comparison, price negotiation or bidding, and the degree of authority delegated shall be in accordance with the authority delegation chart as described in the company's rules and regulations.

(iii) With respect to the company's acquisition or disposal of assets that is subject to the approval of the board of directors under the company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor. Where the position of independent director has been created, when a transaction involving the acquisition or disposal of assets is submitted 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 objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

3. Unit responsible for implementation

After the degree of authority delegated is determined as described in the previous paragraph, the company's asset management unit or financial management unit shall be responsible for the acquisition or disposal of the real property or equipment.

4. Evaluation report for real property or equipment

In acquiring or disposing of real property, equipment, where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment held for business use, shall obtain an appraisal report prior to

the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

(i) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.

(ii) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.

(iii) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:

A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.

B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.

(iv) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

(v) Where the company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

5. The calculation of the transaction amounts referred to in the preceding paragraphs shall be done in accordance with subparagraph 5, paragraph 1, Article 15 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Eight Procedures for processing the acquisition or disposal of securities

1. Evaluation and operating procedures

The acquisition or disposal of securities by the company shall be processed in accordance with the company's internal control system for investment cycle operations.

2. Procedures to determine transaction criteria and degree of authority delegated

(i) Transactions involving securities at stock exchange market or OTC shall be determined by the financial unit based on the market, where the total investment amount and the maximum investment on a single security shall be in accordance with Article 5 herein, where the authority to approve such transactions are in accordance with the authority delegation chart as described in the company's rules and regulations.

(ii) Transaction of securities not traded at a stock exchange market or OTC shall require the latest CPA certified or reviewed financial statement from the issuing company as the reference in appraising the transaction price, and for consideration of book value per share, profitability and future growth potential. Approval of the board of director is required prior to acquisition of such securities; authorization from the chairperson is required for disposal of such securities, and shall be reported to the board of directors.

(iii) With respect to the company's acquisition or disposal of assets that is subject to the approval of the board of directors under the company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor. Where the position of independent director has been created, when a transaction involving the acquisition or disposal of assets is submitted 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 objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

3. Unit responsible for implementation

After the degree of authority delegated is determined as described in the previous paragraph, the company's accounting division shall be responsible for the acquisition or disposal of the securities.

4. Professional opinions

(i) The company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).

(ii) Where the company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

5. The calculation of the transaction amounts referred to in the preceding paragraphs shall be done in accordance with subparagraph 5, paragraph 1, Article 15 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Nine Transaction with related party

1. When the company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the such action is in accordance with process of resolution related to implementation described in this Article as well as Articles 7, 8, 10 and 11 herein, and that the reasonableness of the transaction terms is also appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a

professional appraiser or a CPA's opinion in compliance with the provisions of the Article 7, 8, 10 and 11. When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

2. Procedures for appraisal and implementation

When the company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:

- (i) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
- (ii) The reason for choosing the related party as transaction counterparty.
- (iii) With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with paragraph 3 of this Article.
- (iv) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.
- (v) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
- (vi) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the first paragraph.
- (vii) Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraphs shall be done in accordance with subparagraph 5, paragraph 1, Article 15 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Where the position of independent director has been created, when a transaction involving the acquisition or disposal of assets is submitted 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 objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting

3. Evaluation on the reasonableness of the transaction costs

- (i) The reasonableness of transaction cost for acquisition of real property by the company from a related party shall be in accordance with the following:
 - A. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
 - B. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the

actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.

- (ii) Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.
- (iii) Acquisition of real property from a related party and appraisal of the cost of the real property in accordance with the preceding two subparagraphs shall also engage a CPA to check the appraisal and render a specific opinion.
- (iv) When the results of the company's appraisal conducted in accordance with subparagraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with subparagraph 5, paragraph 3 of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA has been obtained, this restriction shall not apply:
 - A. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - a. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - b. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
 - c. Lease of other floors of the same property by unrelated party within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
 - B. Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.
- (v) When the company acquires real property from a related party and the results of appraisals conducted in accordance with subparagraph 1 and 2, paragraph 3 of this Article are uniformly lower than the transaction price, the following steps shall be taken:
 - A. A special reserve shall be set aside in accordance with paragraph 1, Article 41 of the Securities Exchange Act against the difference between the real property transaction

price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the company uses the equity method to account for its investment in another company, then the special reserve called for under paragraph 1, Article 41 of the Securities Exchange Act shall be set aside pro rata in a proportion consistent with the share of the company's equity stake in the other company.

- B. Supervisors shall comply with Article 218 of the Company Act.
- C. Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

The company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

(vi) Where the company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with paragraphs 1 and 2 of this article, and subparagraphs 1-3, paragraph 3 of this Article do not apply:

- A. The related party acquired the real property through inheritance or as a gift.
- B. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.
- C. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.

(vii) Where the company obtains real property from a related party, it shall also comply with subparagraph 5, paragraph 3 of this Article if there is other evidence indicating that the acquisition was not an arm's length transaction.

Ten Procedure for processing acquisition or disposal of membership

In principle, the company shall not undertake transaction involving acquisition or disposal of memberships. Should such transactions be required in the future, this shall be submitted to the board of directors for approval and thereafter evaluation and procedures thereof shall be drafted.

