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Lucky Cement Corporation  
<http://www.csi-sensor.com.tw>

# Creative Sensor Inc.

2020 Annual Report  
Printed on: May 3, 2021

I. Name, title, phone number, and email address of the spokesperson and the deputy spokesperson

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Title: Vice Chairman

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Title: Chief Auditor

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Website: <http://www.yuanta.com>

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IV. Name of the CPA and name, address, website and phone number of the accounting firm for the financial report in the most recent year

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Accounting firm: PwC Taiwan

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

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V. Name(s) of the exchange(s) where our securities are traded offshore, and the method(s) with which the information of the offshore securities is/are accessed:  
None.

VI. Official website: <http://www.csi-sensor.com.tw>

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## One. Letter to Shareholders

### I. 2020 Operational Overview

At the beginning of 2020, the COVID-19 outbreak suddenly took place worldwide. Under the global pandemic impact, all of the daily life and economic activities were affected significantly, and remote or distance working became the new normal for people. The market demand for MFPs (multifunction printer) was in the process of replacement of consumer models and high-end business models. According to the IDD market survey, the output volume of MFP in 2020 increased by 3.2% from 2019; however, the output amount decreased by 12.5% from 2019. The Company's 2020 business plan implementation outcome indicated a relatively obvious decline from the outcome of the same period in last year.

(I) Business plan implementation outcome and profit analysis are as follows:

Unit: NTD thousands			
Year	2020	2019	Growth rate
Operating revenue	3,399,884	4,169,494	-18.5%
Gross profit	463,509	605,987	-23.5%
Earnings per share	1.50	1.45	3.4%

(II) Revenue, profit, and loss:

2020 revenues amounted to NTD 3.4 billion, down 18.5% from the NTD 4.169 billion in 2019. The gross profit in 2020 was NTD 464 million, a decrease of 23.5% from NTD 606 million in 2019. The overall revenue was affected by the COVID-19 pandemic in Q1, such that the production output was significantly insufficient. After the production capacity gradually recovered in Q2, the output volume started to increase stably in the second half of the year. Nevertheless, due to the labor shortage and appreciation of the NTD exchange rate by nearly 8%, both the revenue and gross profit declined. As the Company continued to maintain the yield rate of the Nanchang plant, under the positive impacts of the cost-saving and increase of non-operating income, the earnings per share after tax was NTD 1.5, an increase of 3.4% from the same period of last year.

2020 R&D results:

1. For the CISM project, self-developed component parts continued to be implemented and their quality performance was improved along with the enhancement in the vertical integration and the introduction of new material suppliers, such that the costs were reduced effectively.
2. The Company also planned and completed CISM VE designs for the lightweightness of the light source and DOI improvement, and increase of PCB utilization rate, etc.
3. The design and development of optical modules with a high depth of field and compact size optical modules were promoted, and design assessments were completed.
4. According to the market demand, AIO linear sensing camera module performance was increased to facilitate the sales, the development of a new generation of the module and subsequent product planning was completed.
5. The "Wafer Grade Lens Structure for Contact Type Image Sensing Module" technology was granted with the U.S. Invention patent right.
6. Two patent applications of "Contact Image Sensor, Light Guide Module and Manufacturing Method Thereof" and "Image Capturing Device with Image Skew

Correction” were filed.

## II. 2021 Outlook

After the global economy underwent a decline in 2020, the pandemic is expected to be mitigated gradually as the vaccination rate increases in 2021; however, uncertainty factors may still exist. Nonetheless, as all countries worldwide are expanding their economic stimulus and relief plans and promoting financial and currency policies, the global economy is expected to show a positive growth under such stimulus policies.

Accordingly, with regard to the Company's business focus in 2021, the management team will still need to maintain the prompt reaction and change capability to stabilize customers. Furthermore, in terms of factory management, the Company will continue to reduce personnel turnover rate and increase production capacity. It will continue to enhance quality control to reduce defect rates, increase automated production flexibility and change, promote process optimization, and improve production yield, thereby ensuring the company's profit. In addition, the Company will continue to actively invest in the research and development of new products. It will focus on the “Epidemic Control Applications” and “Industrial Applications”, along with the establishment of the core technologies “Precise Temperature Measurement” and “Dual Optical Intelligence”, etc.

The following will be the focuses of the Company's operations in 2021:

1. Reduce the turnover rate of factory personnel, increase the flexibility and change ratio of automated production, ensure factory efficiency and yield rate, and control costs and expenses to increase the profit.
2. Cooperate with the CISM project, continue to develop new customers and new projects, and provide CIS vertical integration solutions.
3. Plan the self-manufacturing plastic parts formation of the Nanchang plant in order to increase gross profit and to ensure product supply quality.
4. Develop a lightweight light source, improve DOI, increase PCB utilization rate and other VE items for the implementation of mass production applications, and further reduce costs.
5. Promote CIMS component parts integration and standardization, design modularization, increase automatic testing efficiency, enhance vertical integration in order to effectively reduce the development time and reduce costs.
6. Plan and develop Lensless CIMS module design to provide greater choices to customers and increase competitiveness.
7. In response to the volatile raw material price and inconsistent supply of parts, the Company will actively seek alternative suppliers to secure future supply.

Chairman: Yu-Ren Huang

## Two. Company Profile

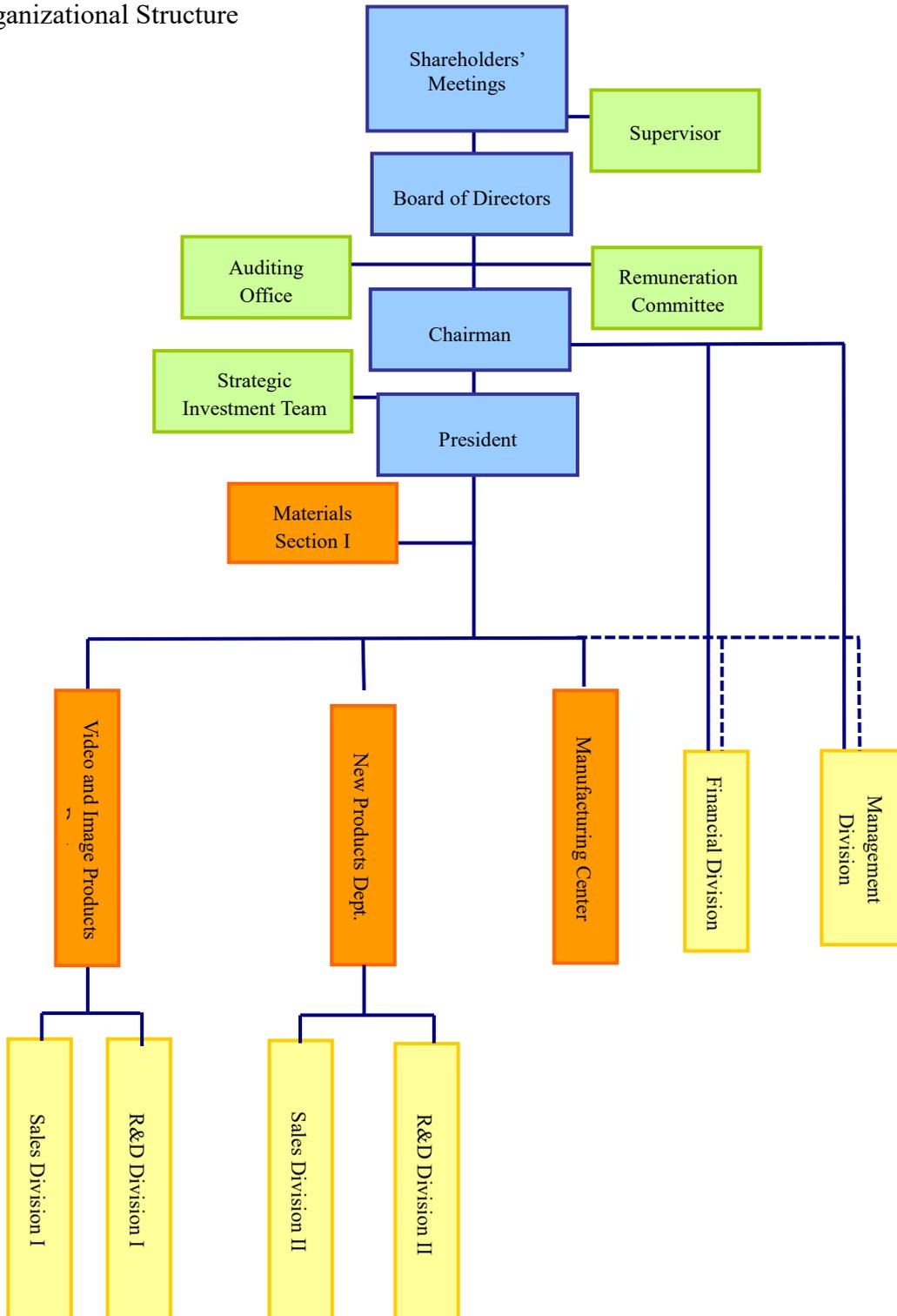
- I. Establishment Date: June 15, 1998
- II. Corporate Milestones
  - 1998 - The Company was founded in Wenshan District, Taipei City. The registered capital was NTD 40 million and the paid-in capital was NTD 10 million.
  - 1999 - The Company moved to Xizhi City, Taipei County.  
- The cash capital increase was NTD 50 million and the paid-in capital was NTD 60 million.
  - 2000 - The cash capital increase was NTD 300 million and the paid-in capital reached NTD 360 million. The Company then carried out supplemental public issuance.  
- The Company moved to Xindian City, Taipei County.  
- The Company obtained the ISO9001 certificate.
  - 2001 - The Company entered into the “Development Project of New Leading Products” agreement with the Industrial Development Bureau, Ministry of Economic Affairs.
  - 2002 - The Company finished a complete strategic alliance arrangement in the CIS industry with global leading manufacturers and customers.  
- The English name of the Company was changed to “CREATIVE SENSOR INC.”  
- The cash capital increase was NTD 140 million and the paid-in capital reached NTD 500 million.  
- A subsidiary was founded in Wuxi, China, in line with the marketing strategy and low production cost.  
- The cash capital increase was NTD 200 million and the paid-in capital reached NTD 700 million.
  - 2003 - The Company developed a 2400 DPI High Resolution Chromatic CIS. It was the first developed and mass-produced leading model of 2400 DPI in the market.
  - 2004 - Our Wuxi 2<sup>nd</sup> factory in China was launched officially.  
- The Company obtained the ISO14001 certificate.
  - 2005 - The Company was approved by the Securities and Futures Bureau, Financial Supervisory Commission, Executive Yuan, to list as a public company.  
- The first domestic unsecured convertible corporate bonds amounting to NTD 200 million was issued.  
- The Company invested and founded a subsidiary in the USA.
  - 2006 - The Company obtained the qualification of business operation headquarters.  
- The Company obtained the TS16949 quality system certificate in the automobile industry.  
- The first liquid lens in the world was put into mass production successfully.
  - 2007 - The Company invested in and founded the NanChang Creative Sensor Technology CO., LTD..  
- The Company obtained the technology research and development project from the Ministry of Economic Affairs (research and development project of autofocus liquid lens module).
  - 2008 - NanChang Creative Sensor Technology CO., LTD. Was launched.
  - 2009 - Wuxi Creative Sensor Technology CO., LTD. passed the high-tech enterprise certification.
  - 2010 - Part of the ELCC new packaging process for sensors entered the mass production stage.
  - 2012 - NanChang Creative Sensor Technology CO., LTD. passed the high-tech enterprise certification.
  - 2013 - The Company received the 2012 best quality award for suppliers from Brother.

- 2014 - The Company received the 2013 remarkable supplier award from Epson.
- The Company moved to Neihu District, Taipei City.
- 2015 - The company received the 2015 remarkable quality and process supplier award from HP.
- 2016 - The Company received the 2016 quality advancement supplier award from HP.
- The Company received the 2016 quality advancement award from Samsung.
- The Company received the 2016 remarkable supplier award from Brother.
- The Company received the 2016 remarkable supplier award from Epson.
- 2017 - The Company successfully developed infrared thermal imaging ceramic packaging technology.
- The Company successfully developed independent sensor light sources and it entered the mass production stage.
- 2018 - Successfully developed 660mm automatic optical inspection module.
- 2019 - Successfully integrated thermal imaging driving ASIC and sensor, developed thermal imaging module
- 2020 - Received the appreciation award from HP for supplier's assistance during the pandemic period

# Three. Corporate Governance Report

## I. Organization System

### (I) Organizational Structure



(I) Responsibilities of Main Departments:

<b>Department</b>	<b>Responsibilities and Duties</b>
<b>Auditing Office</b>	Review and evaluate company's internal control system, establish and revise internal audit system and periodically execute audits on various company's internal management system operations and prepare reports.
<b>President's Office</b>	Plan and establish company's vision, business policies, and medium and long term development strategies.
<b>Video and Image Products Dept.</b>	<ol style="list-style-type: none"> <li>1. Responsible for the promotion of optoelectronic product business development, customer development and maintenance, collect and analyze market information as well as product development and design.</li> <li>2. Establish company's marketing strategies according to the company's strategy direction, market information, and customer demands.</li> <li>3. Management of customer information, quotations and orders, sales report and control of RMA progress.</li> <li>4. Shipping notice issuance, sales return customer contact and follow-up.</li> <li>5. Development of testing system and established a repair system.</li> </ol>
<b>New Products Dept.</b>	<ol style="list-style-type: none"> <li>1. Responsible for the research and development as well as business development of new products.</li> <li>2. Development, design and specification establishment of new products.</li> <li>3. Implementation and introduction of new technologies and new suppliers, and planning for reduction of production costs.</li> <li>4. Collection of information of product market trend and technologies etc. as well as analysis and responsive strategies.</li> </ol>
<b>Manufacturing Center</b>	<ol style="list-style-type: none"> <li>1. Production goal management, production operation process evaluation planning and execution.</li> <li>2. Manufacturing process technical evaluation, planning and design, coordination and resolution of various manufacturing process issues.</li> <li>3. Establishment and management of quality activities, factory equipment maintenance, industrial safety, and environment matters etc.</li> </ol>
<b>Financial Division</b>	<ol style="list-style-type: none"> <li>1. Manage financial, accounting, cost, stock affairs, re-investments and board of directors related affairs of the entire company.</li> <li>2. Responsible for the investment analysis, budget management, operation performance analysis and strategy recommendations, business planing</li> </ol>
<b>Management Division</b>	<ol style="list-style-type: none"> <li>1. Manage human resources, general administration, asset management, legal and information management affairs etc. for the entire company.</li> <li>2. Provide necessary support and service to all departments in order to promote the improvement in operational performance.</li> </ol>

II. Information concerning the directors, supervisors, presidents, vice presidents, assistant vice presidents, and department and branch managers

(I) Directors, Supervisors

1. Information of directors and supervisors

April 26, 2021

Title	Nationality/Companies Registry	Name	Gender	Date of Election (Appointment)	Term (years)	Date First Elected	Shareholding when Elected		Current shareholding		Spouse & Minor Shareholding		Shareholding under another		Education and selected past positions	Currently concurrent positions in the Company or in other companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks
							Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			Title	Name	Relationship	
Chairman	R.O.C.	TECO Image Systems Co., Ltd.		2018.6.27	3	2003.6.20	21,928,260	17.26%	21,928,260	17.26%	0	0	0	0	Chairman and president of TECO Image Systems Co., Ltd. CEO of TECO Group, IT Business Unit M.E.E. of Columbia University	(Note 2)	None	None	None	
	Japan	Representative: Yu-Ren Huang	Male	2018.6.27	3	2003.6.20	0	0.00%	0	0.00%	0	0	0	0			None	None	None	
Vice Chairman	R.O.C.	TECO Image Systems Co., Ltd.		2018.6.27	3	2003.6.20	21,928,260	17.26%	21,928,260	17.26%	0	0	0	0	Sales Director of Sunplus Technology Co., Ltd. MBA of Keio University	(Note 2)	None	None	None	
	R.O.C.	Representative: Chi-Chang Yang	Male	2018.6.27	3	2019.10.22	0	0.00%	464	0.00%	0	0	0	0			None	None	None	
Director	R.O.C.	TECO Electric & Machinery Co., Ltd.		2018.6.27	3	2006.6.14	2,137,044	1.68%	2,137,044	1.68%	0	0	0	0	Deputy President of TECO Electric & Machinery Co., Ltd. Master, Stevens Institute of Technology	(Note 2)	None	None	None	
	R.O.C.	Representative: Chao-Chih Lien	Male	2018.6.27	3	2005.1.05	0	0.00%	0	0.00%	0	0	0	0			None	None	None	
Director	R.O.C.	KROM Electronics Co., Ltd.		2018.6.27	3	2012.6.13	100,000	0.08%	100,000	0.08%	0	0	0	0	Chairman of KROM Electronics Co., Ltd. Doctor of International Judicial Science of University of International Business and Economics, Beijing	(Note 2)	None	None	None	
	R.O.C.	Representative: Ying-Sheng Hsieh	Male	2018.6.27	3	2009.6.16	0	0.00%	0	0.00%	0	0	0	0			None	None	None	
	R.O.C.	Representative: En-Kuo Wang (Note 1)	Male	2018.6.27	3	109.9.29	0	0.00%	0	0.00%	0	0	0	0			Vice Chairman of Koryo Electronics Co., Ltd. Master of Regional Economics, Jinan University Guangzhou	None	None	None
Director	R.O.C.	Tong-An Investment Co., Ltd.		2018.6.27	3	2000.4.11	7,913,310	6.23%	7,913,310	6.23%	0	0	0	0	Emeritus Chair Professor of Chang Jung Christian University Doctor of Department of Psychology, University of Wyoming	(Note 2)	None	None	None	
	R.O.C.	Representative: Chiang Hsu	Male	2018.6.27	3	2019.10.22		0.00%	0	0.00%	0	0	0	0			None	None	None	
Independent Director	R.O.C.	Hsiu-Ming Wang	Male	2018.6.27	3	2009.6.16	0	0.00%	0	0.00%	0	0	0	0	Chairman of Ming Shing Creativity Management Consultant Co., Ltd. MBA, University of Leicester	(Note 2)	None	None	None	
Independent Director	R.O.C.	James Wang	Male	2018.6.27	3	2006.6.14	0	0.00%	0	0.00%	0	0	0	0	President of Sercomm Corporation MBA, Harvard Business School	(Note 2)	None	None	None	
Supervisor	R.O.C.	Guang Yuan Industrial Co., Ltd.		2018.6.27	3	2003.6.20	789,530	0.62%	789,530	0.62%	0	0	0	0	Chairman of TECNOS International Consultant Co., Ltd. MBA of College of Management, National Taiwan University	(Note 2)	None	None	None	
	R.O.C.	Representative: Hui-Mei Wu	Female	2018.6.27	3	2012.11.5	0	0.00%	0	0.00%	0	0	0	0			None	None	None	
Supervisor	R.O.C.	Hung-Ming Lin (Note2)	Male	2018.6.27	3	2018.6.27	0	0.00%	0	0.00%	0	0	0	0	Deputy Director of Management and Accounting Division, TECO Electric & Machinery Co., Ltd. Master of Business Administration, University of Durham, U.K.	(Note 2)	None	None	None	
Supervisor	R.O.C.	Min-Yu Chang	Female	2018.6.27	3	2004.06.07	13,000	0.01%	13,000	0.01%	0	0	0	0	Independent Director of Taishin Financial Holding Co., Ltd. Independent Director of Taishin International Bank Co., Ltd. Department of Accounting, Tamkang University	(Note 2)	None	None	None	

Note 1: Krom Electronics Co., Ltd. reassigned En-Kuo Wang as the corporate shareholder-representing director on 2020.09.29.

Note 2: Hung-Ming Lin resigned from the position of supervisor on 2020.11.30.

Note 2: Currently concurrent positions in the Company or in other companies

Title/Job	Name	Currently concurrent positions in the Company or in other companies	
Chairman	Yu-Ren Huang	Chairman:	Creative Sensor Inc.; TECO Image Systems Co., Ltd.; TECO Pro-Systems (JiangXi) Co., Ltd.
		Director:	Independent Director of Career Technology MFG. Co., Ltd.; Independent Director of Genetics Generation Advancement Corp.; Dahaner Venture Capital Co., Ltd.; Director of Yuban & Company; Guang Yuan Industrial Co., Ltd.; Culture-Ing Co., Ltd.; Blue Pacific International Co., Ltd.; Wuxi Creative Sensor Technology Co., Ltd.; NanChang Creative Sensor Technology Co., Ltd.; Creative Sensor (USA) Co.; Creative Sensor Co., Ltd. (HK); Creative Sensor Inc. (BVI)
Vice Chairman	Chi-Chang Yang	Chairman:	Sun Semiconductor Corporation
		Director:	Teco Image Systems Co., Ltd., NanChang Creative Sensor Technology Co., Ltd., Wuxi Creative Sensor Technology Co., Ltd.
Director	Chao-Chih Lien	Chairman:	Taian Electric Co., Ltd., Zimtech Co., Ltd.; Teco Electrical Industries Private Limited; TECO EV Philippines Corporation; Lien Chang Electronic Enterprise Co., Ltd., Shanghai Teco Electric & Machinery Co., Ltd., Gen Mao International Investment Co., Ltd.
		Vice Chairman:	TECO AUSTRALIA PTY. LTD.
		Director:	Teco-Westinghouse Motor Company; TECO Australia Pty Limited; TECO-Westinghouse Motors (Canada) Inc; Teco Westinghouse Motor Company S. A. de C.V.; TECO Holdings USA, Inc.; TECO Electric & Machinery Pte Ltd.; TEMICO INDIA PRIVATE LIMITED; TEMICO MOTOR INDIA PRIVATE LIMITED; Teco Image Systems Co., Ltd., TG Teco Vacuum Insulated Glass Corp., Corporate Synergy Development Center, Wuxi Creative Sensor Technology Co., Ltd.; NanChang Creative Sensor Technology Co., Ltd., Wuxi Teco Electric & Machinery Co. Ltd., Taian Technology (Wuxi) Co., Ltd., Gen Mao (Singapore) Co., Ltd.
		President:	TECO Electric & Machinery Co., Ltd.
Director	Chiang Hsu	Director:	Independent director of T.Y.C. Brother Industrial Co., Ltd.
		Others:	Lifetime Emeritus Professor of Chang Jung Christian University, Consultant of T.Y.C. Brother Industrial Co., Ltd.; Consultant of Changhua Christian Hospital
Director	En-Kuo Wang	Chairman:	Shanghai Koryo Electronics Co., Ltd., Koryo Electronics (Shenzhen Office) Co., Ltd., Nanchang Creative Sensor Technology Co., Ltd., Krom Electronics Co., Ltd., Victron Technology Co., Ltd.
		Director:	Vice Chairman of Koryo Electronics Co., Ltd., Wuxi Koryo Electronics Co., Ltd., Tien Da Investment Co., Ltd., ProMOS Technologies Inc.
Independent Director	Hsiu-Ming Wang	Chairman:	Ming Shing Creativity Management Consultant Co., Ltd.; Ming Xiang Culture Co., Ltd.
		Director:	Corporate director representative of FIT Holding Co., Ltd., independent director of King Yuan Electronics Co., Ltd.
		Supervisor:	Kuo Kuang Power Co., Ltd.
		Others:	Director of Taiwan Electrical and Electronic Manufacturers' Association
Independent Director	James Wang	Chairman:	Shu Kuan Investment Co., Ltd.; Shu Kuan Trading Co., Ltd; Re Zhong Investment Co., Ltd.; Zhuo Jian Investment Co., Ltd.; Yun Zhou Investment Co., Ltd.; Servercom (India) Private Limited; Yun Li Co., Ltd.
		Director:	Sercomm Corporation; Sercomm Japan Corp.; Sercomm Russia LLC., Hawxeye LLC., Sercomm Technology Inc., Sercomm Philippine Inc
		President:	Sercomm Corporation
Supervisor	Hui-Mei Wu	Director:	Century Development Corporation, Inc.; Shi Kang Development Corporation, Inc.; TECNOS International Consultant Co., Ltd.; Ming Full Ltd.; Xian Lao Man Catering Co., Ltd.; Gao Le Foods Co., Ltd., Foremost International Food & Beverage Co., Ltd.
		President:	Tong-An Asset Development Management Co., Ltd.
Supervisor	Min-Yu Chang	Director:	Independent Director of Taishin Financial Holding Co., Ltd.; Independent Director of Taishin International Bank Co., Ltd.; Independent Director of Taiwan Shin Kong Security Co., Ltd.; Independent Director of Shin Shin Natural Gas Co., Ltd.; Taiwan Shin Kong Security Culture and Arts Foundation; TaipeiING Co., Ltd.
		Supervisor:	Multilite International Co., Ltd.
		Others:	Supervisor of National Performing Arts Center

1. Names of 10 largest institutional shareholders and shareholding percentage thereof

Major shareholders of institutional shareholders

April 27, 2021

Institutional shareholder	Major shareholders of institutional shareholders
TECO Image Systems Co., Ltd.	Creative Sensor Inc. (10.66%); Tong-An Investment Co., Ltd. (8.17%); Tien Da Investment Co., Ltd. (6.78%); Koryo Electronics Co., Ltd.(6.21%); TECO International Investment Co., Ltd.(5.67%); Guang Yuan Industrial Co., Ltd. (4.24%); Employee Stock Ownership Trust Asset Account of TECO Image Systems Co., Ltd. managed by CTBC Bank in trust (2.02%); Ta-Chao Lin (1.8%); Chin-Sheng Chiao (1.36%); An-Tai International Investment Co., Ltd.(1.13%)
TECO Electric Machinery Co., Ltd.	PJ Asset Management Co., Ltd. (17.45%); Walsin Lihwa Corporation (9.7%), Jia Yuan Investment Co., Ltd. (6.34%), Creative Sensor Inc. (3.62%); Silchester international investors international value stock trust investment account managed by Bank of Taiwan in trust (2.28%); WGI Emerging Market Smaller Company Fund Investment Account managed by Business Department of Standard Chartered Bank in trust (1.76%); Oriental Light Investment Limited (1.50%); Silchester international investors international value stock trust investment account managed by Bank of Taiwan in trust (1.27%); Norway Central Bank Investment Account managed by Citibank Taiwan in trust (1.26%); Kuang Yuan Co., Ltd. (1.25%)
KROM Electronics Co., Ltd.	Multilite International Co., Ltd. (49.63%); Kuang Yuan Industrial Co., Ltd. (5.54%); Hui-Mei Chiu (4.43%); Li-Chun Chang (3.44%); Ant Bridge Asia Corporation (2.91%); Joyce Investment Corp. (2.82%); Li-Jung Chiu (2.44%); Kung-Shih Lin (2.4%); Chuan-Fu Lu (2.16%); Li-Yu Chang (2.03%)
Tong-An Investment Co., Ltd.	TECO Electric & Machinery Co., Ltd. (99.6%); TECO International Investment Co., Ltd. (0.2%); An-Tai International Investment Co., Ltd. (0.2%)
Guang Yuan Industrial Co., Ltd.	Tung Kuang Investment Co., Ltd. (33.86%); Lin-Ho-Hui Huang (51.58%); Hong Kong Mingye Investment Co., Ltd. (10.0%); Tong Ho Global Investment Co., Ltd. (0.74%); Others (3.82%)

Major shareholders of the major shareholders who are juristic persons

April 27, 2021

Name of Juristic Person	Major shareholders of the juristic person
PJ Asset Management Co., Ltd.	He Yang Management Consultant Co., Ltd. (94.95%); Others (5.05%)
Walsin Lihwa Corporation	Winbond Electronics Corp. (6.55%), Jin Xin Investment Co., Ltd. (6.31%), Investment Account operated by LGT Singapore and managed by JP Morgan Chase Bank, N.A. Taipei Branch in trust (5.87%), Polaris Taiwan Dividend Plus ET (5.64%), Yu-Hui Chiao (2.77%), Hua Li Investment Co., Ltd. (2.16%), Yu-Heng Chiao (1.74%), Series Fund PGIA Total International Stock Index Fund Investment Account operated by PGIA and managed by JP Morgan Chase Bank, N.A. Taipei Branch in trust (1.67%), Rong Chiang International Ltd. (1.66%), Yu-Chi Chiao (1.53%)
Jia Yuan Investment Co., Ltd.	He Yuan International Investment Co., Ltd. (100%)
Koryo Electronics Co., Ltd.	TECO Image Systems Co., Ltd. (19.29%); Creative Sensor Technology Co., Ltd. (13.53%); Multilite International Co., Ltd. (11.59%); Chuan-Fu Lu (10.95%); Haidebo Capital Co., Ltd. (7.89%); Hui-Mei Chiu (4.42%); Tse-Hang Yang (3.45%); Joyce Worldwide Ltd. (2.91%); Lin-Ho-Hui Huang (2.22%); Chin-Ho Ku (1.82%)
Tien Da Investment Co., Ltd.	Koryo Electronics Co., Ltd. (42.06%); Lien Chang Electronic Enterprise Co., Ltd. (19.63%); Creative Sensor Technology Co., Ltd. (16.83%); Multilite International Co., Ltd. (14.02%); TECO Image Systems Co., Ltd. (5.61%); Victron Technology Co., Ltd. (1.85%)
Multilite International Co., Ltd.	Guang Yuan Industrial Co., Ltd. (22.28%); Joyce Investment Corp. (18.38%); Joyce Worldwide Ltd. (15.19%); Mao-Hsiung Huang (10.04%); Tung Kuang Investment Co., Ltd. (9.88%); Hsin-Pei Lin (5.11%); Li-Chun Chang (3.80%); Lin-Ho-Hui Huang (3.74%); Li-Yu Chang (3.74%); Li-Chieh Chang (3.11%)
An-Tai International Investment Co., Ltd.	TECO Electric & Machinery Co., Ltd. (100%)
Tung Kuang Investment Co., Ltd.	Guang Yuan Industrial Co., Ltd. (39.28%); Lin-Ho-Hui Huang (35.01%); Hong Kong Mingye Investment Co., Ltd. (12.73%); Tong Ho Global Investment Co., Ltd (6.00%); Others (6.98%)
TECO International Investment Co., Ltd.	TECO Electric & Machinery Co., Ltd. (100%)
Joyce Investment Corp.	Wen-Hsiung Lin (5.75%); Chien-Fang Wu (13.5%); The Thermos Foundation (5.75%); Kai Yue Industrial Co., Ltd. (8.25%); Joyce Worldwide Ltd. (3.50%); Ming Zheng Investment Co., Ltd. (63.25%)
Ant Bridge Asia V Corporation	Ant Bridge Asia V, L.P. (100%)
Hong Kong Mingye Investment Co., Ltd.	Mei-Ling Teng (100%)
Tong Ho Gloabl Investment Co., Ltd	Shang-Li Huang (25.89%); Guang Yuan Industrial Co., Ltd. (19.5%); Po-Yuan Wang (20.0%); Yu-Ren Huang (17.78%); Others (16.83%)

2. Whether the directors or supervisors have no less than five years experience in business, law, or financial operations, or required by the Company's business, and meet the following conditions:

Criteria	Has at least five years of relevant working experience and the following professional qualifications			Compliance of independence (Note 1)												Number of positions as an Independent Director in other public listed companies
	Lecturer (or above) of commerce, law, finance, accounting, or any subject relevant to the Company's operations in a public or private tertiary institution	Certified judge, attorney, lawyer, accountant, or holder of professional qualification relevant to the Company's operations	Commercial, legal, financial, accounting or other work experience required to perform the assigned duties	1	2	3	4	5	6	7	8	9	10	11	12	
Name																
TECO Image Systems Co., Ltd. Representative: Yu-Ren Huang	✓		✓			✓	✓		✓			✓	✓	✓		2
TECO Image Systems Co., Ltd. Representative: Chi-Chang Yang			✓			✓	✓		✓	✓		✓	✓	✓		None
TECO Electric & Machinery Co., Ltd. Representative: Chao-Chih Lien			✓			✓	✓		✓			✓	✓	✓		None
KROM Electronics Co., Ltd. Representative: En-Kuo Wang			✓			✓	✓		✓	✓	✓	✓	✓	✓		None
Tong-An Investment Co., Ltd. Representative: Chiang Hsu	✓		✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓		1
Hsiu-Ming Wang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None
James Wang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None
Guang Yuan Industrial Co., Ltd. Representative: Hui-Mei Wu			✓			✓	✓		✓	✓	✓	✓	✓	✓		None
Min-Yu Chang		✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	4

Note 1: "✓" is marked in the space beneath a condition number when directors or supervisors have met that condition during the two years prior to election and during his or her period of service. The conditions are as follows:

- (1) Not an employee of the Company or its affiliates.
- (2) Not a director, supervisor of the Company and its affiliates (the same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, as appointed in accordance with law or with the laws of the country of the parent company or subsidiary).
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of issued shares of the company or ranks as one of its top ten shareholders.
- (4) Not a managerial officer listed in the preceding Subparagraph (1) or a spouse, relative within second degree of kinship or direct blood relative within third degree of kinship of personnel listed in the preceding Subparagraphs (2) and (3).
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the company, or of a corporate shareholder that ranks among the top five in shareholdings, or of a proxy appointed according to Paragraph 1 or Paragraph 2 of Article 27 of the Company Act.

- (6) Not a director, supervisor, or employee of other company not controlled by the same parties holding a majority of the number seats of directors of the company or a majority of shares with voting rights.
- (7) Not a director (managing director), supervisor (managing supervisor), or employee of other company or institution being the same person holding the position of Chairman, President or equivalent position in the company or a spouse thereof.
- (8) Not a director (managing director), supervisor (managing supervisor), managerial officer or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial or business relationship with the company (provided that if the specific company or institution holds 20% or more and no more than 50% of the total number of issued shares of the company, and the position of an independent director is held concurrently for the company and its parent company, a subsidiary, or a subsidiary of the same parent company according to this law or laws of the local country, such restriction shall not be applied).
- (9) Not a professional providing business, legal, financial, accounting, or consulting services to the company or an affiliate, nor an owner, partner, director (managing director), supervisor (managing director), or manager officer, or the spouse of any of the foregoing, of a sole proprietorship, partnership, company, or organization providing such services to the company or its affiliates or cumulative remuneration amount obtained in the last two years not exceeding NTD 500,000. provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or the Business Mergers and Acquisitions Act and related laws or regulations.
- (10) It's not the spouse or relative within the second degree of kinship of another director.
- (11) It's not a person of the conditions specified in any of the sub-paragraphs of Article 30 of the Company Act.
- (12) Has not been elected as a government unit, institution, or their representative as prescribed in Article 27 of the Company Act.

## (II) Information concerning the president, vice presidents, assistant vice presidents, and department and branch managers

April 27, 2021

Title	Nationality	Name	Gender	Date of Election (Appointment)	Shareholding		Shareholdings of Spouse & Minor		Shareholding under another		Education and selected past positions	Currently Concurrent positions at other companies	Managers who are spouses or relatives within the second degree of kinship			Remarks
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			Title	Name	Relationship	
Acting President	R.O.C.	Chi-Chang Yang (Note 1)	Male	2015.11.09	464	0.0004%	0	0	0	0	Sales Director of Sunplus Technology Co., Ltd. MBA of Keio University	(Note 8)	None	None	None	
President	R.O.C.	Yuan-Hao Tsai (Note 2)	Male	2019.12.17	0	0	0	0	0	0	President of Foxlink Co., Ltd. Graduate Institute of International Business Administration, Chinese Culture University	None	None	None	None	
Vice President	R.O.C.	Ho-Hsin Chen (Note 3)	Male	2017.02.20	0	0	0	0	0	0	President of EPISKY corporation (Changzhou) Ltd. EMBA of Department of Industrial and Business Management, Pacific Western University	None	None	None	None	
Assistant Vice President	R.O.C.	Hung-Chi Chen	Male	2017.02.15	50,000	0.04%	0	0	0	0	President of NanChang Creative Sensor Technology Co., Ltd. Department of Electronic Engineering, Hwa Hsia University of Technology	(Note 8)	None	None	None	
Assistant Vice President	R.O.C.	Sheng-Chih Ou (Note 4)	Male	2018.07.06	0	0	0	0	0	0	Director of Financial Management Division, TECO Image Systems Co., Ltd. Kai Ming Senior Technical and Commercial Vocational School	None	None	None	None	
Assistant Vice President	R.O.C.	Chi-Wen Chen (Note 5)	Male	2020.03.18	0	0	0	0	0	0	Assistant Vice President, Foxlink Co., Ltd. American Graduate School of International Management	None	None	None	None	
Assistant Vice President	R.O.C.	Shao-Yang Wu (Note 6)	Male	2020.12.30	0	0	0	0	0	0	Chief Operating Officer of Asia Air Precision Technology Ltd. Department of Mechanical Engineering, National Central University	None	None	None	None	
Director	R.O.C.	Chun-Mei Yen	Female	2018.07.06	0	0	0	0	0	0	Vice Director, TECO Image Systems Co., Ltd. Department of Accounting, Fu Jen Catholic University	None	None	None	None	
Deputy Director	R.O.C.	Hsueh-Ling Wang (Note 7)	Female	2020.12.30	0	0	0	0	0	0	Deputy Director of Lien Chang Electronic Enterprise Co., Ltd. Department of Industrial Engineering, Vanung College of Technology	None	None	None	None	

Note 1: Chi-Chang Yang was appointed as the Acting President on 2020.11.11.

Note 2: Yuan-Hao Tsai was reassigned from the position of President to Consultant on 2020.11.11

Note 3: Ho-Hsin Chen was reassigned from the position of Vice President to Special Assistant on 2020.03.18, and then resigned on 2020.06.15.

Note 4: Sheng-Chih Ou retired on 2020.12.30

Note 5: Chi-When Chen was appointed as the Assistant Vice President on 2020.03.18.

Note 6: Shao-Yang Wu was appointed as the Assistant Vice President on 2020.12.30.

Note 7: Hsueh-Ling Wang was appointed as the Deputy Director on 2020.12.30.

Note 8: Currently has concurrent positions in the Company or other companies.

Title	Name	Currently concurrent positions in the Company or in other companies	
Acting President	Chi-Chang Yang	Director:	TECO Image Systems Co., Ltd.; Wuxi Creative Sensor Technology Co., Ltd.; NanChang Creative Sensor Technology Co., Ltd.; Creative Sensor (USA) Co.
Assistant Vice President	Hung-Chi Chen	Director:	NanChang Creative Sensor Technology Co., Ltd.
		President:	Wuxi Creative Sensor Technology Co., Ltd.; NanChang Creative Sensor Technology Co., Ltd.

## (III) Remuneration paid to directors, supervisors, presidents, and vice presidents in the most recent year

## 1. Remuneration of Directors and Independent Directors

Unit: NTD thousands

No.	Title	Name	Remuneration to directors								Sum of A, B, C, and D as percentage of net income (%)		Remuneration in the capacity as employees								Sum of A, B, C, D, E, F and G as percentage of net income (%)		Compensation from investees or parent company other than subsidiaries received
			Remuneration (A)		Pension (B)		Remuneration to directors (C)		For professional practice (D)				Salary, Bonuses and special allowances (E)		Pension (F)		Employee Compensation (G)						
			The Company	Companies included into the financial statement	The Company	Companies included into the financial statement	The Company	Companies included into the financial statement	The Company	Companies included into the financial statement	The Company	Companies included into the financial statement	The Company	Companies included into the financial statement	The Company	Companies included into the financial statement	The Company		Companies included into the financial statement		The Company	Companies included into the financial statement	
																	Cash dividend	Stock dividend	Cash dividend	Stock dividend			
1	Chairman	TECO Image Systems Co., Ltd.	0	0	0	0	1,767	1,767	35	55	0.97%	0.98%	6,028	6,028	0	0	0	0	0	0	5.74%	5.74%	Yes
2		Representative: Yu-Jen Huang																					
3	Vice Chairman	TECO Image Systems Co., Ltd. Representative: Chi-Chang Yang	0	0	0	0	707	707	10	15	0.38%	0.38%	0	0	0	0	0	0	0	0	0.38%	0.38%	Yes
4	Director	TECO Electric & Machinery Co., Ltd.	0	0	0	0	707	707	10	15	0.38%	0.38%	0	0	0	0	0	0	0	0	0.38%	0.38%	Yes
5		Representative: Chao-Chih Lien																					
6	Director	KROM Electronics Co., Ltd.	0	0	0	0	707	707	15	15	0.39%	0.39%	0	0	0	0	0	0	0	0	0.39%	0.39%	Yes
7		Representative: Ying-Sheng Hsieh																					
		Representative: En-Kuo Wang (Note 1)	0	0	0	0			15	20			0	0	0	0	0	0	0	0			None
8	Director	Tong-An Investment Co., Ltd.	0	0	0	0	707	707	25	25	0.38%	0.38%	0	0	0	0	0	0	0	0	0.38%	0.38%	None
9		Representative: Chiang Hsu																					
10	Independent Director	Hsiu-Ming Wang	0	0	0	0	1,000	1,000	20	20	0.54%	0.54%	0	0	0	0	0	0	0	0	0.54%	0.54%	None
11	Independent Director	James Wang	0	0	0	0	1,000	1,000	45	45	0.55%	0.55%	0	0	0	0	0	0	0	0	0.55%	0.55%	None

Note 1: Krom Electronics Co., Ltd. reassigned En-Kuo Wang as the shareholder-representing director on 2020.09.29.