Eleven Procedures for processing intangible assets

1. Evaluation and operating procedures

The acquisition or disposal of intangible assets by the company shall be processed in accordance with the company's internal control system for fixed assets cycle operations.

2. Procedures to determine transaction criteria and degree of authority delegated

(i) The acquisition or disposal of intangible assets shall refer to appraisal report from experts or fair market value, where the negotiated transaction terms and prices for the acquisition or disposal of intangible assets shall be submitted to the board and directors and approved.

(iii) With respect the company's acquisition or disposal of assets that is subject to the approval of the board of directors under the company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written

statement, the company shall submit the director's dissenting opinion to each supervisor. Where the position of independent director has been created, when a transaction involving the acquisition or disposal of assets is submitted 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 objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

3. Unit responsible for implementation

After the degree of authority delegated is determined as described in the previous paragraph, the company's financial management unit and department utilizing the asset shall be responsible for the implementation thereof. .

4. Expert evaluation report and opinions for intangible assets

In acquisition or disposal of intangible assets where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, shall obtain an appraisal report prior to the date of occurrence of the event from a professional accountant and shall further engage a certified public accountant to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price

5. The calculation of the transaction amounts referred to in the preceding paragraphs shall be done in accordance with subparagraph 5, paragraph 1, Article 15 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Twelve Procedures for processing the acquisition or disposal of claims of financial institutions

In principle, the company shall not undertake transaction involving acquisition or disposal of claims of financial institutions. Should such transactions be required in the future, this shall be submitted to the board of directors for approval and thereafter evaluation and procedures thereof shall be drafted.

Thirteen Procedures for processing the acquisition or disposal of derivatives

1. Transaction principle and direction

In principle, the company engages in transaction of derivatives with the objective of avoiding operational risks, and the personnel responsible shall carefully evaluate the possible risks the company may face, and engage in derivative transaction to avoid risks, and shall also fully grasp the possible risks generated from derivative transactions.

A. Type of derivatives

Derivatives refers to contracts that has their values derive from an interest rate, exchange rate, stock price, index or the profits thereof (such as forward contracts,

options, futures, or from a combination thereof). The forward contracts described in these procedures do not include insurance contracts, performance bonds, after-sales service, long-term lease contracts and long-term import (sales) contract.

B. Operating or hedging strategies:

With regards to foreign currency needs for import of raw materials and machine equipment by the company, pre-purchase of forward exchange can achieve hedging function, while the income in foreign currency generated from exports are hedged through forward selling of foreign exchange.

C. delegation of authority

(i) Foreign exchange transaction shall only be carried out by personnel authorized by the board of directors and approved by the chairperson. Where the number of such personnel need to change due to needs, approval from the chairperson is required.

(ii) The finance and account section shall be responsible for the management of foreign exchange transactions.

(iii) The individual authorized by the board of directors and appointed by the chairperson shall be the supervisor for foreign exchange transactions within the authorized amount.

D. key points for evaluation of performance:

(i) Transactional: the realized foreign exchange gains and losses accumulated in the year shall be the standard for evaluation.

(ii) non-transactional: the standard for performance evaluation is based on to whether the transactions has been carried out in accordance with company policies and the forward foreign exchange operation plans.

E. The total of the transaction contract: the authorized transaction amount for forward foreign exchange contracts by the company and its domestic and overseas subsidiaries (hereinafter known as the entire company)

(i) The amount for hedging transactions: the total amount of the open position contract for hedging transaction by the entire company shall be limited to the amount of underlying exposure the company generates through its operations.

(ii) The amount of other transactions with specific purposes: any transactions undertaken by the entire company (including but not limited to capital expenditure, guarantees, orders, etc.) shall be passed by the board of directors, where the transaction amount shall not exceed 50% of the entire company's import and export demands over six months of the current year.

F. maximum amount of loss from all and individual contracts:

(i) Hedging transactions: derivative contracts for hedging transactions, the loss and gain generated by said contracts and the loss and gain generated to the corresponding net portion of the foreign currency assets shall offset each other, thus no maximum is set for the loss caused by all or individual contracts.

(ii) Other transactions with specific purposes: the maximum loss of all and individual contracts from transactions of derivatives by the entire company is set at 20% of all open position contract principal.

2. Risk management measures

A. Credit risk management

Based on the market being affected by various factors, which easily lead to risks in operation of financial derivatives, thus market risk management shall be in accordance with the following principles:

(i) Transaction partners: mainly well-known domestic and international financial institutes.

(ii) Transaction products: limited to products provided by well-known domestic and international financial institutions.

(iii) Transaction amount: the amount of open position transaction with the same trading partner shall be no more than 10% of the authorized total amount, excepting where approval was given by the general manager.

B. market risk management

Based primarily in the open foreign exchange market provided by banks, and futures market are currently not under consideration.

C. liquidity risk management

To ensure market liquidity, financial products with greater liquidity (that is, products can be off set on the market at any time), and the financial institution entrusted with the transaction must have sufficient information and capability of able to carry out transaction on any market at any time.

D. cash flow risk management

To ensure the stability of the company's operation working capital, the source of capital the company utilizes are restricted to its own funds, where the operation amount shall take into consideration of the capital demands forecasted for cash receipt and disbursement in the three months thereafter.