## Breakdown of remuneration

Breakdown of remuneration to directors	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	Companies included into the financial statement	The Company	All investees included into the financial statements
Under NTD 1,000,000	2, 3, 4, 5, 6, 7, 8, 9	2, 3, 4, 5, 6, 7, 8, 9	4, 5, 6, 7, 8, 9	4, 5, 6, 7, 8, 9
NTD 1,000,000 (inclusive) ~ NTD 2,000,000 (exclusive)	1, 10, 11	1, 10, 11	1, 10, 11	1, 10, 11
NTD 2,000,000 (inclusive) ~ NTD 3,500,000 (exclusive)	—	—	3	3
NTD 3,500,000 (inclusive) ~ NTD 5,000,000 (exclusive)	—	—	—	—
NTD 5,000,000 (inclusive) ~ NTD 10,000,000 (exclusive)	—	—	2	2
NTD 10,000,000 (inclusive) ~ NTD 15,000,000 (exclusive)	—	—	—	—
NTD 15,000,000 (inclusive) ~ NTD 30,000,000 (exclusive)	—	—	—	—
NTD 30,000,000 (inclusive) ~ NTD 50,000,000 (exclusive)	—	—	—	—
NTD 50,000,000 (inclusive) ~ NTD 100,000,000 (exclusive)	—	—	—	—
Over NTD 100,000,000	—	—	—	—
Total	11	11	11	11

\* Expressed by each director No.

\* Remuneration disclosed herein is different from the term "income" as defined in the Income Tax Act; this table is for information disclosure, and not for taxation purposes.

## 2. Remuneration to supervisors

Unit: NTD thousands

No.	Title	Name	Remuneration to supervisors						Sum of A, B and C as percentage of net income (%)		Compensation from investees or parent company other than subsidiaries received
			Remuneration (A)		Compensation (B)		For professional practice (C)		The Company	Companies included into the financial statement	
			The Company	Companies included into the financial statement	The Company	Companies included into the financial statement	The Company	Companies included into the financial statement			
1	Supervisor	Guang Yuan Industrial Co., Ltd.	0	0	707	707	0	0	0.37%	0.37%	None
2	Supervisor	Representative: Hui-Mei Wu	0	0	0	0	35	35	0.01%	0.01%	
3	Supervisor	Hung-Ming Lin (Note 1)	0	0	648	648	20	20	0.35%	0.35%	
4	Supervisor	Min-Yu Chang	0	0	1,000	1,000	25	25	0.54%	0.54%	

Note 1: Hung-Ming Lin resigned from the position of supervisor on 2020.11.30.

### Breakdown of remuneration

Breakdown of remuneration to supervisors	Name of Supervisor	
	Total of (A+B+C)	
	The Company	All investees included into the financial statements
Under NTD 1,000,000	1, 2, 3	1, 2, 3
NTD 1,000,000 (inclusive) ~ NTD 2,000,000 (exclusive)	4	4
NTD 2,000,000 (inclusive) ~ NTD 3,500,000 (exclusive)	—	—
NTD 3,500,000 (inclusive) ~ NTD 5,000,000 (exclusive)	—	—
NTD 5,000,000 (inclusive) ~ NTD 10,000,000 (exclusive)	—	—
NTD 10,000,000 (inclusive) ~ NTD 15,000,000 (exclusive)	—	—
NTD 15,000,000 (inclusive) ~ NTD 30,000,000 (exclusive)	—	—
NTD 30,000,000 (inclusive) ~ NTD 50,000,000 (exclusive)	—	—
NTD 50,000,000 (inclusive) ~ NTD 100,000,000 (exclusive)	—	—
Over NTD 100,000,000	—	—
Total	4	4

\* Expressed by each supervisor No.

\* Remuneration disclosed herein is different from the term “income” as defined in the Income Tax Act; this table is for information disclosure, and not for taxation purposes.

### 3. Remuneration to presidents and vice presidents

Unit: NTD thousands

No.	Title	Name	Salary (A)		Pension (B) (Note 1)		Bonuses and special allowances (C)		Employee Compensation (D)				Sum of A, B, C, and D as percentage of net income (%)		Quantity of shares entitled under employee stock option		Quantity of new restricted employee shares		Compensation from investees or parent company other than subsidiaries received other than subsidiaries received	
			The Company	Companies included into the financial statement	The Company	Companies included into the financial statement	The Company	Companies included into the financial statement	The Company		Companies included into the financial statement		The Company	Companies included into the financial statement	The Company	Companies included into the financial statement	The Company	Companies included into the financial statement		
									Cash dividend	Stock dividend	Cash dividend	Stock dividend								
1	President	Chi-Chang Yang (Note 1)																		
2	Acting President	Yuan-Hao Tsai (Note 2)	4,782	4,782	-	-	3,522	3,522	1,099	0	1,099	0	14.36%	14.36%	0	0	0	0	None	
3	Vice President	Ho-Hsin Chen (Note 3)																		

Note 1: Yuan-Hao Tsai was reassigned from the position of President to Consultant on 2020.11.11

Note 2: Chi-Chang Yang was appointed as the Acting President on 2020.11.11.

Note 3: Ho-Hsin Chen was resigned from the position of Vice President to Special Assistant on 2020.03.18.

#### Breakdown of remuneration

Breakdown of remuneration to presidents and vice presidents	Name of Presidents and vice presidents	
	The Company	Companies included into the financial statement
Under NTD 1,000,000	3	3
1,000,000 (exclusive) ~ 2,000,000 (exclusive)	—	—
2,000,000 (exclusive) ~ 3,500,000 (exclusive)	2	2
3,500,000 (exclusive) ~ 5,000,000 (exclusive)	—	—
5,000,000 (exclusive) ~ 10,000,000 (exclusive)	1	1
10,000,000 (exclusive) ~ 15,000,000 (exclusive)	—	—
15,000,000 (exclusive) ~ 30,000,000 (exclusive)	—	—
30,000,000 (exclusive) ~ 50,000,000 (exclusive)	—	—
50,000,000 (exclusive) ~ 100,000,000 (exclusive)	—	—
Over NTD 100,000,000	—	—
Total	3	3

\* Expressed by each managerial officer No.

\* Remuneration disclosed herein is different from the term “income” as defined in the Income Tax Act; this table is for information disclosure, and not for taxation purposes.

### 3-1. Remunerations of Top Five Highest Officers

Unit: NTD thousands

Title	Name	Salary (A) (Note 2)		Pension (B)		Bonuses and special allowances (C) (Note 3)		Employee Compensation (D)				Sum of A, B, C, and D as percentage of net income (%)		Compensati on from investees or parent company other than subsidiaries received
		The Company	Companies included into the financial statement	The Company	Companies included into the financial statement	The Company	Companies included into the financial statement	The Company		Companies included into the financial statement		The Company	Companie s included into the financial statement	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Yuan-Hao Tsai	3,659	3,659	0	0	674	674	1,099	0	1,099	0	2.85%	2.85%	None
President	Chi-Chang Yang	521	521	0	0	2,600	2,600	0	0	0	0	1.64%	1.64%	None
Assistant Vice President	Hung-Chi Chen	2,517	2,517	0	0	2,127	2,127	979	0	979	0	2.96%	2.96%	None
Head of Accounting	Chun-Mei Yen	1,598	1,598	0	0	1,618	1,618	915	0	915	0	2.17%	2.17%	None
Assistant Vice President	Chi-Wen Chen	1,853	1,853	0	0	545	545	577	0	577	0	1.56%	1.56%	None

Note 1: Regarding the term of “officers of top five highest remunerations,” the officers refer to the managerial officers, such that the scope of “managerial officers” specified in the former Securities and Futures Commission, Ministry of Finance Tai-Tsai-Zheng-III-Zi No. 0920001301 Decree dated March 27, 2003 shall be applied accordingly. As for the principle for the calculation and determination of the “officers of top five highest remunerations,” the salary, pension, bonus and allowance, etc. collected by the managerial officers of the Company as indicated in the consolidated financial statements and the total of the employees’ remuneration amount (i.e., sum of A+B+C+D) are obtained and then ranked in order to determine the officers of top five highest remunerations. If a director concurrently acts as any one of the aforementioned officers, it shall be listed in this table or the aforementioned table (1-1).

Note 2: It refers to the salary, allowance and retirement pension paid for the officers of top five highest remunerations in the most recent year.

Note 3: It refers to various bonuses, rewards, transportation fees, special disbursement, various allowances, accommodation, company car and physical offers etc. as well as other remuneration amounts for the officers of top five highest remunerations in the most recent year. When there are expenses for housing, car or other transportation tools or specialized personal expense, the asset nature and cost provided shall be disclosed, and the rent shall be calculated according to the actual or fair market price and gasoline fee, etc.

4. Name of the managerial officers whom the employee remuneration was allocated to, and status of the allocation

Unit: NTD thousands

	Title	Name	Stock dividend	Cash dividend	Total	As percentage of net income after tax (%)
Managerial officer	President	Yuan-Hao Tsai (Note 2)	0	5,295 (Projected)	5,295 (Projected)	2.78%
	President	Chi-Chang Yang (Note 3)				
	Vice President	Ho-Hsin Chen (Note 4)				
	Assistant Vice President	Chi-Wen Chen (Note 5)				
	Assistant Vice President	Hung-Chi Chen				
	Assistant Vice President	Shao-Yang Wu (Note 6)				
	Assistant Vice President	Sheng-Chih Ou (Note 7)				
	Director	Chun-Mei Yen				
	Deputy Director	Hsueh-Ling Wang (Note 8)				

Note 1: Please specify the employee remuneration allocated to managerial officers (including stock dividend and cash dividend) upon resolution by the Board of Directors meeting in the most recent year. If it is impossible to forecast the same, please calculate the amount allocated based on the allocation percentage adopted last year. The net income after tax refers to the net income after tax for the most recent year.

Note 2: Yuan-Hao Tsai was reassigned from the position of President to Consultant on 2020.11.11

Note 3: Chi-Chang Yang was appointed as the Acting President on 2020.11.11.

Note 4: Ho-Hsin Chen was reassigned from the position of Vice President to Special Assistant on 2020.03.18, and then resigned on 2020.06.15.

Note 5: Chi-Wen Chen was appointed as the Assistant Vice President on 2020.03.18.

Note 6: Shao-Yang Wu was appointed as the Assistant Vice President on 2020.12.30.

Note 7: Sheng-Chih Ou retired on 2020.12.30

Note 8: Hsueh-Ling Wang appointed as the Deputy Director on 2020.12.30.

(III) Specify and compare the remuneration to directors, supervisors, presidents, and vice presidents of the Company paid by the Company and companies included in the consolidated financial statements in proportion to the net income after tax referred to in the individual financial statements or consolidated financial statements in the past two (2) years, and specify the policies, standards, combinations, procedure of decision-making of remuneration and their relation to business performance and future risk.

- The remuneration to directors, supervisors, presidents, and vice presidents of the Company paid by the Company and companies included in the individual financial statements in proportion to the net income after tax referred to in the individual financial statements or consolidated financial statements in the past two (2) years is stated as following:

Title	The remuneration to directors, supervisors, presidents, and vice presidents of the Company paid by the Company and companies included in the standalone financial statements in proportion	The remuneration to directors, supervisors, presidents, and vice presidents of the Company paid by the Company and companies included in the consolidated financial statements in proportion to

	to the net income after tax referred to in the individual financial statements in 2019.	the net income after tax referred to in the standalone financial statements in 2020.
Director	22.45%	14.18%
Supervisor		
President		
Vice President		

2. The policies, standards, combinations, procedure of decision-making of remuneration and their relation to business performance and future risk.

The Company paid remuneration to directors and supervisors in accordance with the Company's Articles of Incorporation. Meanwhile, the Company's Remuneration Committee established the "Regulations Governing Allocation of Remuneration to Directors/Supervisors" to govern the allocation of remuneration to the Company's directors/supervisors, which have been passed upon resolution by the Company's Board of Directors meeting. The remuneration and salary paid to the Company's managerial officers were based on their business performance, the standard prevailing in the same trade and relation to future risk, and reviewed by the Company's Remuneration Committee members, allocated in accordance with the regulations governing salary, bonus and reward, and authorized by the Chairman of Board authorized by the Company's Board of Directors.

### III. Status of Corporate Governance

#### (I) Operation of the board of directors

In 2020, the board of directors convened 7 meetings (A). The attendance of directors is summarized as follows:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (B/A) (%)	Remarks (Note 1)
Chairman	TECO Image Systems Co., Ltd. Representative: Yu-Ren Huang	7	0	100	
Vice Chairman	TECO Image Systems Co., Ltd. Representative: Chi-Chang Yang	7	0	100	
Director	TECO Electric & Machinery Co., Ltd. Representative: Chao-Chih Lien	2	5	29	
Director	TECO Image Systems Co., Ltd. Representative: Chiang Hsu	5	2	71	
Director	KROM Electronics Co., Ltd. Representative: Ying-Sheng Hsieh	3	1	75	2020.9.24 Corporate director reassignment and dismissal (Required attendance: 4 sessions)

Director	KROM Electronics Co., Ltd. Representative: En-Kuo Wang (Note)	3	0	100	2020.9.29 Corporate director reassignment and new assumption of position (Required attendance: 3 sessions)
Independent Director	Hsiu-Ming Wang	7	0	100	
Independent Director	James Wang	4	3	57	

Other items to be stated:

- I. Board of Directors meets any of the following circumstances, the minutes concerned shall clearly state the meeting date, term, contents of motions, opinions of all independent directors and the Company's resolution of said opinions:
- (I) The circumstances referred to in Article 14-3 of the Securities and Exchange Act: None.
- (II) Any other resolution(s) passed but with independent directors voicing opposing or qualified opinions on the record or in writing: None.
- II. Directors recusing himself/herself due to a conflict of interest:
1. Meeting minutes of 8th~14th Board Meetings (2020.10.07)  
Name of Directors: Chairman Yu-Jen Huang, Director Chao-Chih Lien, Director Chiang Hsu  
Proposal Content: Proposal for investment and participation in investee establishment.  
Reason for recusal of conflict of interest and voting participation status: Chairman Yu-Jen Huang, Director Chao-Chih Lien and Director Chiang Hsu left the meeting temporarily without participation in the discussion and voting of this proposal due to recusal of conflict of interest. Resolution: Except for Chairman Yu-Jen Huang, Director Chao-Chih Lien and Director Chiang Hsu recused themselves due to conflict of interest. The proposal was approved as proposed by the rest of the attending directors.
- III. The goal to improve the functions of the Board of Directors in the current and most recent years: The Company elected 2 independent directors according to the Securities and Exchange Act to complete the corporate governance, enforce the independence and functions of directors, and improve the Board of Directors' operational efficiency.  
In addition, the Company has amended the rules of procedure for Board of Directors' meetings in accordance with the laws and regulations and operated accordingly. The Company established the Remuneration Committee on December 21, 2011, which is responsible for the performance evaluation of the directors, supervisors and managers; the strategy, system, standard, structure and assessment of the salary remuneration; and the determination of the remuneration for the directors, supervisors and managers. Audit Committee is expected to be established after the election of the directors in 2021.

Note: Krom Electronics Co., Ltd. reassigned its corporate shareholder-representing director on September 29, 2020, and En-Kuo Wang was appointed to replace Ying-Sheng Hsieh as the director.

(II) Board of Directors Evaluation Execution Status

Evaluation cycle (Note 1)	Evaluation period (Note 2)	Evaluation scope (Note 3)	Evaluation method (Note 4)	Evaluation content (Note 5)
Executed once a year	January 1, 2020 - December 31, 2020	Performance Evaluation of Board of Directors, Individual Board Members and Functional Committees	“Board of Directors Performance Self-Evaluation Questionnaire” for Internal Self-evaluation of Board of Directors	The “Board of Directors Performance Self-Evaluation Questionnaire” measurement items include the five aspects of participation level in the company’s operation, an increase in decision making quality of the board of directors, composition and structure of the board of directors, election and continuing education of directors, and internal control.

<2020 Board of Directors Performance Evaluation Result>

(1) Entirety of Board of Directors:

Scope of Assessment	Number	Score
A. Participation level in the operation of the company	12	24.5
B. Improvement of the quality of the board of directors’ decision making	12	25.4
C. Composition and structure of the board of directors	7	15.1
D. Election and continuing education of directors	7	14
E. Internal control	7	15
Total	45	94

(2) Individual Board Members:

Scope of Assessment	Number	Score
A. Alignment of the goals and mission of the company	3	12.7
B. Awareness of the duties of a director	3	12.1
C. Participation level in the operation of the company	8	32.2
D. Management of internal relationship and communication	3	12.2
E. Director's professionalism and continuing education	3	11.9
F. Internal control	3	12.6
Total	23	94

(3) Remuneration Committee:

Scope of Assessment	Number	Score
A. Participation level in the operation of the company	4	18.6
B. Awareness of the duties of the functional committee	5	23.5
C. Improvement of quality of decisions made by the functional committee.	7	32.6
D. Composition of the functional committee and election of its members	3	14.8
E. Internal control	0	0
Total	19	89.5

(III) Participation status of the supervisors in the meeting of the Board of Directors

1. In 2020, the board of directors convened 7 meetings (A). The attendance of supervisors is summarized as follows:

Title	Name	Actual attendance (B)	Actual attendance rate (%) (B/A)	Remarks
Supervisor	Guang Yuan Industrial Co., Ltd. Representative: Hui-Mei Wu	7	100	
Supervisor	Hung-Ming Lin	4	67	2020.11.30 Supervisors resigned from the position (Required attendance: 6 sessions)
Supervisor	Min-Yu Chang	5	71	

Other items to be stated:

I. Structure and responsibilities of supervisors:

(I) Communication between supervisors and employees of the Company: Supervisors may have direct contact and conversation with an employee or a shareholder if necessary.

(II) Communication of supervisors with the internal chief auditor and CPA:

1. The chief auditor submitted an audit report to the superiors in the month before the audit of items was completed and attended the regular Board of Directors' meeting to report the auditing matters. No supervisor had dissent.

2. Supervisors may at any time communicate with the internal chief auditor and CPA regarding the financial and business status of the Company. They also attend the Board of Directors' meetings to hear business reports from the Board of Directors and the management, participate in discussions, and make decisions.

II. Where supervisors attend a meeting of the Board of Directors and state opinions, the date, term, and proposal of the meeting, as well as the resolution at the meeting and our action on these opinions shall be described: None.

2. Information on the operation status of the Audit Committee: The Company does not establish any audit committee and this does not apply.

(IV) Status of corporate governance, departures from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such departures

Scope of Assessment	Status			Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Yes	No	Summary	
I. Has the Company established and disclosed the governance practice principles according to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	✓		The Company has approved the establishment of the “Corporate Governance Best Practice Principles” in the 3rd meeting of the 7th term of Board of Directors’ Meeting (November 9, 2015) and has disclosed it in the Market Observation Post System and on the Stakeholders section of the Company’s website.	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
II. Equity structure and shareholders’ rights of the Company (I) Has the Company defined some internal operating procedure to deal with suggestions, questions, disputes and legal actions from shareholders, and implemented the procedure?	✓		(I) We have established the shareholder service and spokesperson systems. The spokesperson or the deputy of the spokesperson will handle the suggestions, questions, and disputes from the shareholders. Relevant matters have been handled in accordance with the internal operating procedures.	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
(II) Does the Company have the list of the major shareholders who actually control the Company and the persons who control the major shareholders?	✓		(II) We report on a monthly basis any change of the shareholding status of the directors, supervisors, managers and shareholders who hold more than 10% of the shares in the Market Observation Post System designated by the competent authority according to Article 25 of the Securities and Exchange Act.	
(III) Has the Company established or implemented some risk control and firewall mechanisms between the Company and its affiliates?	✓		(III) We have established the “Regulations Governing Operations Related to Financial Transactions with Affiliated Companies” to ensure sound financial transactions with affiliated companies and the prevention of any abnormality or improper transfer of benefits between affiliated companies in sales and purchasing transactions, acquisition and disposal of assets, endorsements and guarantees, and loans.	
(IV) Has the Company established internal regulations to prohibit Company insiders from using information not available to the market to trade securities?	✓		(IV) We have established the “Management Procedures for Prevention of Insider Trading” and “Code of Ethical Conduct for Directors and Managers” to prohibit Company insiders from using information not available to the market to trade securities. They also	

Scope of Assessment	Status			Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Yes	No	Summary	
			serve as the basis for the handling and disclosing mechanism of our important information to prevent insider trading from happening.	
<p>III. Composition and responsibilities of board of directors:</p> <p>(I) Has the Company formulated a policy of diversity for the formation of the Board of Directors and implemented it thoroughly?</p> <p>(II) Is the Company, in addition to establishing the remuneration committee and audit committee, pursuant to laws, willing to voluntarily establish any other functional committees?</p> <p>(III) Has the Company established guidelines for evaluating the performance of the Board of Directors and conducted regular performance evaluations every year?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(I) The Group has specified the board member composition diversity policy in the “Corporate Governance Best-Practice Principles,” and the Company elects directors equipped with knowledge, skills and qualifications necessary for execution of duties according to the professional background and job field, etc. All of the board members are elites from the industry and academic sectors such that in addition to sufficient experience in corporate governance and industrial technologies, they are also well equipped with expertise in finance, financial affairs and accounting, etc. Board members attend board meetings and perform supervision and understand the execution of operational plan, etc., properly.</p> <p>(II) The Group has established the Remuneration Committee, and the Audit Committee is expected to be established after the election of the directors in 2021. At that time, functional committees will be further established based on the consideration of future needs and in accordance with the professional background and job field of each director.</p> <p>(III) To improve the function and operation efficiency of the board of directors, the Company has approved the “Regulations for Performance Evaluation of Board of Directors” on December 16, 2019, specifying that performance evaluation results shall be completed before the end of the first quarter of the following year. In addition, relevant self-evaluation questionnaires are distributed for completion, and the evaluation result is recorded in a report for submission</p>	<p>We will act depending on the needs of the Company and the regulations of the law in the future.</p> <p>In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies</p>

Scope of Assessment	Status			Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Yes	No	Summary	
(IV) Does the Company assess the CPAs for their independence on a regular basis?	✓		to the board of directors for discussion and improvement. (IV) We evaluate the independence and suitability of the CPAs regularly every year, examining whether they are shareholders or have received a salary from the Company to ensure they are not our stakeholders. We also ensure that they are not involved in any lawsuit. The financial and accounting department of the Company conducts the preliminary review on the independence and competence of the CPAs, and it is then reported to the board of directors for approval. CPAs are also adjusted periodically based on the coordination with the accounting firm.	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
IV. Does TWSE/GTSM Listed Company set up designated (concurrent) corporate governance units or personnel responsible for related matters (including but not limited to providing information required for directors and supervisors to perform their duties, handling matters related to Board of Directors’ and shareholders’ meetings, dealing with company and change registration, and making minutes of the Board of Directors’ and shareholders’ meetings, etc.)?		✓	The Group has not yet designated the Corporate Governance Officer; however, the Group has shareholder service personnel who are responsible for corporate governance-related affairs. The main responsibilities include handling matters related to board of directors’ meetings and shareholders’ meetings according to the laws, preparing meeting minutes of the board of directors’ meetings and shareholders’ meetings, assisting assumption of office and continuing education of directors, providing documents necessary for directors to perform duties, assisting directors in legal compliance, enhancing functions of the board of directors, handling company registration, and alternation registration etc.	We will act depending on the needs of the Company and the regulations of the law in the future.
V. Does the Company establish channels for communication with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), design special web pages for the stakeholders on the website, and appropriately respond to important CSR issues of interest to the stakeholders?	✓		We have a spokesperson, deputy spokesperson and service personnel. We also have contact information on our website to communicate directly with the stakeholders, giving them knowledge on our operational status. The “Stakeholder” page was set up on the website of the Company.	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
VI. Does the Company commission a professional registrar to deal	✓		The Group entrusted the professional stock affairs institution of Stock Affairs Agency	In compliance with the Corporate Governance

Scope of Assessment	Status			Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Yes	No	Summary	
with the affairs of shareholders’ meetings?			Department of Yuanta Securities Co., Ltd. (Tel: (02) 2586-5859, Address: B1, No. 210, Sec. 3, Chengde Rd., Datung Dist., Taipei City) to handle various stock affairs of the Company.	Best Practice Principles for TWSE/TPEX Listed Companies
VII. Information Disclosure: (I) Has the Company built a website to disclose the financial and corporate governance information of the Company?	✓		(I) The Group entrusted the professional stock affairs institution of Stock Affairs Agency Department of Yuanta Securities Co., Ltd. (Tel: (02) 2586-5859, Address: B1, No. 210, Sec. 3, Chengde Rd., Datung Dist., Taipei City) to handle various stock affairs of the Company.	(I) In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
(II) Does the Company use other information disclosure methods (e.g. English website, assignment of specific personnel to collect and disclose corporate information, implementation of a spokesperson system, and the broadcasting of investor conferences via the company website)? (III) Has the Company made public announce and report the annual financial statements within a period of two months after the end of each fiscal year, and has the Company also made announcement and provided report of the first, second and third quarter financial statements as well as the monthly business operation status?	✓		(II) We have set up our English website ( <a href="http://www.csi-sensor.com.tw/index.php/en">http://www.csi-sensor.com.tw/index.php/en</a> ) and have designated personnel responsible for collecting and announcing all kinds of information and put the spokesperson system into practice.  (III) The Group publicly announces and reports the annual financial statements (within three months), the first, second, and third quarter financial statements (within 45 days) and the business status of each month (before the 10th of each month) according to the time limits specified in Article 36 of the Securities and Exchange Act. Presently, the Group is temporarily unable to publicly announce and report the annual financial report within two months after each fiscal year. 2020 financial statements have been publicly announced and declared on 2021.3.31.	(II) In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies  (III) Despite that there are some discrepancies from the requirements specified in the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, it is still in compliance with the regulations of the Securities and Exchange Act.
VIII. Does the Company have additional important information that is helpful to understand the operation of the corporate governance (including but not limited to the interests and care of employees,	✓		(1) Employee interests and care of employees: We have always treated our employees sincerely. Through all kinds of employee welfare measures and education training courses, we build a fine relationship with our employees. Please refer to the	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies

Scope of Assessment	Status			Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Yes	No	Summary	
investor relationships, supplier relationships, rights of stakeholders, further education of directors and supervisors, implementation of risk management policies and risk assessment standards, implementation of customer policies, and liability insurance coverage for directors and supervisors)?			<p>“Relations Between Laborers and Employer” of this annual report for details.</p> <p>(2) Investor Relations: We set up the investor relations page on our website to provide access to our information to the investors. We also have set up a spokesperson mailbox to handle the shareholders’ suggestions.</p> <p>(3) Supplier relations: We always maintain a good relationship with our suppliers.</p> <p>(4) Rights of stakeholders: Stakeholders can communicate with us and give us advice to protect their legal rights.</p> <p>(5) Continuing Education for Directors and Supervisors: The directors and supervisors have been taking continuing education according to the “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE and TPEX Listed Companies” (note).</p> <p>(6) Implementation status of risk management policies and risk assessment standards: Please refer to the “Risk Assessment Evaluation” description of this annual report for details.</p> <p>(7) Implementation of customer policies: We always maintain stable and good relationships with our customers to create profits for the Company.</p> <p>(8) Liability insurance coverage for directors and supervisors &amp; social responsibility: The Company has bought liability insurance for all the directors and supervisors.</p>	
<p>IX. Please specify the status of the improvement made, based on the corporate governance assessment report released by the Corporate Governance Center of TWSE in the most recent year, and the priority corrective actions and measures for any issues that are yet to be rectified. (Not required, if the Company is not included into the companies to be evaluated.)</p> <p>In 2020, the status of improvements already made by the Company was as follows: (1) The Company established policies to appropriately reflect the business performance or outcome in the employees’ remuneration and also disclosed the average employee salary adjustment status on the Market Observation Post System website. (2) The English version of meeting handbook and meeting supplementary information are uploaded 30 days before the annual shareholders’ meeting.</p>				

Note: 1. Directors and Supervisors' Continuing Education in 2020

Title	Name	Course date	Organizing agency	Course name	Course hours
Chairman	Yu-Jen Huang	2020/12/22	Taiwan Investor Relations Institute	Corporate Governance Trend	3
		2020/12/29	Accounting Research and Development Foundation	Under corporate governance structure - sustainable development blueprint and responsive enterprise measures for enterprises in Taiwan	3
Director	Chao-Chih Lien	2020/8/14	Taiwan Investor Relations Institute	COVID-19 post-pandemic overall economic analysis - impacts of the technology war between China and the U.S. on global environment and responsive measures	3
		2020/12/22	Taiwan Investor Relations Institute	Corporate Governance Trend	3
Director	Chiang Hsu	2020/9/11	Securities & Futures Institute	2020 Insider trading prevention and insider equity trading information seminar	3
		2020/9/24	Taiwan Corporate Governance Association	2020 Beneficial owner legal system seminar	3
Director	En-Kuo Wang	2020/7/22	Taiwan Investor Relations Institute	Public information and financial statements analysis	3
		2020/8/12	Taiwan Investor Relations Institute	Corporate management and media public relationship strategy	3
		2020/8/26	Taiwan Investor Relations Institute	2020 Significant new corporate governance laws and regulations for directors and supervisors	3
		2020/9/2	Taiwan Investor Relations Institute	Capital market legal obligations and responsibilities	3
		2020/12/29	Accounting Research and Development Foundation	Under corporate governance structure - sustainable development blueprint and responsive enterprise measures for enterprises in Taiwan	3
Director	Hsiu-Ming Wang	2020/11/25	Securities & Futures Institute	2020 derivative hedge trading and operation for publicly listed company and sound corporate sustainable operation practice seminar	3
Director	James Wang	2020/5/8	Taiwan Corporate Governance Association	View of the Economic Substance Act from directors' and supervisors' perspective and impact of global anti-tax avoidance on corporate governance (Part I)	3
		2020/5/8	Taiwan Corporate Governance Association	View of the Economic Substance Act from directors' and supervisors' perspective and impact of global anti-tax avoidance on corporate governance (Part II)	3
Supervisor	Hui-Mei Wu	2020/7/24	Taiwan Taipei District Court	Labor working hours and separation practice analysis	3
		2020/9/17	Taiwan Taipei District Court	Gender equality course - gender mainstreaming in Taiwan: from international development to local practice	3
		2020/12/11	Taiwan Taipei District Court	Interpersonal communication and conflict management	3
		2020/12/22	Taiwan Investor Relations Institute	Corporate Governance Trend	3

Title	Name	Course date	Organizing agency	Course name	Course hours
Supervisor	Min-Yu Chang	2020/4/16	Taiwan Independent Director Association	Anti-money laundry risk control review and outlook	3
		2020/6/22	Corporate CPA Associations R.O.C. (Taiwan)	Labor Incident Act- focus on accounting service industry	3
		2020/8/25	Corporate CPA Associations R.O.C. (Taiwan)	Reg Tech practice and future outlook	3
		2020/9/10	Taiwan Academy of Banking and Finance	Financial Consumer Protection Act and fair client treatment principle seminar	3
		2020/9/17	Taiwan Academy of Banking and Finance	Digital finance risk management and legal compliance practice E-Course	3
		2020/10/5	Taiwan Academy of Banking and Finance	Initial discussion on digital data analysis E-course	2.5

## 2. Managers' Continuing Education

Title	Name	Course date	Organizing agency	Course name	Course hours
Assistant Vice President	Hung-Chi Chen	2020/12/29	Hang Seng S.D.	Continuing education course for directors and supervisors _ Under corporate governance structure – sustainable development blueprint and responsive enterprise measures for enterprises in Taiwan	3
Assistant Vice President	Sheng-Chih Ou	2020/12/4	Cheng & Ku Law Firm	Group internal course_Type of director and determination of affiliated enterprises	3
		2020/12/29	Hang Seng S.D.	Continuing education course for directors and supervisors _ Under corporate governance structure – sustainable development blueprint and responsive enterprise measures for enterprises in Taiwan	3
Director	Chun-Mei Yen	2020/12/4	Cheng & Ku Law Firm	Group internal course_Type of director and determination of affiliated enterprises	3
		2020/8/17	Accounting Research and Development Foundation	Issuer, securities firm, securities exchange accounting supervisor continuing education program	12
		2020/12/29	Hang Seng S.D.	Continuing education course for directors and supervisors _ Under corporate governance structure – sustainable development blueprint and responsive enterprise measures for enterprises in Taiwan	3

(V) If the Company has established the Remuneration Committee, the composition, responsibilities, and operations of the Remuneration Committee shall be disclosed

1. Information about remuneration committee members

Position Title (Note 1)	Criteria	Has at least five years of relevant working experience and the following professional qualifications			Compliance of independence (Note 2)										Number of positions as a Remuneration Committee Member in other public listed companies	Remarks
		Lecturer (or above) of commerce, law, finance, accounting, or any subject relevant to the company's operations in a public or private tertiary institution	Certified judge, attorney, lawyer, accountant, or holder of professional qualification relevant to the Company's operations	Commercial, legal, financial, accounting or other work experience required to perform the assigned duties	1	2	3	4	5	6	7	8	9	10		
Independent Director	Hsiu-Ming Wang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	Not applicable
Independent Director	James Wang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0		
Others	Yi-Feng Chen			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0		

Note 1: Please specify director, independent director or others.

Note 2: "✓" is marked in the space beneath a condition number when a member has met that condition during the two years prior to election and during his or her period of service. The conditions are as follows:

- (1) Not an employee of the Company or its affiliates.
- (2) Not a director or supervisor of the company or an affiliate.
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of issued shares of the company or ranks as one of its top ten shareholders.
- (4) Not a managerial officer listed in the preceding Subparagraph (1) or a spouse, relative within second degree of kinship or direct blood relative within third degree of kinship of personnel listed in the preceding Subparagraphs (2) and (3).
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the company, or of a corporate shareholder that ranks among the top five in shareholdings, or of a proxy appointed according to Paragraph 1 or Paragraph 2 of Article 27 of the Company Act.
- (6) Not a director, supervisor, or employee of other company not controlled by the same parties holding a majority of the number seats of directors of the company or a majority of shares with voting rights.
- (7) Not a director (managing director), supervisor (managing supervisor), or employee of other company or institution being the same person holding the position of Chairman, President or equivalent position in the company or a spouse thereof.
- (8) Is neither a director, supervisor, manager, nor a shareholder holding more than 5% of the outstanding shares, of a certain company or organization that has a financial or business relationship with the company.
- (9) Not a professional providing business, legal, financial, accounting, or consulting services to the company or an affiliate, nor an owner, partner, director (managing director), supervisor (managing supervisor), or manager, or the spouse of any of the foregoing, of a sole proprietorship, partnership, company, or organization providing such services to the company or its affiliates or cumulative remuneration amount obtained in the last two years not exceeding NTD 500,000.
- (10) It's not a person of the conditions specified in any of the sub-paragraphs of Article 30 of the Company Act.

2. Information concerning the remuneration committee

I. The Company's remuneration committee consists of 3 members.

II. The term of the current members: From July 6, 2018 to the expiration date of the term of office of the appointee in such term of board of directors, the qualification of the members and their attendance status for the last two meetings (A) of the Remuneration Committee Meetings in the most recent year are described in the following:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A) (Note)	Remarks
Convener	Hsiu-Ming Wang	2	0	100%	Reelected
Member	James Wang	0	2	0%	Reelected
Member	Yi-Feng Chen	2	0	100%	Reelected

Other items to be stated:

- I. The Board of Directors does not accept or modify the suggestions of the Remuneration Committee: None.
- II. For resolution(s) made by the remuneration committee with the committee members voicing opposing or qualified opinions on the record or in writing, please state the meeting date, term, contents of motion, opinions of all members and the company's handling of the said opinions: None.

Note: Establishment of the first Remuneration Committee was approved by the 5th board of directors on December 21, 2011. The Company reelected all the directors and supervisors in the shareholders' meeting on June 13, 2012, and the newly elected 6th Board of Directors appointed the 2nd Remuneration Committee on June 13, 2012. From 2012 to 2014, the Board of Directors convened 2 meetings respectively during 2012 to 2014. The 1st Remuneration Committee convened 1 meeting and the 2nd Remuneration Committee convened 5 meetings. The Company reelected all the directors and supervisors in the shareholders' meeting on June 24, 2015, and the newly elected 7th Board of Directors appointed the 3rd Remuneration Committee on August 11, 2015. The Company reelected all the directors and supervisors in the shareholders' meeting dated June 27, 2018, and the newly elected 8th term of Board of Directors appointed the 4th term of Remuneration Committee members on August 11, 2018.