E. Operation risk management

- (i) Avoid operation risks through proper compliance with the company's authorized amount, operation procedures, and inclusion in the internal audit.
- (ii) Personnel undertaking derivative transactions cannot be the same individuals for confirmation and delivery operations.
- (iii) Personnel for evaluation, supervision and control of risks shall be from different department to the personnel described in the preceding sub-subparagraph and shall report to the board of directors or high level management personnel who are has no decision making responsibility over transaction or position.
- (iv) Positions held by derivatives shall be evaluated at least once a week, except where the operation involves hedging transactions which shall be evaluated at least twice a month, and the evaluation report shall be submitted to high level management personnel authorized by the board of directors.

F. Instrument risk management

Internal transaction personnel shall have comprehensive and correct professional knowledge on financial instruments, and shall request banks to fully disclose risks to prevent the risk from misuse of financial instruments.

G. Legal risk management

Documents signed with financial institutions shall be examined by professional foreign exchange and legal affairs personnel or legal consultants prior to signing in order to prevent legal risks.

3. Internal auditing mechanisms

A. Internal audit personnel shall regularly understand the fairness of the internal control for derivatives, shall review the state of compliance by the transacting department when processing derivative transactions and analyze the transaction cycles on a monthly basis, and submit the results as an audit report. The personnel shall notify the supervisors in writing if a major violation is discovered.

B. Internal audit personnel shall submit online the audit report together with the annual review on internal audit operations in the specified format to the Financial Supervisory Commission of the Executive Yuan before the end of February of the following year, and submit improvement made on irregularities in the same manner no later than end of May of the following year.

4. Methods for regular evaluations

A. The board of directors shall authorize high level management personnel to monitor and evaluate on a regular basis whether derivative transactions are properly carried out in accordance with the transaction procedures as drafted by the company, and whether

the risks undertaken are within the acceptable limits. Irregularities in the market price evaluation report (such as the held position has exceeded the maximum acceptable loss) are to be immediately reported to the board of directors and the necessary responsive measures are to be taken.

B. Positions held by derivatives shall be evaluated at least once a week, except where the operation involves hedging transactions which shall be evaluated at least twice a month, and the evaluation report shall be submitted to high level management personnel authorized by the board of directors.

5. Supervisory and management principle of the board of directors when undertaking derivative transactions

A. The board of directors shall appoint high level management personnel to be attentive towards the supervision and control of risks from derivative transactions based on the following management principles:

(i) Regularly evaluate whether the risk management measures currently in use is appropriate, and if such measure is properly implemented in accordance with these regulations and the company's procedures for processing derivative transactions.

(ii) Supervise the transactions as well as losses and gains, and where irregularities are found, take the necessary responsive measure and immediately report to the board of directors. Where the company has set up independent supervisors, the independent supervisors shall be present at the board of director meeting to provide their opinions.

B. regularly evaluate if the performance of the derivative transactions meet the set operation strategy, and whether the risk undertaken is within the company's acceptable limits.

C. Where the company is carrying out derivative transactions, related personnel is authorized in accordance with the company's procedures for processing derivative transactions, and thereafter is reported at the next board of directors meeting.

D. Where the company is carrying out derivative transactions, a memorandum book shall be set up, in which the type of derivative transactions, the amount, the date of approval by the board of directors, and other matters that requires prudent assessment in accordance with subparagraph 2, paragraph 4, as well as subparagraphs 1 and 2, paragraph 5 of this Article, shall all be recorded in the memorandum book for future reference.

Fourteen Procedures for processing mergers, demergers, acquisition or transfer of shares

1. The evaluation and operation procedures.

A. When processing mergers, demergers, acquisition or transfer of shares, the company shall request the presence of lawyers, accountants and securities underwriters to

discuss the estimated timetable for completing legal procedures, and form project team to carry out the process in accordance with the legal procedures. Prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by a public company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

B. The company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in subparagraph 1, paragraph 1 of this Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

2. Other matters to be noted

A. Date of the board of directors meeting: companies participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the Financial Supervisory Commission is notified in advance of extraordinary circumstances and grants consent.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:

(i) Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger,

acquisition, or transfer of another company's shares prior to disclosure of the information.

(ii) Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.

(iii) Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings. When participating in a merger, demerger, acquisition, or transfer of another company's shares, the company shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report the information set out in subparagraphs 1 and 2 of the preceding paragraph in the prescribed format and via the Internet-based information system to the Financial Supervisory Commission for recordation. Where the company participating in a merger, demerger, acquisition, or transfer of another company's shares that is neither listed on an exchange nor has its shares traded on an OTC market, the companies shall sign an agreement with each other, whereby the latter company is required to abide by the provisions of the preceding two paragraphs.

B. Prior confidentiality commitment: Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

C. Drafting and alteration of principles for share exchange ratio or acquisition price: companies participating in the merger, demerger, acquisition or transfer of share shall, prior to convening the board of directors to resolve on the matter, engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. In principle, the share exchange ratio or acquisition price may not arbitrarily alter unless the contract stipulated the circumstances permitting alteration and has been publically disclosed. The criteria for alteration in exchange ratio or acquisition price are as follows:

(i) Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.

(ii) An action, such as a disposal of major assets, that affects the company's financial operations.

(iii) An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.

(iv) An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.

(v) An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.