Remuneration Committee	Proposal Content and Subsequent Handling	Resolution Result	Dealing with the opinion from the Remuneration Committee
4nd Meeting of 4th Term March 18, 2020	<ol style="list-style-type: none"> <li>1. Proposal on the Company's 2019 distribution of remuneration of directors, supervisors, and employees' remuneration.</li> <li>2. Proposal for appointment of senior managerial officers of the Company.</li> </ol>	Proposal approved by all Remuneration Committee members through resolution.	Submitted to the board of directors' meeting and approved by all attending directors
5th Meeting of 4th Term December 30, 2020	<ol style="list-style-type: none"> <li>1. Proposal for remuneration of managerial officers of the Company.</li> </ol>	Proposal approved by all Remuneration Committee members through resolution.	Submitted to the board of directors' meeting and approved by all attending directors
6th Meeting of 4th Term March 18, 2021	<ol style="list-style-type: none"> <li>1. Proposal for amendment to the "Regulations for Issuance of Remuneration of Directors and Supervisors" and "Remuneration Committee Charter" of the Company.</li> <li>2. Proposal for the Company's 2020 distribution of remuneration of directors, supervisors and employees' remuneration.</li> </ol>	Proposal approved by all Remuneration Committee members through resolution.	Submitted to the board of directors' meeting and approved by all attending directors

(VI) Discrepancies between the implementation of social responsibility status and the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons

Scope of Assessment	Status			Deviations from “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary	
I. Does the Company implement the risk assessment of environmental, social, and corporate governance issues related to corporate operation and establish relevant risk management policies or strategies based on the principle of materiality?		✓	I. Currently, the Group has only established the environmental analysis and risk control procedure to perform the company’s operational environmental internal and external factor analysis, risk and opportunity identification.	In compliance with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies
II. Has the Company set up a dedicated (concurrent) unit for promotion of the corporate social responsibility? Has the Board of Directors of the Company authorized the management to handle relevant matters and report to the Board of Directors?		✓	II. The Company has not set up a dedicated unit for promotion of the corporate social responsibility promotion. For now, each department fulfills the corporate social responsibility within the scope of its functions.	Setup depending on the operation status and scale of the Company.
III. Environmental topic (I) Has the Company established environmental policies suitable for the Company’s industrial characteristics?  (II) Does the Company endeavor to upgrade the efficient use of available resources, and the use of environmental-friendly materials?	✓		(I) We do not have any production activity in Taiwan. The production activity of oversea subsidiaries in China have passed all the inspections conducted by the environmental agencies and no air, water, waste, poison, noise and other hazardous elements that damage the environment are produced. The department that is responsible for the matters related to environmental management regularly reviews if we comply with related environmental regulations.  (II) We endeavor to disseminate the efficient use of available resources. We also do classification, recycling and reduction of garbage to realize the environmental awareness of a green earth.	In compliance with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies
(III) Has the Company evaluated the climate change on the present and future potential risks and opportunities of the corporation, and has the company adopted responsive actions on climate	✓		(III) Our air conditioner system has a timer setting, and the subsidiaries overseas set up the operating regulations based on temperature. We also disseminate energy conservation and carbon reduction measures such as turning off	

Scope of Assessment	Status			Deviations from “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary	
related issues?			lights when leaving and garbage recycle.	
(IV) Has the Company statistically analyzed the greenhouse gas emission, water usage and waste total weight over the past years, and has the company established policies for energy saving, carbon reduction, greenhouse emission reduction, reduction of water usage or other waste management?		✓	(IV) The Group, currently, has not statistically analyzed the greenhouse gas emission, water consumption and waste total weight; however, the air conditioner of the Group has the timer shutdown setting and also promotes the employees to prevent the use of disposable tableware or other disposable wastes.	Setup depending on the operation status and scale of the Company.
IV. Social topics (I) Does the Company develop management policies in accordance with relevant regulations and international human rights conventions?	✓		(I) We follow the related labor laws and handle the rights of employees according to the laws and our policies to ensure their legal rights and that the employment policies have no differentiated treatment. We have clear communication channels between employers and employees for us to actively understand and fulfill the reasonable needs of our employees. An employee benefits committee was established in accordance with the laws to handle matters related to employee benefits regularly.	In compliance with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies
(II) Has the company established and implemented reasonable employee welfare measures (including remuneration, leave and other welfare etc.), and has the company appropriately reflected the operation performance or outcome in the remuneration of employees?		✓	(II) The Company has established the work rules and relevant personnel management regulations to specifically regulate the remuneration, working hours, leave, pension payment, labor and health insurance payment, occupational disaster compensation etc. for employees in compliance with the labor law. In addition, the Company also establishes the Employee Welfare Committee to handle welfare affairs. The performance bonus system of the Company is linked to the contribution of an individual to the Company and to the overall business operation in order to provide reasonable incentives and rewards.	
(III) Does the Company provide a safe and healthy work	✓		(III) The “Safety and Health Work Rules” and other regulated operation	

Scope of Assessment	Status			Deviations from “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary	
environment for its employees? Does the Company regularly provide its employees with safety and health education?			procedures were set up. We commission external companies to undergo labor safety and health inspection monthly; drinking water inspection biannually; lighting, fire control and carbon dioxide detection annually; and thorough sterilization of the working environment regularly to provide a safe and healthy working environment for the employees. We also organize staff health checkups and educational training on labor safety and health every year.	
(IV) Has the Company established some effective career development training plan for employees?	✓		(IV) We organize supervisor training and courses that help improve their core and professional ability. Related course information is announced on the real time electronic bulletin board for employees to make good arrangement of their career development.	
(V) Has the company complied with laws and international standards with regards to the customer health and safety of products and services, customer privacy, marketing and labeling of products and services, and has the company established policies and reporting procedure related to consumer right and benefit protection?	✓		(V) We brought in the EU Restriction of Hazardous Substances in Electrical and Electronic Equipment (RoHS). All of our products comply with the RoHS regulations, ISO14001 and related REACH regulations. Moreover, our suppliers have also established regulations in line with the RoHS and dedicated themselves to promoting corporate social responsibility along with us. Our website provides information related to our products and service, and we also have designated personnel and an email account serving as channels for receiving customer complaints.	
(VI) Has the company established supplier management policy, requested suppliers to comply with relevant regulations with regards to the issues of the environmental protection, occupational safety and health or labor rights etc. and the implementation status thereof?	✓		(VI) All of our suppliers follow the corporate social responsibility policies and we ask for improvement if any supplier causes remarkable effect on the environment and society, and will request them to improve and to assign the Electronic Industry Citizenship Coalition (EICC) team to perform evaluation on suppliers periodically.	
V. Has the company stipulated		✓	V. The Group has not stipulated the	Setup depending

Scope of Assessment	Status			Deviations from “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary	
standards or guidelines according to the internationally accepted report, prepared corporate social responsibility report etc. and reports for disclosing non-financial information of the Company? Has the aforementioned reports obtained the assurance or guarantee opinions from a third verification unit?			Corporate Social Responsibility Report; however, it will be stipulated depending on the operation status and scale of the Company.	on the operation status and scale of the Company.
<p>VI. If the Company has established corporate social responsibility principles based on “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies,” please describe any discrepancy between the principles and their implementation: None.</p>				
<p>VII. Other information material to the understanding of the corporate social responsibility:</p> <ol style="list-style-type: none"> <li>1. Environmental protection: We have the ISO14001 environmental management system certificate. Our environment policies are: (1) Following and complying with environmental laws and other requirements. (2) Promoting recycling and reuse of resources, and endeavoring to reduce industrial waste to prevent pollution. (3) Reducing the use of hazardous materials, being thorough on pollution control and management, and endeavoring on the design and manufacturing of green products. (4) Preventing accidents and disasters and enhancing disaster prevention drill. Moreover, we take measures such as recycling and reduction of garbage and conservation of water and electricity to realize the environmental awareness of a green earth.</li> <li>2. Community participation, society contribution, and social service and welfare: The Group made donation to sponsor the Chinese National Association of Industry and Commerce and Chang Jung Christian University in 2020.</li> <li>3. Consumers’ rights: We have designated personnel providing product consulting and assistance for each customer to maintain a stable and fine relationship with the customers.</li> <li>4. Human rights: We established the “Measures of Prevention, Correction and Punishment of Sexual Harassment” to defend gender equality and human dignity, and report it to the competent authority for reference.</li> <li>5. Safety and health: The “Safety and Health Work Rules” and other regulated operation procedures were set up. We commission external companies to undergo labor safety and health inspection monthly; drinking water inspection biannually; lighting, fire control and carbon dioxide detection annually; and thorough sterilization of the working environment regularly to provide a safe and healthy working environment for the employees. We also organize staff health checkup and educational training of labor safety and health every year.</li> </ol>				
<p>VIII. If the company’s corporate social responsibility reports have met the assurance standards of relevant certification institutions, they should be stated below: The overseas subsidiary of the Company, NanChang Creative Sensor Technology Co., Ltd., has passed the ISO9001 quality certification and ISO14001 environmental certification.</p>				

(VII) Deviations from “Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons

Scope of Assessment	Status			Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary	
<p>I. Enactment of ethical management policy and program</p> <p>(I) Has the company established ethical management policies approved by the board of directors’ meeting and stated in its memorandum or external correspondence about the polices and practices it has to maintain business integrity? Are the board of directors and the management committed in fulfilling this commitment? ✓</p> <p>(II) Has the company established assessment mechanism for unethical conduct risk, performed periodic analysis and assessed operating activities of relatively higher unethical conduct risk in the scope of business, and has established unethical conduct solution accordingly, and at least covering the preventive measures for the conducts described in each subparagraph of Paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?” ✓</p> <p>(III) Has the Company established any operational procedures, behavioral guidelines, disciplinary actions and complaint systems in the plan for preventing unethical conducts, and is such plan implemented properly? In addition, is the aforementioned plan reviewed periodically before amendment? ✓</p>			<p>(I) The Group has resolved at 19th meeting of the Board of Directors of 7th term to establish the “Corporate Ethical Management Best-Practice Principles” and disclosed the same on the MOPS and the Company’s website.</p> <p>(II) The Group has established the “Work Rules” and a series of ethical systems requiring that employees shall not accept money or financial gift from customers or suppliers, and any employee violating the Rules under the circumstance deemed material, the Company may discharge the employee without prior notice and the employee should indemnify the Company against the loss therefor.</p> <p>(III) The Group’s “Work Rules,” “Business Secrets Management Regulations,” and “Reward &amp; Punishment Rules” have defined the policy against unethical conduct. The Company’s overseas subsidiaries also established the same and performed employees’ educational training and promotion periodically to enable the employees to understand the Company’s determination, policy and preventive program for ethical management, and the consequence of unethical conduct.</p>	Compliance with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.”
<p>II. Implementation of ethical management</p> <p>(I) Has the Company assessed a trading counterpart’s ethical management record, and expressly states the ethical management clause in the contract to be signed with the trading counterpart? ✓</p>			<p>(I) The Group would check the financial and credit positions of the customers to avoid trading with anyone with unethical conduct record, and also set forth the ethical conduct-related</p>	Compliance with the “Ethical Corporate Management Best Practice

Scope of Assessment	Status		Summary	Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No		
			provisions in its business contracts.	Principles for TWSE/GTSM Listed Companies."
(II) Has the Company established a dedicated unit for promoting the corporate ethical management under the board of directors and reporting its ethical management policy and plan for preventing unethical conducts as well as the supervision of implementation status to the board of directors periodically (at least once annually)?	✓		(II) The Group appointed its Audit Office to act as the unit dedicated to promoting ethical corporate management, which shall be responsible for reporting the status thereof to the Board of Directors periodically, and also urged its HR Section to handle the amendments, execution, interpretation and advice about ethical management rules.	
(III) Has the Company defined any policy against conflict of interest, provides adequate channel thereof, and fulfills the same precisely?		✓	(III) The employment agreement between the Group and its employees provided the non-competition provisions. The overseas subsidiaries also set up the conflict of interest reporting system under which the employees may declare the conflict of interest independently. Meanwhile, the directors would recuse themselves from any motions proposed at a directors' meeting, which had conflict with their own interest or the interest of the juristic persons represented by them pursuant to laws to prevent conflict of interest. Meanwhile, the Group set up the mailbox for workers and "employees' complaining management system" to provide the employees with appropriate channels to state their own opinion.	
(IV) Has the company implemented effective accounting system and internal control system for the purpose of maintaining ethical operation? Has the internal audit unit established relevant audit plan according to the assessment result of unethical conduct risk and audit the status of compliance with the prevention against unethical conduct plan, or entrust CPA to perform audit?		✓	(IV) In order to ensure the fulfillment of ethical management, the Group established an effective accounting system and internal control system, and had its internal audit officers audit the compliance with the accounting system and internal control system periodically, and report the status thereof to the Board of Directors on a quarterly basis.	

Scope of Assessment	Status		Summary	Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No		
(V) Has the Company organized internal/external education training program for ethical management periodically?	✓		(V) The Group organized the relevant programs periodically for propagation to enable its employees to verify the idea and regulations about ethical management.	
<p>III. Status of the Company’s complaint system</p> <p>(I) Has the Company defined a specific complaints and rewards system, and established some convenient complaint channel, and assigned competent dedicated personnel to deal with the situation?</p> <p>(II) Has the Company established any investigation standard operation procedures for accepting reported misconducts, subsequent measures and relevant confidentiality measures required to be performed after the completion of the investigation?</p> <p>(III) Has the Company adopted any measures to prevent the complainants from being abused after filing complaints?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(I) The Group has established the “Operating Procedure for Handling the Complaints Against Illegal and Unethical or Dishonest Conduct,” and set up the complaining mailbox and hotline, delegated the dedicated personnel by different issues, and had its HR unit render reward or punishment based on the investigation result.</p> <p>(II) The Group would keep all complaints in confidence, and also provided the non-disclosure obligation in the non-disclosure agreement signed with the employees.</p> <p>(III) The Company adopted strict measures to keep the complainant’s information in confidence and prevent the complainant from being abused or treated unfairly.</p>	Compliance with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.”
<p>IV. Enhancing Information Disclosure</p> <p>(I) Has the Company has disclosed the Ethical Management Principles and effect of implementation thereof on its website and Market Observation Post System?</p>	✓		The Group set up its official website to disclose the Group’s overview of business, product information and financial information, disclosed the Company’s information on the MOPS timely and openly, and engaged in business activities in a fair and transparent manner.	The Company will deal with it, if necessary or per laws and regulations.
V. If the Company has established ethical management principles based on “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies,” please describe any discrepancy between the principles and their implementation: None.				
<p>VI. Other information material to the understanding of ethical management operation (e.g. discussion of an amendment to the ethical management best practice principles defined by the Company):</p> <p>The Group would arrange directors/supervisors to attend the educational training related to ethical</p>				

Scope of Assessment	Status		Summary	Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No		
management and corporate governance, and the competition which the directors/supervisors and managerial officers were engaged in was already reported to and approved by shareholders’ meetings and Board of Directors meetings.				

(VIII) If the Company has established the corporate governance principles and relevant regulations, the inquiry method thereof shall be disclosed:

Please refer to the Company’s website at [www.csi-sensor.com.tw](http://www.csi-sensor.com.tw) and the Market Observation Post System website at [mops.tse.com.tw](http://mops.tse.com.tw).

(IX) Other information enabling better understanding of the Company’s corporate governance:

Please visit the Company’s website at [www.csi-sensor.com.tw](http://www.csi-sensor.com.tw), and the MOPS at [mops.tse.com.tw](http://mops.tse.com.tw).

(X) Operation Status of the Internal Control System

1. Statement on Internal Control System

CREATIVE SENSOR INC.  
Statement on Internal Control System

Date: March 18, 2021

We make the following statement based on the result of the self-inspection of the internal control system in 2020:

- I. We acknowledge that the Board of Directors and managers are responsible for the establishment, operation and maintenance of the internal control system. We have established such a system to provide reasonable assurance for achievement of the objectives concerning the effectiveness and efficiency of operations (including profits, performance and protection of asset security), reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance with applicable laws, regulations, and bylaws.
- II. Any internal control system has its inherent limitations. No matter how well an internal control system is designed, it can only provide reasonable assurance for the achievement of the above three objectives. Moreover, the effectiveness of an internal control system may vary as a result of changes in the environment and circumstances. However, our internal control system has a self-monitoring mechanism, and we take corrective actions immediately once a nonconformity is identified.
- III. We judge the design and operation of the internal control system for their effectiveness with reference to the items to be judged for the effectiveness of the internal control system specified in the “Regulations Governing Establishment of Internal Control Systems by Public Companies” (hereinafter referred to as the “Regulations”). The internal control systems are divided into the following five constituent elements in the management control process in terms of the items to be judged pursuant to the “Regulations”: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communications; and 5. monitoring activities. Each constituent element contains a number of items. Refer to the provisions of the above-mentioned “Regulations.”
- IV. We have adopted the judgment items of the internal control system to assess its design and operation for their effectiveness.
- V. Based on the results of the above-mentioned assessment, we confirm that our internal control system on December 31, 2020 (including monitoring and management of subsidiaries) was effective in terms of its design and operation with respect to understanding the effectiveness and efficiency of operations, the reliability, timeliness, transparency, and regulatory compliance of reporting, and the compliance with applicable laws, regulations, and bylaws in order to reasonably ensure that these objectives are achieved.
- VI. The Statement will be the major part of our annual reports and prospectuses, and will be open to the public. If there is any misrepresentation, nondisclosure or other illegality in the contents open to the public referred to in the previous sentence, legal responsibility specified in Articles 20, 32, 171 and 174 of the Securities and Exchange Act shall apply.
- VII. The Statement was approved at the Board of Directors’ meeting on March 18, 2021. None of the 6 directors present at the meeting expressed any dissent and all of them agree on the Statement. This information is declared as an addition.

CREATIVE SENSOR INC.

Chairman: Yu-Ren Huang      Signature

Chairman and Acting President: Chi-Chang Yang      Signature

2. If review of the internal control system has been conducted by entrusted CPAs, the CPAs’ review report shall be disclosed: None.

(XI) Punishment(s) of the Company or its internal personnel in accordance with law in the most recent year and up to the date of the publication of this annual report; for punishment results that may have material impact on the shareholders' equity or securities price, it is necessary to describe the content of the punishment, the Company's punishment against its internal personnel violating internal control system regulations, main deficiencies, and improvements: None.

(XII) Major Resolutions Made by Shareholders' Meetings and Board Meetings in 2020 and Up to the Printing Date of Annual Report

1. Important resolutions made by the general shareholders' meeting in the most recent year, and execution thereof.

Date	Resolution	Implementation status
June 12, 2020	Acknowledged 2019 business report and financial statement.	Proposal rectified as proposed according to the voting result.
	Acknowledged 2019 earnings appropriation	1. Proposal rectified as proposed according to the voting result. 2. The cash dividend to be allocated was NTD 1.2 per share. The ex-dividend date was set as July 15, 2020, and the cash dividend to be allocated on July 31, 2020.
	Approved the proposal for amendment to the "Articles of Incorporation" of the Company	Proposal approved as proposed according to the voting result.
	Approved the proposal for amendment to the "Operating Procedure for Acquisition or Disposition of Assets" of the Company	Proposal approved as proposed according to the voting result.
	Approved the proposal for amendment to the "Rules of Procedure for Shareholder Meetings" of the Company	Proposal approved as proposed according to the voting result.

2. Major Resolutions Made by Board Meetings in 2020 and Up to the Printing Date of Annual Report

Date	Important resolution	Dissent and qualified opinion by independent directors
8th~10th Board Meetings (2020.03.18)	1. Approved the Company's 2019 business report and financial statements.	No comment.
	2. Approved the proposal on 2019 allocation of remuneration to directors, supervisors and employees.	No comment.
	3. Approved 2019 earnings appropriation	No comment.
	4. Approved the Company's 2019 "Statement of Declaration for Internal Control System."	No comment.
	5. Approved the proposal for amendment to the "Articles of Incorporation" of Company.	No comment.
	6. Approved the amendment to the Company's "Operating Procedure for Acquisition or Disposition of Assets."	No comment.
	7. Approved organization of 2020 general shareholders' meeting.	No comment.
	8. Approved the proposal on the senior management officer personnel appointments of the Company.	No comment.
8th~11th Board Meetings (2020.04.29)	1. Approved the amendment to the "Rules of Procedure for Shareholders' Meetings" of the Company.	No comment.
	2. Approved addition of the cause for organization of 2019 general	No comment.

Date	Important resolution	Dissent and qualified opinion by independent directors
	shareholders' meeting	
8th~12th Board Meetings (2020.05.13)	1. Approved the proposal for long-term securities investment of the Company.	No comment.
8th~13th Board Meetings (2020.08.10)	1. Approved the proposal for election of Vice Chairman of the Company 2. Approved the proposal for increase of the long-term securities investment proposal of the Increase Company. 3. Approved the proposal for application of short-term limit amount.	No comment. No comment. No comment.
8th~14th Board Meetings (2020.10.07)	1. Approved the proposal for investment and participation in investee establishment.	No comment.
8th~15th Board Meetings (2020.11.11)	1. Approved the Company's 2021 Audit Plan. 2. Approved the proposal on the senior management officer personnel appointments of the Company.	No comment. No comment.
8th~16th Board Meetings (2020.12.30)	1. Approved the Company's 2021 Budget. 2. Approved the renewal of the Company's 2021 financing agreement with the Bank. 3. Approved the evaluation on the independence and competency of the Company's CPAs. 4. Approved the proposal for 2021 CPA appointment and the appointment remuneration. 5. Approved the proposal on the senior management officer personnel appointments of the Company.	No comment. No comment. No comment. No comment. No comment.
8th~17th Board Meetings (2021.02.17)	1. Approved the proposal for election of 9th term of directors (including independent directors) of the Company. 2. Approved the convention matters for the 2021 general shareholders' meeting.	No comment. No comment.
8th~18th Board Meetings (2021.03.03)	1. Approved the proposal for the Company's investment in TECO Electric & Machinery Co., Ltd. 2. Approved the proposal for the Company's investment in Koryo Electronics Co., Ltd.	No comment. No comment.
8th~19th Board Meetings (2021.03.18)	1. Approved the Company's 2020 business report and financial statements. 2. Approved the Company's 2020 allocation of remuneration to directors, supervisors, and employees. 3. Approved 2020 earnings appropriation 4. Approved the Company's 2020 "Statement of Declaration for Internal Control System." 5. Approved the amendment to the "Articles of Incorporation" of Company. 6. Approved the amendment to the Company's "Operating Procedure for Acquisition or Disposition of Assets." 7. Approved the title change and amendment to the "Regulations for Election of Directors and Supervisors" of the Company. 8. Approved the amendment to the "Operational Procedures for Endorsements and Guarantees" of the Company. 9. Approved the amendment to the "Operational Procedures for Loaning Funds to Others" of the Company. 10. Approved the title change and amendment to the "Code of Ethical Conduct for Directors and Managerial Officers" of the Company.	No comment. No comment. No comment. No comment. No comment. No comment. No comment. No comment. No comment. No comment.

Date	Important resolution	Dissent and qualified opinion by independent directors
	11. Approved the amendment to the “Corporate Ethical Management Best-Practice Principles” and “Operating Procedure for Corporate Ethical Management and Guidelines of Conduct” of the Company. 12. Approved the candidate roster for nominated directors and reviewed the qualification of the nominees. 13. Approved the cancellation of non-compete restriction for new directors of the Company. 14. Approved the proposal for addition of the causes for convention of 2021 general shareholders’ meeting. 15. Approved the proposal for the external investment policy of the Company,	No comment.  No comment.  No comment.  No comment.  No comment.

(XIII) Recorded or written statements made by any director or supervisor which specified dissent to important resolutions passed by the board meetings in 2020 and up to the printing date of the annual report:

Date of the Board of Directors’ Meeting	Session	Resolution Content	Board of Directors Resolution Result	Comment and Handling
March 18, 2020	10th Meeting of 8th Term	Amendment to the “Articles of Incorporation” of the Company.	Proposal is approved as proposed	According to the proposal of the supervisors to delete and revise parts of the description of “to facilitate the future introduction of strategic cooperating partners.”

(XIV) Resignation or dismissal of the Chairman, President, head of accounting, head of finance, chief internal auditor, or head of R&D in 2020 and up to the printing date of the annual report:

Title	Name	Date of Job Assumption	Date of Dismissal	Reason of Resignation or Dismissal
Vice President	Ho-Hsin Chen	February 15, 2017	March 18, 2020	Personal career planning
President	Yuan-Hao Tsai	December 17, 2019	November 11, 2020	Job duty adjustment
Head of finance	Sheng-Chih Ou	August 6, 2018	December 30, 2020	Retired

#### IV. Information of Independent Auditors Fee

Accounting firm name	Name of accountant		Audit period	Remarks
Pricewaterhouse Coopers Certified Public Accountants	Shu-Chiung Chang	Chun-Yao Lin	January 1, 2020~December 31, 2020	

Note: Where any CPA or accounting firm was changed in the current year, the audit period of each CPA or accounting firm shall be enumerated. Reasons for the change shall be indicated in the Remarks column

Unit: NTD thousands

Amount range		Fee items	Audit Fee	Non-Audit Fees	Total
1	Below NTD 2,000,000			✓	
2	NTD 2,000,000 (inclusive) ~ NTD 4,000,000		✓		✓
3	NTD 4,000,000 (inclusive) ~ NTD 6,000,000				
4	NTD 6,000,000 (inclusive) ~ NTD 8,000,000				
5	NTD 8,000,000 (inclusive) ~ NTD 10,000,000				
6	Over NTD 10,000,000 (inclusive)				

- (I) Independent auditing firms, their subordinate offices, and their affiliates to which non-audit fees paid by the company exceed one-fourth of audit fees:

Amount Unit: NTD thousands

Accounting firm name	Name of accountant	Audit Fee	Non-Audit Fees					Audit period	Remarks
			System Design	Business Registration	Human Resources	Others (Note 2)	Sub-total		
Pricewaterhouse Coopers Certified Public Accountants	Shu-Chiung Chang	2,900	0	0	0	572	572	January 1, 2020~December 31, 2020	Other non-audit fees refer to business income tax audit and certification
	Chun-Yao Lin								
KPMG	Wei-Tun Yeh	0	0	0	0	370	370	January 1, 2020~December 31, 2020	Other non-audit fees mainly refer to transfer pricing and Group master file report
	Tsai-Huang Chen								

Note 1: Where any CPA or accounting firm was changed in the current year, the audit period shall be enumerated for each CPA or accounting firm. Reasons for the change shall be indicated in the Remarks column and the information on the payment of the audit and non-audit fees shall be disclosed in sequence.

Note 2: Non-audit fees shall be enumerated by service items. The services shall be enumerated in the Remarks column if the amount in the "Others" column reaches 25% of the total amount of the non-audit fees.

- (II) Replacement of independent auditing firm and reduction in audit fees paid during the year of replacement compared with the previous year: None.

- (III) The amount of the audit fees is reduced by more than 10% from the previous year: None.

V. Information on Change of CPAs: None.

VI. The Auditing Firm or Its Affiliates at Which the Company's Chairman, President, or Managers Responsible for Financial or Accounting Matters Was an Employee over the Past Year, His/Her Name, Position and Employment Period Shall Be Disclosed: None.

VII. Change of shares transferred and pledged for directors, supervisors, managers and any shareholder who holds more than 10% of the company's shares during the most recent year until the date on which the annual report was printed

1. Changes in equity of directors, supervisors, managers, and major shareholders

Unit: shares

Title	Name	2020		Up to April 27,2021	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Director	TECO Image Systems Co., Ltd.	0	0	0	0
Director	Yu-Ren Huang	0	0	0	0
Director	Chi-Chang Yang	0	0	0	0
Director	TECO Electric & Machinery Co., Ltd.	0	0	0	0
Director	Chao-Chih Lien	0	0	0	0
Director	KROM Electronics Co., Ltd.	0	0	0	0
Director	Ying-Sheng Hsieh (Note 1)	0	0	0	0
Director	En-Kuo Wang (Note 2)	0	0	0	0
Director	Tong-An Investment Co., Ltd.	0	0	0	0
Director	Chiang Hsu	0	0	0	0
Independent Director	Hsiu-Ming Wang	0	0	0	0
Independent Director	James Wang	0	0	0	0
Supervisor	Guang Yuan Industrial Co., Ltd.	0	0	0	0
Supervisor	Hui-Mei Wu	0	0	0	0
Supervisor	Hung-Ming Lin (Note 3)	0	0	0	0
Supervisor	Min-Yu Chang	0	0	0	0
President	Yuan-Hao Tsai (Note 4)	0	0	0	0
Deputy President	Chi-Chang Yang (Note 5)	0	0	0	0
Vice President	Ho-Hsin Chen (Note 6)	0	0	0	0
Assistant Vice President	Hung-Chi Chen	0	0	0	0
Assistant Vice President	Sheng-Chih Ou (Note 7)	0	0	0	0
Assistant Vice President	Chi-Wen Chen (Note 8)	0	0	0	0
Assistant Vice President	Shao-Yang Wu (Note 9)	0	0	0	0
Director	Chun-Mei Yen	0	0	0	0
Deputy Director	Hsueh-Ling Wang (Note 10)	0	0	0	0

Note 1: Ying-Sheng Hsieh resigned from the position of corporate shareholder representing director of Krom Electronics Co., Ltd. on 2020.09.24.

Note 2: Krom Electronics Co., Ltd. reassigned En-Kuo Wang as the corporate shareholder-representing

director on 2020.09.29.

Note 3: Yao-Ming Wei resigned from the position of corporate director of TECO. Capital Investment Co., Ltd. on 2019.10.22 and Hung-Ming Lin resigned from the position of supervisor of the same company on 2020.11.30.

Note 4: Chiang Hsu was reassigned for the corporate director of TECO. Capital Investment Co., Ltd. On 2019.10.22 and Yuan-Hao Tsai reassigned from the position of President to consultant of the same company on 2020.11.11.

Note 5: Chi-Chang Yang was reassigned from the position of President to consultant on 2019.08.12 and was appointed as the Acting President on 2020.11.11.

Note 6: Yuan-Hao Tsai assumed the position on 2019.12.17, and was appointed as President on 2019.12.17.

Note 7: Yao-Te Chiu was reassigned from the position of Vice President to Acting President on 2019.08.12, and resigned on 2019.12.16.

Note 8: Chien-Lung Chen was resigned on 2019.01.24.

Note 9: Ho-Hsin Chen was reassigned from the position of Vice President to Special Assistant on 2020.03.18

Note 10: Note 7: Sheng-Chih Ou retired on 2020.12.30

Note 8: Chi-When Chen was appointed as the Assistant Vice President on March 18, 2020.

Note 9: Shao-Yang Wu was appointed as the Assistant Vice President on 2020.12.30.

Note 10: Hsueh-Ling Wang was appointed as the Deputy Director on 2020.12.30.

1. Information on transfer of equity from a director, supervisors, manager and major shareholder to a related party: None.
2. Information on pledge of equity created by a director, supervisors, manager and major shareholder for a related party: None.

VIII. Relationship information, if among the 10 largest shareholders any one is a related party, or is the spouse or a relative within the second degree of kinship with another

April 27, 2021  
Unit: shares; %

Name (note 1)	Shareholdings by oneself		Shareholdings of spouse & minor		Shareholding using other's name		Disclosure of information on related parties or spouse relationship or relations within second degree of kinship, among top ten shareholders, including their names and name relationships		Remarks
	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Name (or individual name)	Relationship	
TECO Image Systems Co., Ltd. Representative: Yu-Ren Huang	21,928,260	17.26%	0	0	0	0	Tong-An Investment Co., Ltd.	Chairman of Tong-An Investment Co., Ltd. and chairman of TECO Image Systems Co., Ltd. are father and son.	None
							Teco International Investment Co., Ltd.	1. Chairman of Teco International Investment Co., Ltd. and chairman of TECO Image Systems Co., Ltd. are father and son. 2. Teco International Investment Co., Ltd. is a director of TECO Image Systems Co., Ltd.	
							Guang Yuan Industrial Co., Ltd.	Guang Yuan Industrial Co., Ltd. is a director of TECO Image System Co., Ltd..	
Tong-An Investment Co., Ltd. Representative: Mao-Hsiung Huang	7,913,310	6.23%	0	0	0	0	Teco Image Systems Co., Ltd.	Chairman of TECO Image Systems Co., Ltd. and chairman of Tong-An Investment Co., Ltd. are father and son.	None
							Teco International Investment Co., Ltd.	1. Chairman of Teco International Investment co., Ltd. and chairman of Tong-An Investment Co., Ltd. are the same person. 2. Teco International Investment Co., Ltd. is a supervisor of Tong-An Investment Co., Ltd.	
							Teco Electric & Machinery Co., Ltd.	1. Tong-An Investment Co., Ltd. is an investee of Teco Electric & Machinery Co., Ltd. evaluated under equity method. 2. Teco Electric & Machinery Co., Ltd. is a director of Tong-An Investment Co., Ltd.	
Teco International Investment Co., Ltd. Representative: Mao-Hsiung Huang	5,241,447	4.13%	0	0	0	0	Teco Image Systems Co., Ltd.	Chairman of TECO Image Systems Co., Ltd. and chairman of Teco International Investment Co., Ltd. are father and son.	None
							Tong-An Investment Co., Ltd.	Chairman of Tong-An Investment Co., Ltd. And chairman of Teco International Investment Co., Ltd. are the same person.	

								Teco Electric & Machinery Co., Ltd.	1. Teco International Investment Co., Ltd. is an investee of Teco Electric & Machinery Co., Ltd. evaluated under equity method. 2. Teco Electric & Machinery Co., Ltd. is a director of Teco International Investment Co., Ltd.	
Koryo Electronics Co., Ltd. Representative: Sung-Jen Fang	3,787,000	2.98%	0	0	0	0	None	None	None	None
Teco Electric & Machinery Co., Ltd. Representative: Chun-Chih Chiu	2,137,044	1.68%	0	0	0	0	Tong-An Investment Co., Ltd.	Tong-An Investment Co., Ltd. is an investee of Teco Electric & Machinery Co., Ltd. evaluated under equity method.	None	
							Teco International Investment Co., Ltd.	Eco International Investment Co., Ltd. is an investee of Teco Electric & Machinery Co., Ltd. evaluated under equity method.		
							Guang Yuan Industrial Co., Ltd.	Guang Yuan Industrial Co., Ltd. is a director of Teco Electric & Machinery Co., Ltd. evaluated under equity method.		
A-Chung Hou	1,720,000	1.35%	0	0	0	0	None	None	None	
Chun-Hsien Chang	1,450,000	1.14%	0	0	0	0	None	None	None	
Employee Stock Ownership Trust Asset Account of CREATIVE SENSOR INC. Managed by CTBC Bank in trust	1,037,756	0.82%	0	0	0	0	None	None	None	
Jui-Shih Jao	939,000	0.74%	0	0	0	0	None	None	None	
Fidelity Funds investment account of Credit Suisse Group AG managed by Business Development Department of Standard Chartered Bank in trust	925,000	0.73%	0	0	0	0	None	None	None	

Note 1: Specify the ten largest shareholders in whole, and the names of shareholders and their representatives separately in the case of institutional shareholders

Note 2: The shareholding refers to the shareholding of the person and his/her spouse, minors, or held by the person under others' names.

- IX. The total number of shares and total equity stake held in the same investee by the Company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the Company.

March 31, 2021 / Unit: thousand shares

Re-invested business	The Company Investment		Investment by directors, Supervisors and managers or by directly or indirectly controlled enterprises		Total investment	
	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)
Creative Sensor Inc.(BVI)	15,415	100%	0	0	15,415	100%
Creative Sensor (USA) Co	100	100%	0	0	100	100%
Creative Sensor Co., LTD. (Hong Kong)	0	0	15,501	100%	15,501	100%
Wuxi Creative Sensor Technology Co., Ltd.	0	0	Investment certificate	100%	Investment certificate	100%
NanChang Creative Sensor Technology Co., Ltd.	0	0	Investment certificate	100%	Investment certificate	100%

The Company held the long-term equity investment wholly, and no shares held in the same investee by the Company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the Company was available.

## Four. Fundraising Status

### I. Corporate Capital and Shares

#### (I) Equity Capital sources

April 27, 2021

Unit: NTD thousands; thousand shares

Date	Issue price (NTD)	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Equity Capital sources	Offset against the equity capital by property other than cash	Others
1998.06	10.0	4,000	40,000	1,000	10,000	Incorporated	None	—
1999.05	10.0	6,000	60,000	6,000	60,000	Capital increase in cash by NTD 50,000 thousand	None	—
2000.06	12.5	72,000	720,000	36,000	360,000	Capital increase in cash by NTD 300,000 thousand	None	Note 1
2002.06	12.5	72,000	720,000	50,000	500,000	Capital increase in cash by NTD 140,000 thousand	None	Note 2
2002.11	18.0	72,000	720,000	70,000	700,000	Capital increase in cash by NTD 200,000 thousand	None	Note 3
2004.07	10.0	112,900	1,129,000	78,239	782,390	Recapitalized from earnings by NTD 82,390 thousand	None	Note 4
2005.06	10.0	112,900	1,129,000	87,331	873,316	Recapitalized from earnings by NTD 90,926 thousand	None	Note 5
2005.11	43.0	112,900	1,129,000	98,968	989,686	Capital increase in cash by NTD 116,370 thousand	None	Note 6
2006.03	55.8	112,900	1,129,000	99,821	998,216	Conversion of domestic unsecured convertible corporate bonds into common stock totaling 853,030 shares	None	—
2006.08	10.0	160,000	1,600,000	123,027	1,230,277	Recapitalized from earnings by NTD 232,060 thousand	None	Note 7
2007.01	36.23	160,000	1,600,000	123,560	1,235,603	Conversion of domestic unsecured convertible corporate bonds into common stock totaling 532,690 shares	None	—
2007.04	36.23	160,000	1,600,000	126,663	1,266,627	Conversion of domestic unsecured convertible corporate bonds into common stock totaling 3,102,351 shares	None	—
2007.07	36.23	160,000	1,600,000	126,682	1,266,820	Conversion of domestic unsecured convertible corporate bonds into common stock totaling 19,320 shares	None	—
2008.08	10.0	160,000	1,600,000	130,000	1,300,000	Recapitalized from earnings by NTD 33,180 thousand	None	Note 8
2009.02	10.0	160,000	1,600,000	127,000	1,270,000	Annulment of treasury stock by NTD 30,000 thousand	None	Note 9
2010.04	30.1	160,000	1,600,000	127,035	1,270,350	Conversion of employee stock warrant to common stock totaling 35,000 shares	None	—
2011.04	28.94	160,000	1,600,000	127,055	1,270,550	Conversion of employee stock warrant to common stock totaling 20,000 shares	None	—

Note 1: Approval letter for issuance of new shares upon capital increase: Letter by Securities and Futures Commission, Ministry of Finance under (2000) Tai-Tsai-Cheng (1) No. 520523 dated June 23, 2000.

Note 2: Approval letter for issuance of new shares upon capital increase: Letter by Securities and Futures Commission, Ministry of Finance under (2002) Tai-Tsai-Cheng (1) No. 111551 dated March 25, 2002.

Note 3: Approval letter for issuance of new shares upon capital increase: Letter by Securities and Futures Commission, Ministry of Finance under (2002) Tai-Tsai-Cheng (1) No. 0910161006 dated November 14, 2002.

Note 4: Approval letter for issuance of new shares upon recapitalization from earnings: Letter by Securities and Futures Commission, Ministry of Finance under (2004) Tai-Tsai-Cheng (1) No. 0930127004 dated June 17, 2004.

Note 5: Approval letter for issuance of new shares upon recapitalization from earnings: Letter by Financial Supervisory Commission, Executive Yuan under Chin-Kuan-Cheng-Yi No. 0940122245 dated June 2, 2005.

- Note 6: Approval letter for issuance of new shares upon capital increase: Letter by Financial Supervisory Commission, Executive Yuan under Chin-Kuan-Cheng-Yi No. 0940149562 dated November 25, 2005.
- Note 7: Approval letter for issuance of new shares upon recapitalization from earnings: Letter by Financial Supervisory Commission, Executive Yuan under Chin-Kuan-Cheng-Yi-Zi No. 0950127763 dated June 30, 2006.
- Note 8: Approval letter for issuance of new shares upon recapitalization from earnings: Letter by Financial Supervisory Commission Letter, Executive Yuan under Chin-Kuan-Cheng-Yi-Zi No. 0970033055 dated July 2, 2008.
- Note 9: Approval letter for annulment of treasury stock: Letter by Financial Supervisory Commission, Executive Yuan under Chin-Kuan-Cheng-Yi-Zi No. 0970069736 dated December 19, 2008.

April 27, 2021  
Units: thousand shares

Types of shares	Authorized capital stock			Remarks
	Outstanding shares (Note 1)	Unissued shares (Note 2)	Total	
Common stock	127,055	32,945	160,000	—

Note 1: Listed company' stock

Note 2: Unissued shares include the reserve for convertible corporate bonds.

Note 3: Information about offering and issuance of securities by shelf registration: Not applicable.

(II) Shareholder structure

April 27, 2021

Shareholder structure Quantity	Government agencies	Financial institutions	Other institutions	Foreign Institute and others	Individuals	Total
Persons	0	0	149	67	32,809	33,025
Shares held	0	0	44,741,354	7,398,023	74,707,623	127,055,000
Shareholding ratio (%)	0.00%	0.00%	35.21%	5.82%	58.80%	100%

(III) Distribution of equity

April 27, 2021

Unit: shares

Shareholding category	Number of shareholders	Shares held	Shareholding ratio (%)
1 to 999	22,385	332,687	0
1,000 to 5,000	7,834	16,186,845	13
5,001 to 10,000	1,429	10,974,636	9
10,001 to 15,000	470	5,800,139	5
15,001 to 20,000	285	5,287,473	4
20,001 to 30,000	232	5,877,252	5
30,001 to 50,000	185	7,323,629	6
50,001 to 100,000	110	7,874,466	6
100,001 to 200,000	54	8,003,871	6
200,001 to 400,000	23	6,248,655	5
400,001 to 600,000	5	2,569,000	2
600,001 to 800,000	5	3,497,530	3
800,001 to 1,000,000	2	1,864,000	1
Over 1,000,001	8	45,214,817	36
Total	33,027	127,055,000	100

Note: No preferred stock issued by the Company.