(vi) Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

D. Details of the contract: the contract for participation of the company in a merger, demerger, acquisition, or of shares shall be in accordance with Article 317-1 of the Company Act, Article 22 of the Enterprise Merger and Acquisition Act, and shall also record the following:

(i) Handling of breach of contract.

(ii) Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.

(iii) The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.

(iv) The manner of handling changes in the number of participating entities or companies.

(v) Preliminary progress schedule for plan execution, and anticipated completion date.

(vi) Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

E. Changes in number of companies participating in the merger, demerger, acquisition or share transfer: after public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

F. Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of subparagraph 1 (date of board of directors meeting), subparagraph 2 (prior confidentiality commitment), and subparagraph 5 (Changes in number of companies participating in the merger, demerger, acquisition or share transfer), paragraph 2 of this Article.

Fifteen procedures for public disclosure of information

1. Matters to be publically announced and standards thereof:

A. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

B. Merger, demerger, acquisition, or transfer of shares.

C. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.

D. Where equipment for business uses are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:

(i) For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.

(ii) For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.

E. Acquisition or disposal by a public company in the construction business of real property for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million.

F. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction reaches NT\$500 million.

G. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:

(i) Trading of government bonds.

(ii) Where done by professional investors on securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.

(iii) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

H. the method of calculation for the amount of the transaction described in the preceding paragraphs is as follows, where "within the preceding year" refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.

(i) The amount of any individual transaction.

- (ii) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
- (iii) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property within the same development project within the preceding year.
- (iv) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

I. For the calculation of 10 percent of total assets under these procedures, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

In the case of a company whose shares have no par value or a par value other than NT\$100 for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations, 10 percent of equity attributable to owners of the parent shall be substituted.

2. Public announcement and deadline for reporting

Where acquisition or disposal of assets by the company meets the standard of requiring a public announcement as described in paragraph 1 of this Article, and the transaction amount meets the standards of requiring a public announcement as described in this Article, shall announced and reported within 2 days counting inclusively from the date of occurrence of the even

3. Procedures for public announcement and reporting

A. The company shall publicly announce and report the relevant information on the Financial Supervisory Committee's designated website in the appropriate format.

B. the company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

C. When the company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.

D. The company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities

underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.

E. Where any of the following circumstances occurs with respect to a transaction that the company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:

(i) Change, termination, or rescission of a contract signed in regard to the original transaction.

(ii) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.

(iii) Change to the originally publicly announced and reported information.

Sixteen The company shall see to it that its subsidiaries shall implement the procedures:

1. The subsidiaries of the company shall draft procedures for processing acquisition or disposal of assets in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.

2. Where the subsidiary of the company is a non-public company, the company shall implement matter related to public announcement and reporting in acquisition or disposal of assets reaching the threshold that requires public announcement and reporting as described in paragraph 1 of Article 15.

3. The standard of 20% of the company's paid-in capital or 10% of the total assets threshold required for public announcement and reporting by the subsidiary of the company shall be the paid-in capital or total assets of the company for the acquisition or disposal of assets in compliance with these Regulations.

Seventeen Penalties

Where employee of this company violate these procedures in the acquisition or disposal of assets, said employee shall be reported for regular assessment in accordance with the company's regulations on human resource management and the employee manual, and punishment shall mete out in accordance with the severity of the violation.

Eighteen Implementation and amendment

The company's procedures for processing acquisition or disposal of assets, and any amendments hereto, shall be passed by the board of directors, delivered to all supervisors, and submitted to the shareholders' meeting. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor. Additionally, where the

position of independent director has been created, when the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

Nineteen Dates of amendments

These procedures were drafted on June 20, 2003

These procedures were amended for the first time on June 14, 2006.

These procedures were amended for the second time on June 21, 2007.

These procedures were amended for the third time on June 13, 2011.

These procedures were amended for the fourth time on June 12, 2014.

These procedures were amended for the fifth time on June 15, 2016.

These procedures were amended for the sixth time on June 15, 2007.

Creative Sensor Inc.
Operational procedures for loading funds to others
(original version)

- One These procedures are hereby drafted to provide a basis for the loading of funds to others by the company.
- Two The borrowing party
1. Where there are inter-company or inter-firm business transactions.
 2. Where an inter-company or inter-firm short-term financing facility is necessary, where the term "short-term" means one year, or one operating cycle (where the longer period shall prevail).
- Three The necessity and reasonableness of extending loans to others
- Funds loaned by the company to another company or firm for reasons of business dealings shall be in accordance with provision described in paragraph 2, Article 4; where short-term financing is necessary, it is limited to the following circumstances:
1. The company holds over 50% of the shares in the company that require short-term financing due to business need.
 2. Another company or firm that requires short-term financing due to procure of materials or operational turnover
 3. Other loans that the company's board of director has approved.
- Four The aggregate amount of loans and the maximum amount permitted to a single borrowing party
- The aggregate amount of loans shall not exceed 40% of the company's net worth at the time of the loan, unless the inter-company or inter-firm short-term financing is needed for extending the loan, which then shall not exceed 20% of the company's net worth at the time of the loan.
- The amount for an inter-company or inter-firm loan shall not exceed the total amount of trading that takes place between the two parties, where the total amount of trading between the two parties refers to the purchase or sale amount between the two, and whichever is higher shall prevail.
- Where short-term inter-company or inter-firm financing is necessary, the amount of a loan shall not exceed 10% of the company's net worth.
- Where the loan is made to overseas companies in which the company holds, directly or indirectly, 100% of the voting shares, the aggregate amount of the loans shall not exceed 60% of the net worth of the company making the loan, and the amount of an individual loan shall not exceed 40% of the net worth of the company making the loan, and in special circumstances, after approval from the company making the loan and the company's board of directors, the period of financing may be extended.
- Five Loaning of funds to others shall first be approved by the board of directors, and the opinions of the independent directors shall be fully considered, where the explicit opinion on consent or dissent, and reason for dissent, shall be entered into the board of directors record.
- Six Processing loaning of funds and review procedures