## (IV) Name list of major shareholders: Ten largest shareholders

April 27, 2021

Major Shareholders	Shares	Shares held	Shareholding ratio (%)
TECO Image Systems Co., Ltd.		21,928,260	17.26%
Tong-An Investment Co., Ltd.		7,913,310	6.23%
TECO International Investment Co., Ltd.		5,241,447	4.13%
Koryo Electronics Co., Ltd.		3,787,000	2.98%
TECO Electric & Machinery Co., Ltd.		2,137,044	1.68%
A-Chung Hou		1,720,000	1.35%
Chun-Hsien Chang		1,450,000	1.14%
Employee Stock Ownership Trust Asset Account of CREATIVE SENSOR INC. managed by CTBC Bank in trust		1,037,756	0.82%
Jui-Shih Jao		939,000	0.74%
Fidelity Funds investment account of Credit Suisse Group AG managed by Business Development Department of Standard Chartered Bank in trust		925,000	0.73%

## (V) Market value per share for the past two fiscal years, together with the Company's net worth per share, earnings per share, dividends per share, and related information

Unit: NTD; thousand shares

Item	Year		2019	2020	Up to March 31, 2021 for the current year (Note 8)
Market price per share (Note 1)	Highest		24.45	24.35	23.70
	Lowest		19.8	14.85	18.50
	Average		21.73	18.55	20.13
Net worth per share (Note 2)	Before distribution		25.95	26.32	25.25
	After distribution		24.75	25.02	—
Earnings per share	Weighted average number of shares		127,055	127,055	127,055
	Earnings per share (Note 3)	Before adjustment	1.45	1.50	0.31
		After adjustment	—	—	—
Dividends per share	Cash dividend		1.2	1.3	
	Stock dividends	Before adjustment	—	—	—
		After adjustment	—	—	—
	Accumulated, unpaid dividends (Note 4)		—	—	—
ROI analysis	P/E ratio (Note 5)		14.99	12.37	—
	P/D ratio (Note 6)		18.11	14.27	—
	Cash dividend yield (Note 7)		5.52%	7.01%	—

Note 1: State the highest and lowest market prices for the common stock, and calculate the average market price for each year based on the turnover value and volume of each year.

Note 2: Please apply the quantity of stock already issued at the end of the year, and specify based on the allocation resolved by the shareholders' meeting of next year.

Note 3: If it is necessary to make adjustment retroactively due to distribution of bonus shares, please state the earnings per share before and after the adjustment.

Note 4: If the equity securities issuance terms and conditions provide that the stock dividend unallocated in the year may be accumulated until the year in which earnings allocable are generated, please disclose the accumulated stock dividend remaining undistributed until the current year.

Note 5: P/E ratio = Average closing price per share for the year/Earnings per share.

Note 6: P/D ratio = Average closing price per share during the current fiscal year/Cash dividend per share.

Note 7: Cash dividend yield = Cash dividend per share/Average closing price per share for the current year.

Note 8: The consolidated financial statements of Q1, 2021 have already been reviewed and audited by the CPAs.

#### (VI) Stock dividend policy and execution thereof

1. The stock dividend policy defined under the Articles of Incorporation:

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

I. Payment of tax;

II. Covering of loss;

III. 10% provision for statutory reserve, unless the balance of statutory reserve has accumulated to the same amount as the Company's paid-up capital.

IV. Provision or reversal of special reserve according to the authority's rules.

V. The remainder from Subparagraphs (1) ~ (4) plus undistributed earnings carried from previous years are available to shareholders, for which the board of directors will propose an earnings appropriation plan to be resolved during shareholder meeting.

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

2. The allocation of stock dividend proposed by the shareholders' meeting (not yet approved by the shareholders' meeting).

The motion for 2020 allocation of earnings has been resolved and approved by the Board of Directors meeting on March 18, 2021. The stock dividend to be allocated to shareholders amounted to NTD 165,171,500. That is, the cash dividend to be allocated to shareholders was NTD 1.3 per share.

#### (VII) Effect of the allocation of bonus shares proposed at the shareholders' meeting to the Company's business performance and Earnings per share: Not applicable.

#### (VIII) Remuneration to employees, directors, and supervisors:

1. Percentage or scope of the remuneration to employees, directors, and supervisors referred to in the Articles of Incorporation:

Profits concluded by the Company in a financial year are subject to employee remuneration of 5%~15%, and director and supervisor remuneration of no more than 5%. In addition, according to the "Regulations for Issuance of Remuneration of Directors and Supervisors," the evaluation items specified in these Regulations include: participation level in the Company's operation, contribution value and level of responsibility fulfillment, and the remuneration is issued based on the determination of the domestic and external standards. In addition, the Company also timely review the director and supervisor remuneration system depending upon the actual operation condition and relevant laws at all times. When the Company has accumulated losses from the previous year, if there is a profit in the current year, it is necessary to make up the losses first before the profit is appropriated as the remuneration of employees as well as the remuneration of directors and supervisors. Appropriation may then be made according to the percentages specified.

2. The basis for estimating the amount of remuneration to employees, directors and supervisors, for calculating the number of shares to be distributed as remuneration to employees, and the accounting treatment of the discrepancy, if any, between the

actual distributed amount and the estimated figure, for the current period: The discrepancy between the actual distributed amount and the estimated figure, if any, will be treated as the changes in accounting estimates and stated as the income of 2021.

3. The motion for allocation of remuneration passed by the Board of Directors:
  - (1) The remuneration to employees, directors and supervisors in cash or in the form of stock. If there is any discrepancy between the amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed:  
The Company's Board of Directors resolved the 2020 allocation of remuneration to directors, supervisors and employees on March 18, 2021. As a result, the remuneration to be allocated to directors and supervisors totaled NTD 8,242,580, and the remuneration to employees totaled NTD 24,727,740. All shall be allocated in cash and expected to be reported at the shareholders' meeting on June 25, 2021.
  - (2) The amount of remuneration to any employee allocated in the form of stock, and the size of that amount as a percentage of the sum of the net income after tax stated in the individual or separate financial reports for the current period and total employee remuneration: No stock dividend was allocated.
4. The actual allocation of remuneration to employees, directors and supervisors for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual allocation and the recognized remuneration to employees, directors or supervisors, please also specify the discrepancy, cause, and how it is treated:

Unit: NTD

Item	Counterparts	Amount allocated upon resolution by the Board of Directors meeting	Amount allocated actually	Method of allocation
Employee Compensation	The Company's employees	23,451,733	23,451,733	Cash
Remuneration to directors and supervisors	The Company's directors and supervisors	7,817,245	7,817,245	
Total		31,268,978	31,268,978	

(IX) The Company's repurchase of the Company's shares: None.

- II. Issuance of Corporate bonds: None.
- III. Issuance of Preferred Shares: None.
- IV. Issuance of Overseas Depository Receipts: None.
- V. Issuance of Employee Stock Option Certificates: None.
- VI. Information about new restricted employee shares: None.
- VII. Issuance of new shares in connection with mergers or acquisitions of, or succession to shares of other companies: None.
- VIII. Implementation of Capital Utilization Plan: None.

## Five. Operation Overview

### I. Business content

#### (I) Business scope

##### 1. Main content of business operated by the Company

- (1) Electronic Parts and Components Manufacturing
- (2) Computers and Computing Peripheral Equipments Manufacturing
- (3) Wired Communication Equipment and Apparatus Manufacturing
- (4) Telecommunication Equipment and Apparatus Manufacturing
- (5) Restrained Telecom Radio Frequency Equipments and Materials Manufacturing
- (6) Photographic and Optical Equipment Manufacturing
- (7) International Trade
- (8) Restrained Telecom Radio Frequency Equipments and Materials Import
- (9) Wholesale of Electronic Materials
- (10) Wholesale of Computing and Business Machinery Equipment
- (11) Wholesale of Telecom Instruments
- (12) Wholesale of Precision Instruments
- (13) Retail Sale of Electronic Materials
- (14) Retail sale of Computing and Business Machinery Equipment
- (15) Retail Sale of Telecom Instruments
- (16) Retail Sale of Precision Instruments
- (17) Software Design Services
- (18) Precision Instruments Manufacturing
- (19) All business items that are not prohibited or restricted by law, except those that are subject to special approval.

##### 2. Operating revenue percentages

Unit: NTD thousands

Item	2019		2020	
	Revenue	Operating revenue percentage (%)	Revenue	Operating revenue percentage (%)
Image sensors	4,169,494	100	3,399,884	100
Total	4,169,494	100	3,399,884	100

##### 3. Present product items of the Company

The main business items of the Group include the design, manufacturing and sales and purchase businesses of CIMS (Contact Image Sensor Module).

##### 4. New products planned for development

With regard to the CIS main application products and market demand, the Group has developed a complete series of products to satisfy the demands of various types of scanning input devices (such as MFP scanner, printers etc.). To cope with the post-pandemic market, the focus of the research and development works for 2021 is as follows:

- A. New generation of CISM light source design.
- B. CISM of optimized cost design.
- C. Ultra-high speed A4 digital CISM design.
- D. Ultra-high speed A3 digital CISM design.
- E. Improvement of automatic production process.
- F. Low-end epidemic infrared temperature measurement core module applicable to small stores and public entrances.
- G. Infrared imaging QVGA and VGA core module.

(II) Industry Overview:

1. Industry Current Status and Development:

The main business of the Group refers to the design, manufacturing and sales of CISM, and the product application scope includes computer peripheral scanners for personal use, office or workstation printing MFP, digital printers, electronic white boards, fingerprint and banknote recognition system etc. Consequently, the development of computer peripheral industry is closed related to the business of the Company.



The following shows the industry status of the CISM, main application product computer peripheral system manufactured by the Group:

Unit: Million pcs

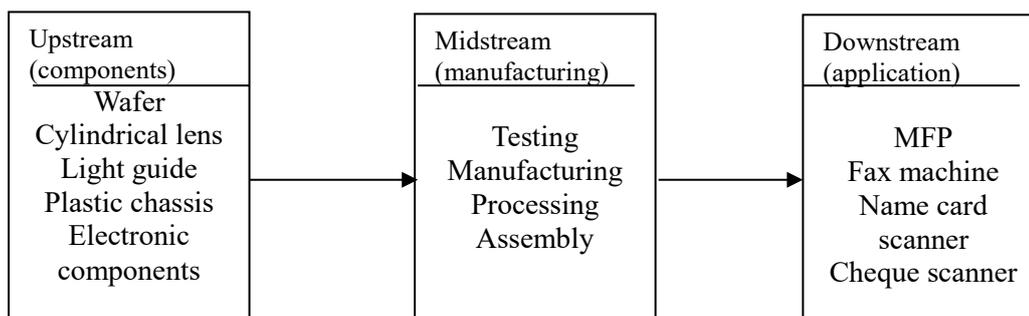
Year Product	2018	2019	2020
MFP	74.8	72.2	74.9

Source of information: IDC

As the modular design of CISM is advantageous to the application assembly of system operators, over the past years of development, products with scanning functions for personal and SOHO commercial purposes and CISM use have become the main stream products in the market. The main products of the Group are to supply scanners, fax machines and MFP for use.

2. Correlation among upstream, midstream and downstream in the industry:

For the CISM products of the Group, wafer, cylindrical lens, light guide, plastic chassis and other electronic components are purchased. Through the front-end processing of the wafer testing, wafer cutting, loading, wire bonding, lamination and after the back-end processing, testing and inspection are performed. Once products are completed, they are directly sold to professional manufacturing OEM operators. The correlation among the upstream, midstream and downstream in the industry is as follows:



### 3. Development trends of products and competition status:

#### (1) Product development trend

CISM is an essential component to MFP, and the key development relies on low cost, low power consumption, light weight and slim, as the niche of the product development of the Group. Through cooperative development of new products with customers, the Group heads toward the solutions of ultra-high speed, high precision and high depth of field. The team of the Creative Sensor have established customer trust in all aspects of research and development, price, quality and service.

#### (2) Industry and Market Competition Status

Due to the global pandemic development, since the second half of 2020, the demand for work from home/distance education increased rapidly, leading to a significant increase in demand for multi-function printers (MFPs). Under limited global CISM production capacity, gaps appeared in the supply and demand of the industry, causing changes to the original buyer's market and the operators in the market to stop price competition but to head toward the expansion of production capacity. The Group currently still maintains the leading position in the market. Through complete automated production line, the Group can achieve minimized cost and optimized quality to cope with the continuous increase of production labor cost of the Group.

### (III) Technology and Research and Development Overview

Annual research and development expense invested in the most recent year and technology or product developed successfully in the most recent year:

1. For 2020 and up to March 31 of this year, the consolidated research and development expenses invested were NTD 75,707 thousand and NTD 19,850 thousand respectively.
2. Technology or product developed successfully:
  - (1) Annual mass production models of main Taiwanese, Japanese, and U.S. customers.
  - (2) Completion of development of high speed A4 CISM and introduction of mass production.
  - (3) A4 CISM with introduction of self-developed components and mass production.
  - (4) Completion of development of new testing machine.
  - (5) Development of 5th generation of slim type CISM.
  - (6) Development of critical components with ultra-high speed and large dimensions.

### (IV) Long-term and Short-term Business Development Plan

1. Short-term business development plan:
  - (1) Increase production efficiency and expand production capacity in order to satisfy the increasing order demand.
  - (2) Develop and design image input module with high field of depth in order to

strengthen the competitiveness in the high end MFP market.

- (3) Expand the market penetration rate for A3 CISM in the high end printers of Japanese customers in order to replace the original A3 CCDM products.

2. Long-term Business Development Plan:

- (1) Increase vertical integration ratio by implementing the internal introduction of plastic formation and increasing gross margin.
- (2) Develop a new generation of linear scanning light source, and further reduce cost and improve lighting efficacy.
- (3) Develop far-infrared imaging temperature sensing module in order to enter the body temperature monitoring of the epidemic market application.
- (4) Market development of other optical input/output devices.

II. Market and Production/Sales Overview

(I) Market Analysis

1. Sales region of main productions

The sales region of the products of the Group mainly refers to the information technology and consumer electronic operators in Asia, U.S. and Europe. Presently, most of the customers are internationally well-known OEM or system operators.

2. Market share

CISM Market share

Unit: %

Year	2018	2019	2020
Creative Sensor global market share	58.1%	51.7%	46.5%

Note: Calculation based on IDC's MFP sales quantity (excluding the percentage of the self-manufactured CISM modules of the end customers)

3. Market future supply and demand status and growth

(1) Supply aspect:

As the global CISM production capacity is limited and under the impact of the Myanmar coup, the local CISM supply chain has been seriously affected, and the global supply quantity in 2021 may be reduced under such impact. In addition, since the global IC foundry and packaging production capacities were under significant demand this year, IC was in shortage, and the supply from the upstream supply chain was unstable. Consequently, the situation of delayed delivery occurred frequently and the supply output was lower than in the past.

(2) Demand aspect:

Under the impact of the pandemic, the condition of work from home/distance education is expected to continue in the short and medium term, leading to great demand for consumer MFPs, thereby driving a significant increase in CISM demand. The overall global demand is expected to increase by more than 10%. In addition, the post-pandemic market is expected to return to normal; however, the demand for work from home or distance education will continue to be maintained at a certain level. Accordingly, in the long term, the demand from the market is expected to be maintained at a stable level or decrease gradually.

4. Competitive niche

- (1) Rigorous quality demands and precise manufacturing process technology:

Since the customers of the Company are all international brand giants, customers have high demand in the product quality, and the internal of the Company continues to implement quality improvement plans to achieve perfection. The Company has obtained intentional quality system certifications of ISO90001 and ISO14001. Our factory further implements the overall cleanroom ESD protective environment upgrade, and gradually introduced the complete automation in the production lines as well as the introduction of precise and reliable production lines, in order to manufacture products of high standard. Furthermore, for product quality design, the Company is also able to satisfy different customer demands and provide greater design integration capacity among the same operators in the industry. Consequently, the overall product quality standard of the Company is higher than the industrial standard.

(2) Excellent supplier integration capability:

Since the key components of CISM, such as sensing element, circuit boards, focusing lens and light source, require close cooperation with relevant suppliers for the development, quality demand is extremely important. Therefore, research and development design adopts the close cooperation and collaboration operation method in order to seize customer business opportunities. Moreover, through close cooperative relationship and purchase scale, the Group is able to obtain raw materials at stable and reasonable price for production, thereby increasing the product competitiveness of the Group.

(3) Complete R&D team and technical capabilities:

The R&D team of the Group has a long period of operations with respect to the research and development of CISM, and the team is equipped with the self-design capability and has also obtained numerous patents. In addition, the team also engages in joint research and development with relevant suppliers in order to develop important raw materials. Consequently, the quality of the R&D technology and technical innovation capacity of the Group leads ahead of the operators in the same industry.

(4) Production application field expansion:

The Group applies the knowhow accumulated over the past numerous years in CISM production technologies in order to enter the fields of relevant technologies and the developments of upstream, midstream and downstream products. In addition to the currently existing products, for the production of niche CISM module, the breadth and depth of the production line have been expanded gradually. Furthermore, with the utilization of the COB packaging and imaging technical capabilities of the Group, the Group has started to enter the industries of Industry 4.0 visual inspection application and MEMS sensor packaging etc. in order to expand the business niche points and to develop new application fields.

5. Favorable, unfavorable factors for development outlook and responsive strategies:

Item	Favorable factors	Unfavorable factors	Responsive Strategy
I. Industry prospect	MFP market is still the main stream for the office/home products, and the demand is stable. In addition, CIS industry is still an oligopoly market, and the entrance barrier is high. With limited domestic and foreign competing operators in the market, in a medium and long term, the market demand will remain high.	MFP has entered the mature stage, and the growth has started to slow down; consequently, the revenue growth of such product of the Company becomes mild. Under the impact of the COVID-19 epidemic, the global supply chain production capacity has been affected, and the revenue is being affected directly.	<p>(1) Develop products of greater high speed and high resolution performance in order to be applied to high end ink jet and laser MFP, thereby expanding the product penetration rate and maintaining continuous revenue growth.</p> <p>(2) Engage in cooperative research and development with domestic relevant suppliers to develop important raw materials, thereby reducing the cost.</p> <p>(3) Utilize the COB packaging and imaging technology and capability, enter the industries of AOI linear sensor camera module and infrared thermal imaging sensor, thereby expanding the business niche point and develop new application fields.</p>
II. Position in industry	Presently, for color contact image sensors, the market share of the Group is No. 1 in the world, and the Group has relatively greater production scale competitiveness and cost control capability.	Both the upstream and downstream are oligopoly markets, and the price control capability is relatively weak. As the competing operators in the industry seek business opportunities in the market, price competition occurs.	<p>(1) Enhance the development of high end products and low price module products, increase the added value and market share at the same time, thereby increasing the differentiation from the operators in the same industry.</p> <p>(2) Continue to improve manufacturing process and engage in development of raw materials of high performance and low cost with suppliers, in order to reduce the production cost.</p>
III. Primary raw material supply status	The Group adopts the strategic alliance relationship with primary raw material suppliers in a long term cooperation, and the Group is able to control the quality and quantity of raw materials and components supplied.	Parts of the products of the primary raw material suppliers belong to the oligopoly market; therefore, the price flexibility is relatively small.	<p>(1) Engage in cooperative research and development with relevant suppliers to develop important raw materials, thereby reducing the cost.</p> <p>(2) Continue to maintain excellent business relationship with suppliers and to obtain stable supply source.</p>

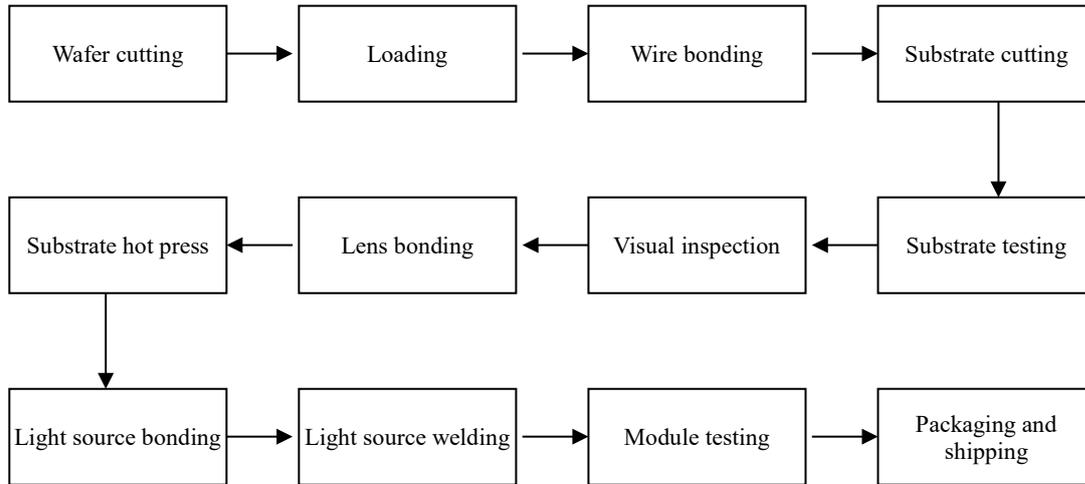
Item	Favorable factors	Unfavorable factors	Responsive Strategy
IV. Sales status of main productions	The product quality and delivery of the Group have been recognized by the customers for a long time, and the Group continues to maintain the leading position in the market share for color CIS. In addition, the Group continues to develop new customers and engages in joint development of new products with customers; therefore, the sales quantity continues to increase.	(1) Downstream product market with distinctive high and low seasons, affecting the production capacity planning. (2) Customer concentration is high.	(1) Actively expand business, attract new customers and new orders, in light of diversifying the customer group. (2) Obtain long term and orders in order to make appropriate adjustment on the production capacity and to reduce the overly obvious operating cost during the high and low seasons.
V. Financial status	The Group has maintained stable profit for a long period of time. In addition, the management values the importance of accounts receivable and control of inventory; therefore, the operating activities indicate cash inflow status and a sound financial structure. The Group's own fund is sufficient without any concerns.	Products are devoid of diversity, and the industry has reached the mature stage, both the revenue and profit growth become mild, such that the profitability is weakened.	Develop new business to simulate future business profits. In addition, presently, the Group has sufficient funds to cope with the future capital expense needs.