1. Unit responsible for implementation

The finance department shall be responsible for processing the loaning of funds to others, and where necessary, the general manager shall appoint specific personnel to assist in the process.

2. The review procedures and approval of loan

A. credit investigation

A detailed credit investigation shall be carried out on all companies or firms making the loans, based on the following principles:

(i) For first-time borrowing parties, the borrowing party shall provide copies of company related licences and the ID of the person responsible, as well as the financial information necessary for a credit investigation.

(ii) For continual borrowing parties, in principle, a credit investigation shall be carried out once a year; where the loan is significant, regular credit investigations shall be carried out based on actual needs.

(iii) Where the financial and the credit status of the borrowing party is good, and the annual financial statement has been reviewed and certified by a CPA, a credit investigation older than one year but less than two years shall be used and provided with the CPA certified financial statement for the loan.

B. review and evaluation

Where the amount of loan is with the limit described in Article 4, the borrowing party shall complete the application form, and the unit responsible shall review the evaluation report, which shall include the following matters:

(i) The necessity of and reasonableness of extending loans to others.

(ii) Borrowing party credit status and risk assessment.

(iii) Impact on the company's business operations, financial condition, and shareholders' equity.

(iv) Whether collateral must be obtained and appraisal of the value thereof.

C. loan approval

(i) where after the review and evaluation, the credit of the borrowing party is unfavorable, or there are other reasons for the loan to be inappropriate, the personnel in charge shall sign off and approve the reason for refusing the loan and respond to the borrowing party in an expeditious manner.

(ii) Where after the review and evaluation, the credit rating is favorable, the purpose of the loan is legitimate, and the loan shall not have adverse effect on the company's financial operations and shareholder equity, the personnel in charge shall submit the credit, review and evaluation reports, along with the proposed amount of the loan, the time frame, interest rate and other related information to the general manager and chairperson for approval, and the loan shall be processed after a resolution from the board of directors in accordance with Article 5.

D. Loans made by the company to its parent company or subsidiaries, or loans made between subsidiaries shall be submitted to the board of directors for a resolution pursuant to the three preceding paragraphs, and the chairperson may be authorized, for a specific borrowing counterparty, within a certain monetary limit resolved by the board of directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down.

E. The "certain monetary limit" mentioned in the preceding subparagraph on authorization for loans extended by the company or any of its subsidiaries to any single entity shall not exceed 10% of the net worth on the most current financial statements of the lending company.

3. Notification of the borrowing party

Upon approval of the loan, the personnel in charge shall notify the borrowing party in writing or telephonically in an expeditious manner, provide the full details of the terms for the loan, including the amount, the timeframe, interest rate, collateral, and guarantor. The borrowing party shall sign the contract within the given time, complete the collateral quality and pledge settings, confirm details of the guarantor, and provide all relevant information and document prior to allocation of the fund.

4. Confirmation of the contract signing

A. the personnel in charge shall draft the terms of the contract for the loan, which shall be submitted to management and legal consultant for review prior to the signing of the contract.

B. The details of the contract shall be confirmed to match the approved terms for the loan, where the borrowing part and the guarantor shall sign and seal the contract, which shall then be confirmed by the personnel in charge to complete the confirmation process.

5. Security

A. Where the board of directors feels the loaning of fund to other by the company requires collateral, the borrowing party shall be requested to provide collateral commensurate with the amount of the loan, and carry out procedures to set pledges or mortgages, in order to ensure the company's claims. Where the borrowing party provide individual or company with commensurate finance and credit as guarantee in place of collateral, the board of director shall proceed based on the opinion of the finance department. Where a company is the guarantor, said company shall have in its company charter clauses allowing it to act as a guarantee, and the guarantee shall be submitted to the shareholders' meeting or board of directors and noted in the minutes of these meetings as requiring a resolution.

B. The collateral shall have fire insurance coverage unless it is land or securities; ships and vehicles shall have comprehensive insurance. In principle, the insured amount shall not be lower than the value of the collateral, and the insurance policy shall state the company as the beneficiary. The item name, quantity, storage location, terms of the insurance, insurance policy number described on the insurance policy shall match the details of the original loan provided by the company. Where a building has not received its official street address at the term of drafting the policy, the address shall be denoted with the lot or land number on which it is situated.

C. The personnel in charge shall notify the borrowing party to extend the insurance policy prior to the insurance policy coming to term.

6. Allocation of fund

After approval of the loan and completion of all steps described in these procedures, and the finance department has reviewed and deemed all information to be correct, the fund shall be allocated.

Seven In principle, the duration of the loan made by the company to companies or firms where there are business dealings shall be less than two years (inclusive), and in special circumstances, the financing period may be extended upon approval from the board of directors and based on actual circumstances; for short-term inter-company or inter-firm financing that the board of director deem necessary, the loan duration shall not exceed one year or one operation cycle (the longer duration shall prevail)
The interest of the loan shall be in accordance with the maximum value of the bank's short-term leading rate.

Eight subsequent management measure for loans made and procedures for processing delinquent claims

After the allocation of the loan, attention shall be given to the financial, business and other related credit status of the borrowing part and the guarantor; where collateral is provided, attention shall be given to changes in the value of the collateral. Where there are significant changes, the chairperson shall be immediately notified, and the appropriate response shall be taken in accordance to the chairperson's instructions. The borrowing party shall calculate the interest due when repaying the loans at or before the end of the loan period, and shall pay the interest with the principle prior to the promissory note of the loan is cancelled and return to the borrowing party, or lien cancellation is processed.

The borrowing party shall repay the principle and interest in full upon the end of the loan period. Where an extension is required to full repayment to be made, the request shall be made beforehand, and shall only be extended upon approval from the board of directors. Each repayment extension shall not be longer than 3 months, and no more than one extension shall be granted per loan. Where this is violated, the company shall seek punishment and recovery from the collateral or guarantor provided in accordance with the law.

Nine Procedures for public announcement and report

1. The company shall publically announce and report the previous month's balance of the company's and its subsidiaries' loans before the 10th day of every month.
2. Where the company's loans of funds reach one of the following levels, the company shall announce and report such event within two days commencing immediately from the date of occurrence:
 - A. The aggregate balance of loans to others by the company and its subsidiaries reaches 20% or more of the public company's net worth as stated in its latest financial statement.
 - B. The balance of loans by the company and its subsidiaries to a single enterprise reaches 10% or more of the public company's net worth as stated in its latest financial statement.
 - C. The amount of new loans of funds by the company or its subsidiaries reaches NT\$10 million or more, and reaches 2% or more of the company's net worth as stated in its latest financial statement.
3. The company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraph 3 of the preceding paragraph.

Ten The company shall prepare a memorandum book for its fund-lending activities and truthfully record the following information: borrower, amount, date of approval by the board of directors, lending/borrowing date, and matters to be carefully evaluated under paragraph 1 of the preceding Article.

The company's internal auditors shall audit the Operational Procedures for Lending Funds to Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify all the supervisors in writing of any material violation found.

Eleven If, as a result of a change in circumstances, an entity for which an endorsement/guarantee is made does not meet the requirements of these Regulations or the loan balance exceeds the limit, a public company shall adopt rectification plans

and submit the rectification plans to all the supervisors, and shall complete the rectification according to the timeframe set out in the plan.

Twelve The company's finance unit shall evaluate the status of its loans of funds and reserve sufficient allowance for bad debts, and shall adequately disclose relevant information in its financial reports and provide certified public accountants with relevant information for implementation of necessary auditing procedures.

Thirteen The provisions in these operations procedures are not applicable to compensation due to making of endorsements/guarantees.

Fourteen The company shall set up control and management procedures for loaning of funds to other by its investee subsidiaries.

1. Where the subsidiary of the company is loaning funds to others, the company shall request the said subsidiary to set up the procedures for loaning funds to other in accordance with the Regulations Governing Loaning of Funds and Making of Endorsement/Guarantees by Public Companies, and to comply with the procedures thus set up.

2. The loaning of funds to other by the company's subsidiary shall first be approved by the company's board of directors before proceeding.

Fifteen Penalties

Where employee of this company violate these procedures in the acquisition or disposal of assets, said employee shall be reported for regular assessment in accordance with the company's regulations on human resource management and the employee manual, and punishment shall mete out in accordance with the severity of the violation.

Sixteen Implementation

These procedures and any amendments hereto, shall be passed by the board of directors, delivered to all supervisors, and submitted to the shareholders' meeting.

Seventeen Dates of amendments

These procedures were drafted on June 20, 2003

These procedures were amended for the first time on June 7, 2004.

These procedures were amended for the second time on June 16, 2009.

These procedures were amended for the third time on June 25, 2000.

These procedures were amended for the fourth time on June 11, 2013.

Creative Sensor Inc.

Procedures for making guarantees/endorsements

One Objective

These regulations are hereby drafted to protect the rights of the shareholders to ensure the company's healthy financial management when making guarantees/endorsements, and to reduce related operational risks.

Two Legal basis

These procedures shall be drafted in accordance with Article 136-1 of the Securities Exchange Act and other related regulations.

Three Scope of application

The scope of "endorsements/guarantees" as used in these procedures refers to the following:

1. Financing endorsements/guarantees, including:

A. Bill discount financing.

B. Endorsement or guarantee made to meet the financing needs of another company.

C. Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the company itself.

2. Customs duty endorsement/guarantee, meaning an endorsement or guarantee for the company itself or another company with respect to customs duty matters.

3. Other endorsements/guarantees, meaning endorsements or guarantees beyond the scope of the above two subparagraphs.

Any creation by the company of a pledge or mortgage on its chattel or real property as security for the loans of another company shall also comply with these procedures.

Four Subject of guarantee/endorsement

1. The company may make endorsements/guarantees for the following companies:

A. A company with which it does business.

B. A company in which the public company directly and indirectly holds more than 50% of the voting shares.

C. A company that directly and indirectly holds more than 50% of the voting shares in the public company.

2. Companies in which the company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the net worth of the company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the company holds, directly or indirectly, 100% of the voting shares.

3. Where an endorsement/guarantee is made due to needs arising from business dealings, evaluation standards shall be specified for determining whether the amount of an endorsement/guarantee is commensurate the total amount of trading between the two companies.

4. Where the company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages, or where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other, such endorsements/guarantees may be made free of the restriction of the preceding two paragraphs.

5. Capital contribution referred to in the preceding paragraph shall mean capital contribution directly by the public company, or through a company in which the company holds 100% of the voting shares.

Five The maximum amount for the guarantees/endorsements

The aggregate amount for guarantees/endorsements made by the company and the maximum amount of a guarantee/endorsement for an individual enterprise are as follows:

1. The aggregate amount for guarantees/endorsements made by the company shall not exceed 40% of the company's net worth.

2. The amount for guarantee/endorsement made by the company for a single enterprise, where the guarantee/endorsement is required due to business dealing, shall not exceed 30% of the total amount of business dealing between the company and the guaranteed company in the current year, or 120% of the total amount of trading in the past 3 months (the higher amount shall prevail), and the amount shall not exceed 20% of the company's net worth. Where the guarantee/endorsement is made by the company due to parent-subsidiary relation, the amount shall not exceed 30% of the company's net worth. Where the company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages, the amount shall not exceed 10% of the company's net worth.

3. The aggregate amount of guarantees/endorsement made by the company and its subsidiaries shall not exceed 50% of the company's net worth, and the amount of guarantee/endorsement made to an individual enterprise shall not exceed 30% of the company's net worth.

The term net worth as used in the preceding paragraphs shall be based on the latest CPA reviewed or certified financial statement.

Six Time limit and details for public announcement and reporting

The company shall publically announce and report the previous month's balance of the company and its subsidiaries before the 10th day of every month. Where the amount of company's guarantee/endorsement reaches one of the following levels, the company shall announce and report such event within two days commencing immediately from the date of occurrence. The Date of occurrence in these procedures means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the loan of funds or endorsement/guarantee, whichever date is earlier:

1. The aggregate balance of guarantee/endorsement from the company and its subsidiaries reaches 50% or more of the company's net worth as stated in its latest financial statement.

2. The balance of guarantee/endorsement from the company and its subsidiaries to a single enterprise reaches 20% or more of the company's net worth as stated in its latest financial statement.

3. The amount of guarantee/endorsement from the company or its subsidiaries reaches NT\$10 million or more. The aggregate total of long-term investments and the loaning of funds to others is 30% or more of the company's net worth as stated in its latest financial statement.

4. the amount of new guarantees/endorsements made by the company or its subsidiary reaches NT\$30 million and is 5% or more of the company's net worth as stated in its latest financial statement.

The company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraph 3 of the preceding paragraph.

Seven Note for processing guarantees/endorsements

1. When making guarantees/endorsements, the company shall evaluate the risks of making the guarantee/endorsement, and provide the record of evaluation, and acquire collateral where necessary. The evaluation and review process shall include:

A. The necessity of and reasonableness of endorsements/guarantees.

B. Credit status and risk assessment of the entity for which the endorsement/guarantee is made.

C. The impact on the company's business operations, financial condition, and shareholders' equity.

D. Whether collateral must be obtained and appraisal of the value thereof.

2. The company shall use the corporate chop registered with the Ministry of Economic Affairs as the dedicated chop for endorsements/guarantees. The chop shall be kept in the custody of two designated person and may be used to seal or issue negotiable instruments only in prescribed procedures. The appointment of the custodian for said chop, and change hereto, shall require approval from the board of directors.

When making a guarantee for an overseas company, the company shall have the Guarantee Agreement signed by a person authorized by the board of directors.

3. The company shall prepare a memorandum book for its endorsement/guarantee activities and record in detail the following information for the record: the entity for which the endorsement/guarantee is made, the amount, the date of passage by the board of directors or of authorization by the chairman of the board, the date the endorsement/guarantee is made, and the matters to be carefully evaluated under paragraph 1 of the preceding article.

4. The company shall evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures.

5. The company's internal auditors shall audit the Operational Procedures for Endorsements/Guarantees for Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify all the supervisors in writing of any material violation found.

6. For circumstances in which an entity for which the company makes any endorsement/guarantee is a subsidiary whose net worth is lower than half of its paid-in capital, the preceding 5 paragraphs shall be followed, and the company's financial unit shall follow-up each quarter on the financial, business and related credit status of the entity for which the endorsement/guarantee is made. Where there are significant

changes, the chairperson shall be immediately notified, and the appropriate response shall be taken in accordance to the chairperson's instructions. In the case of a subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital in the calculation under subparagraph 11 of the preceding paragraph, the sum of the share capital plus paid-in capital in excess of par shall be substituted.

Eight Procedures for making guarantees/endorsements

1. Where the company is making guarantees/endorsements, it shall evaluate the risks, and shall only proceed upon approval from the board of directors. When it is deemed necessary by the company, the board of directors shall authorize the chairperson to make the decision within the set amount, and submit the to the board of directors for ratification after the fact, as well as report the process and related matters to the shareholders' meeting for future reference.

Where the company needs to exceed the limits set out in the Operational Procedures for Endorsements/Guarantees to satisfy its business requirements, and where the conditions set out in the Operational Procedures for Endorsements/Guarantees are complied with, it shall obtain approval from the board of directors and half or more of the directors shall act as joint guarantors for any loss that may be caused to the company by the excess endorsement/guarantee. It shall also amend the Operational Procedures for Endorsements/Guarantees accordingly and submit the same to the shareholders' meeting for ratification after the fact. If the shareholders' meeting does not give consent, the company shall adopt a plan to discharge the amount in excess within a given time limit.

2. When the guarantee/endorsement is made or cancelled, the finance department shall submit the matter for approval, detailing the names of the entity for which the guarantee/endorsement is made, the matter under guarantee/endorsement, the amount and terms of release from the responsibilities of the guarantee/endorsement, dates, etc., and submit to the chairperson for review. Based on the nature of the matter under guarantee, the finance department shall determine to enter the matter in account or register it on the guarantee/endorsement registration book. The finance department shall also make monthly public announcements on information for the guarantees/endorsements within the described timeframe to the competent securities authorities in accordance with regulations.

3. Where the company requires guarantee from a related enterprise, or are acting as guarantors for each other, the terms shall be drafted by a lawyer or the finance department, issued as a letter upon approval from the chairperson, recorded and followed up.

4. Where change in circumstance leads to the entity for which the guarantee/endorsement is made does not meet the provision of these procedures, or where the amount is exceeded appropriate improvement plans shall be made, and said plans shall be delivered to the various supervisors. The improvement shall be completed within the prescribed timeframe and reported to the board of directors.

5. The subsidiaries shall make guarantees/endorsements based on these regulations, and the company shall incorporate the procedures related to making of guarantees/endorsements by the subsidiary, and publically announce and report in accordance with provision of Article six.

Nine The control and management procedures for guarantees/endorsements made by the subsidiaries

1. Where the subsidiary of the company is making guarantee/endorsement, the company shall request the said subsidiary to set up the procedures for loaning funds to other in accordance with the Regulations Governing Loaning of Funds and Making of Endorsement/Guarantees by Public Companies, and to comply with the procedures thus set up.

2. The making of guarantees/endorsement by the company's subsidiary shall first be approved by the company's board of directors before proceeding.

Ten Penalties

Where employee of this company violate these procedures in the acquisition or disposal of assets, said employee shall be reported for regular assessment in accordance with the company's regulations on human resource management and the employee manual, and punishment shall mete out in accordance with the severity of the violation.

Eleven Implementation

These procedures and any amendments hereto, shall be passed by the board of directors, delivered to all supervisors, and submitted to the shareholders' meeting.

Twelve Dates of amendments

These procedures were drafted on June 20, 2003

These procedures were amended for the first time on June 7, 2004.

These procedures were amended for the second time on May 20, 2005.

These procedures were amended for the third time on June 14, 2006.

These procedures were amended for the fourth time on June 16, 2009.

These procedures were amended for the fifth time on June 25, 2010.

These procedures were amended for the sixth time on June 11, 2013.

Creative Sensor Inc.

Shares held by board of director members and supervisors

- Company paid-up capital: NT\$1,270,550,000
Current outstanding shares: 127,055,000 shares
- The legal minimum number of shares to be held by all board of director members: 8,000,000 shares.
- The legal minimum number of shares to be held by all supervisors: 800,000 shares.
- The current status of share held by the board of director members and supervisors are as follows:

04/28/2019

Position	Name	Date of appointment	No. of share held upon appointment		No. of share held at the suspension of share transfer	
			No. of shares	Percentage	No. of shares	Percentage
Chairperson	TECO Image Systems Representative: Yo-ren Huang	107.6.27	21,928,260	17.26%	21,928,260	17.26%
Director	TECO Image Systems Representative: Qiang Xu	107.6.27	21,928,260	17.26%	21,928,260	17.26%
Director	TECO Electric and Machinery Co. Ltd. Representative: Zhao-zhi Lian	107.6.27	2,137,044	1.68%	2,137,044	1.68%
Director	Krom Electronics Co. Ltd. Representative: Ying-shen Xie	107.6.27	100,000	0.08%	100,000	0.08%
Director	TECO Capital Investment Co. Ltd. Representative: Yao-ming Wei	107.6.27	7,913,310	6.23%	7,913,310	6.23%
Independent director	Xiu-ming Wang	107.6.27	0	0%	0	0%
Independent director	Wei Wang	107.6.27	0	0%	0	0%
Total share held by BoD members			32,078,614	25.25%	32,078,614	25.25%
Supervisor	TECO Industry Co. Ltd. Representative: Hui-mei Wu	107.6.27	789,530	0.62%	789,530	0.62%
Supervisor	Ming-yu Chang	107.6.27	13,000	0.01%	13,000	0.01%
Supervisor	Hong-ming Lin	107.6.27	0	0%	0	0%
Total shares held by supervisors			802,530	0.63%	802,530	0.63%

Note: in accordance with Article 2 of the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, the amount of share held by the company's two independent supervisors has been reduced to 80% of the previous amount.