(II) Key purpose and manufacturing process of main products

1. Key purpose of main products:

Item	Main products	Purpose
Contact image sensors	CIS	MFP Fax machine Image scanner Printer Name card scanner Banknote recognition machine

## 2. Manufacturing Process



### (III) Primary raw material supply status

Primary raw material	Supply source	Supply status
Wafer	Japan, Singapore, Taiwan	Tight production capacity
Cylindrical lens	Japan, Hong Kong	Tight production capacity
Light source light guide	Japan, Hong Kong, Taiwan	Excellent
Printed circuit board	Taiwan, Mainland China	Excellent

Regarding the aforementioned tight raw material supply, in the short term, the Company will continue to coordinate the production capacity jointly with customers and raw material suppliers to adopt the principle of preventing production interruption. For the long term, the Company will focus on the solution of increasing the source suppliers.

(IV) Name of customers accounted for more than 10% of total purchase (sales) amount of the company in the last two years or in any year and the purchase (sales) amount and ratio thereof

1. Information of main suppliers of the Company in the last two years

Unit: NTD thousands

Item	2019				2020				1st quarter of 2021			
	Name	Amount	Annual net purchase percentage (%)	Relationship with the issuer	Name	Amount	Annual net purchase percentage (%)	Relationship with the issuer	Name	Amount	Net purchase percentage up to the last quarter of the current year (%)	Relationship with the issuer
1	Company A	540,829	18.91%	None	Company A	451,322	17.89%	None	Company A	120,821	17.21%	None
2	Company B	417,181	14.58%	Note	Company B	426,928	16.92%	Note	Company B	111,022	15.81%	Note
3	Company C	401,513	14.04%	None	Company C	352,769	13.98%	None	Company C	105,647	15.05%	None
	Others	1,501,000	52.47%	--	Others	1,291,560	51.21%	--	Others	364,517	51.93%	
	Net purchase amount	2,860,523	100.00%		Net purchase amount	2,522,579	100.00%		Net purchase amount	702,007	100.00%	

Note: It refers to the main management of the Group.

Reason of increase/decrease: In the last two years, there were no major changes in the incoming material supplier ranking of the Company. However, to diversify the incoming risk and to stabilize the supply source, under the condition where the raw material quality is not affected, new cooperating suppliers are sought actively.

2. Information of main customers of sales of the Company in the last two years

Unit: NTD thousands

Item	2019				2020				1st quarter of 2020			
	Name	Amount	Annual net sales percentage (%)	Relationship with the issuer	Name	Amount	Annual net sales percentage (%)	Relationship with the issuer	Name	Amount	Net sales percentage up to the last quarter of the current year (%)	Relationship with the issuer
1	Company A	744,489	17.86%	None	Company A	726,057	21.36%	None	Company A	223,198	23.81%	None
2	Company B	731,737	17.55%	"	Company B	475,824	14.00%	"	Company D	125,162	13.35%	"
3	Company C	603,375	14.47%	"	Company C	265,401	7.81%	"	Company B	0	0.00%	"
4	Company D	554,022	13.29%	"	Company D	255,069	7.50%	"	Company C	47,542	5.07%	"
	Others	1,535,871	36.83%	--	Others	1,677,533	49.33%	--	Others	541,340	57.77%	--
	Net sales amount	4,169,494	100.00%		Net sales amount	3,399,884	100.00%		Net sales amount	937,242	100.00%	

Reason of increase/decrease: As the Company produces single products, and the sales targets are all international giants in the industry, the customer source is stable. The Company maintains excellent relationship with the existing customers, and also actively develops new customer source.

## (V) Production quantity table for the most recent two years

Unit: NTD millions;1,000 pcs

Year Production Quantity and Value Key Products	2019			20120		
	Production Capacity	Production Quantity	Production Value	Production Capacity	Production Quantity	Production Value
Image sensors	42,460	28,721	4,095	37,400	26,922	3,374
Total	42,460	28,721	4,095	37,400	26,922	3,374

## (VI) Sales quantity table for the most recent two years

Unit: NTD millions;1,000 pcs

Year Sales quantity and amount Key products	2019							
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Image sensors	0	5	29,245	4,164	1	8	27,125	3,392
Total	0	5	29,245	4,164	1	8	27,125	3,392

## III. Number of employees in the last two years and the employee information of the Group up to the publication date of annual report

Year		2019	2020	Up to March 31, 2021
Number of employees	Indirect labor	363	353	341
	Direct labor	568	745	958
	Total	931	1098	1299
Average age		31.17	33.90	33.05
Average service year		2.99	3.75	3.95
Education background distribution ratio (%)	PhD	0%	0%	0%
	Master	3%	5%	5%
	College	25%	31%	32%
	Senior High School	35%	30%	30%
	Under Senior High School	37%	34%	33%

## IV. Information on Environmental Protection Expense

Total amount of losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken, and please explain the future responsive measures (including improvement measures) and possible expenses (including possible loss, penalty and estimated compensation amount due to failure in adopting responsive measures; if reasonable estimation cannot be made, the fact for such failure in providing reasonable estimation shall be explained): The Group is in the component manufacturing industry, and during the manufacturing process, there is no production of waste gas, wastewater, and noise pollution. Consequently, there have been no losses due to environmental pollution in the last two years, and in the future, it is expected to have no capital expense in environmental protection.

## V. Labor-management relationship

(I) Company's employee welfare measures, continued education, training, retirement system and implementation thereof, and labor management agreement and various employee benefit protection measures status:

1. Employee welfare measures implementation status thereof:
  - A. Starting from the job onboard date of employees of the Company, employees enjoy the labor insurance and national health insurance. For employees of overseas subsidiaries, employees enjoy the local insurance system starting from the onboard date.
  - B. According to the employee stock subscription regulations of the Company, during the capital increase by cash, 10% to 15% of stocks are reserved for employees' subscription according to the regulations, and the employee bonus sharing system is implemented.
  - C. The Company has established the Employee Welfare Committee, and the Employee Welfare Committee handles and manages the operations of all welfare measures. Presently, all of the labor criterion of leave applications, working hours etc. are handled according to the Labor Standards Act, and various welfare measures are planned.
  - D. Presently, the employee welfare measures are as follows:
    - 1) Three-holiday bonuses, gift vouchers.
    - 2) Year-end bonus, performance bonus.
    - 3) Organization of year-end party activity.
    - 4) Organization of employees' domestic and overseas travel activities.
    - 5) Employee marriage, funeral monetary gifts.
    - 6) Subsidies to children education.
    - 7) Apply for labor, health insurance and group insurance enrollment for employees.
    - 8) Provide stock subscription opportunity for employees during capital increase by cash.
2. Employees continuing education, training system, and implementation status
  - A. With regard to the employee educational training, employee educational training is implemented according to the Company's training related regulations of "Educational Training Implementation Regulations," "Internal Educational Training Implementation Regulations," "External Training Implementation Regulations," "Language Proficiency Examination Subsidy Regulations," "On-Job Continuing Education Subsidy Regulations" etc. Actively provide employees various learning and development opportunities and environment in order to cultivate outstanding talents with international vision and active learning.
  - B. 2020 educational training hours statistics: In 2020, programs of supervisor training, internal and external courses for core ability and professional ability improvement were organized, and there was a total of 82 people participating in the training, and the total number of hours was 272 hours. In 2020, on average, each person received 3.5 hours of training, and the annual training expense was NTD 75,544.
3. Retirement system and implementation status:
  - A. With regard to the employee retirement system and regulations of the

Company, the Company handles such matters according to the relevant regulations of the Labor Standards Act and the Labor Pension Act. Overseas subsidiaries handle such matters according to the retirement and insurance system of People's Republic of China (PRC).

- B. The Company has also established the "Labor Retirement Reserve Fund Supervisory Committee" to supervise the implementation status of the retirement system.
- C. According to the regulations specified in the Generally Accepted Accounting Principles (GAAP) of R.O.C. No. 18, the Company entrusts actuary to perform assessment and calculation of the labor retirement reserve fund and to submit actuarial assessment report.

Since July 1, 2005, the Company has appropriated 6% of the employee wage into the employee individual pension account on a monthly basis according to the Labor Pension Act. Overseas subsidiaries follow the retirement insurance system of PRC to make a certain ratio of appropriation according to the employee's total salary amount, and the monthly pensions of employees are managed and arranged uniformly by the government.

- 4. Labor management agreement and various employee benefit protection measures status:

The Group has always adopted the operational method of self-management and all staff participation. Supervisors and employees of each department engage in effective communication through periodic business meeting and educational training; therefore, the labor-management relationship is harmonic.

- 5. Employee code of conduct or ethical rules:

To maintain the workplace occupational order, the Group explicitly specify the rights and obligation relationships between the both parties of labor and management. In addition, the Company has established the "Work Rules" according to the laws and is publicly disclosed after the approval of the competent authority. Furthermore, to reduce the operational risk of the Company, to prevent occurrence of conducts damaging the interests of shareholders and to provide guidance to employees of the Company, the Company has specified the following rules and actively promotes the same:

- A. Ethical management best practice principles: It is prohibited to directly or indirectly provide, commit, request or accept any illegal benefits, or engage in any conduct violating the ethics or violating the obligation entrusted for fulfillment.
- B. Comply with antitrust conducts: It is necessary to maintain high alert with competitors and business dealing counterparties, and it is necessary to provide clear response without disclosing sensitive information, and shall not engage in any special offers or benefits.
- C. Report illegal and unethical conducts: In case where an employee discovers any conducts violating the ethical standards of the Company, including misappropriation of Company properties, matters affecting accuracy of the financial statements of the Company, collection of illegal benefits from the external, such employee shall report such issue via internal normal channel of the Company.

- 6. Internal Material Information Handling Operation Procedure:

To establish proper internal material information handling and disclosure mechanism, to prevent improper disclosure of information and to ensure consistency and accuracy of information published by the Company to the

external, the Group has additionally established the “Management for Preventing Insider Trading” in the internal control system, which has been reported to the board of directors’ meeting for resolution with approval on December 21, 2009, and all employees and managerial officers have been informed accordingly.

7. Working environment and employee personal safety protective measures:

A. Working environmental protective measures

- 1) The Group is equipped with the ISO14001 environmental management system certificate. The Group’s environment policies are: (1) Following and complying with environmental laws and other requirements. (2) Promoting recycling and reuse of resources, and endeavoring to reduce industrial waste to prevent pollution. (3) Reducing the use of hazardous materials, being thorough on pollution control and management, and endeavoring on the design and manufacturing of green products. (4) Preventing accidents and disasters and enhancing disaster prevention drill.
- 2) Equipment safety: The Company implements periodic inspection on the elevators and cargo elevators in the building, and also entrusts external contractors to perform labor safety and health inspection monthly; thereby preventing increase of labor risk and requesting workers to wear labor protective gears.
- 3) Fire safety: Fire control system installed completely according to the regulations of the Fire Services Act, including fire sprinkling system, escape system, such as escape sling, and emergency lighting etc. In addition, inspection on the lighting fire control and carbon dioxide is performed annually.
- 4) The Group performed the drinking water machine test semi-annually. In addition, full disinfection of the working environment is performed annually in order to maintain the sanitary of the working environment.

B. Employee personal safety protective measures

- 1) The Group has established the “Safety and Health Work Rules” to protect the rights and benefits related to workers’ physical and mental health, and to reduce all major hazards caused during operation. Furthermore, the Company has also established the “Regulations for Attending to Accidents of Natural Disaster, Power Outage, Pending for Material Supply etc.” in order to facilitate immediate response actions in case of occurrence of disasters.
- 2) Medical health care: The Group provides one time of physical examination for employees at work annually.
- 3) Periodic labor safety and health educational training is held annually in order to increase relevant knowledge of employees in light of reducing employees’ occupational injuries.
- 4) The counter of the Group is equipped with alcohol and masks at all time for the use of employees and visitors in order to reduce likelihood of spreading of infectious diseases, such as flu and cold among employees at the working environment.
- 5) To prevent occurrence of worker personal safety, personnel are requested to wear protective gear, and relevant operation procedures are established.

(II) Any losses suffered by the Company in the most recent year and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content

of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

VI. Important Contracts: None.

## Six. Financial Information

### I. Condensed Balance Sheet and Comprehensive Income Statement for the Most Recent Five Years

#### (I) Condensed Balance Sheet

##### 1. Consolidated Condensed Balance Sheet - IFRS

Unit: NTD thousands

Item	Year	Financial information for the latest five years					Financial information up to March 31, 2021 for the current year (Note 2)
		2016	2017	2018	2019	2020	
Current assets		3,041,354	3,168,989	3,466,786	3,220,429	3,193,614	2,000,665
Real estate, plant and equipment		786,190	613,890	485,435	371,289	293,774	274,591
Intangible assets		6,369	4,306	6,909	6,170	7,510	6,711
Other assets		778,839	808,864	675,174	775,294	1,749,837	3,175,461
Total assets		4,612,752	4,596,049	4,634,304	4,373,182	5,244,735	5,457,428
Current liabilities	Before distribution	1,144,945	1,131,232	1,284,592	920,458	1,865,805	1,753,324
	After distribution	1,348,233	1,334,520	1,449,763	1,072,924	Note 3	Note 3
Non-current liabilities		53,367	60,458	111,553	155,141	34,478	31,075
Total liabilities	Before distribution	1,198,312	1,191,690	1,396,145	1,075,599	1,900,283	1,784,399
	After distribution	1,401,600	1,394,978	1,561,316	1,228,065	Note 3	Note 3
Equity attributable to parent company shareholders		3,414,440	3,404,359	3,238,159	3,297,583	3,344,452	3,673,029
Capital stock		1,270,550	1,270,550	1,270,550	1,270,550	1,270,550	1,270,550
Capital surplus		677,467	677,467	677,467	677,467	677,467	677,467
Retained earnings	Before distribution	1,143,166	1,152,065	1,154,222	1,172,756	1,209,832	1,249,778
	After distribution	939,878	948,777	989,051	1,020,290	Note 3	Note 3
Other equity		323,257	304,277	135,920	176,810	186,603	475,234
Treasury stock		0	0	0	0	0	0
Non-controlling interests		0	0	0	0	0	0
Total equities	Before distribution	3,414,440	3,404,359	3,238,159	3,297,583	3,344,452	3,673,029
	After distribution	3,211,152	3,201,071	3,072,988	3,145,117	Note 3	Note 3

Note 1: 2016~2020 information is based on the consolidated financial statements audited and certified by CPA and according to IFRS.

Note 2: The information of the first quarter of 2021 is based on the consolidated financial statements audited and certified by CPA and according to IFRS.

Note 3: The distribution of earnings is not yet approved by the shareholders' meeting.

## 2. Standalone Condensed Balance Sheet - IFRS

Unit: NTD thousands

Item		Year	Financial information for the latest five years				
			2016	2017	2018	2019	2020
Current assets			1,341,985	1,257,172	1,344,074	1,008,818	1,898,842
Real estate, plant and equipment			14,728	8,770	6,443	26,643	26,578
Intangible assets			1,925	960	3,502	4,111	5,876
Other assets			3,249,495	3,264,807	3,249,211	3,337,634	3,364,949
Total assets			4,608,133	4,531,709	4,603,230	4,377,206	5,296,245
Current liabilities	Before distribution		1,140,326	1,073,943	1,267,545	938,429	1,919,453
	After distribution		1,343,614	1,277,231	1,432,717	1,090,895	Note 2
Non-current liabilities			53,367	53,407	97,526	141,194	32,340
Total liabilities	Before distribution		1,193,693	1,127,350	1,365,071	1,079,623	1,951,793
	After distribution		1,396,981	1,330,638	1,530,243	1,232,089	Note 2
Equity attributable to parent company shareholders			3,414,440	3,404,359	3,238,159	3,297,583	3,344,452
Capital stock			1,270,550	1,270,550	1,270,550	1,270,550	1,270,550
Capital surplus			677,467	677,467	677,467	677,467	677,467
Retained earnings	Before distribution		1,143,166	1,152,065	1,154,222	1,172,756	1,209,832
	After distribution		939,878	948,777	989,051	1,020,290	Note 2
Other equity			323,257	304,277	135,920	176,810	186,603
Treasury stock			0	0	0	0	0
Non-controlling interests			0	0	0	0	0
Total equities	Before distribution		3,414,440	3,404,359	3,238,159	3,297,583	3,344,452
	After distribution		3,211,152	3,201,071	3,072,988	3,145,117	Note 2

Note 1: 2016~2020 information is based on the standalone financial statements audited and certified by CPA and according to IFRS.

Note 2: The distribution of earnings is not yet approved by the shareholders' meeting.

## (II) Condensed Statement of Comprehensive Income

## 1. Consolidated Condensed Statements of Comprehensive Income - IFRS

Unit: NTD thousands

Item \ Year	Financial information for the latest five years					Financial information up to March 31, 2021 for the current year (Note 2)
	2016	2017	2018	2019	2020	
Operating revenue	4,309,299	3,957,862	4,576,761	4,169,494	3,399,884	937,242
Gross profit	664,203	551,959	552,868	605,987	463,509	114,793
Operating Income (Loss)	297,797	213,120	226,435	268,756	162,115	35,915
Non-operating revenue and expense	67,094	70,568	91,753	17,244	101,048	17,576
Net Profit Before Taxes	364,891	283,688	318,188	286,000	263,163	53,491
Net profit from continuing operation	257,536	210,019	205,800	183,626	190,268	39,946
Loss on discontinued operation	0	0	0	0	0	0
Net income (loss)	257,536	210,019	205,800	183,626	190,268	39,946
Other comprehensive income (Net income after tax)	(182,566)	(16,812)	(168,712)	40,969	9,067	288,631
Current total consolidated income	74,970	193,207	37,088	224,595	199,335	328,577
Profit attributable to owners of the parent	257,536	210,019	205,800	183,626	190,268	39,946
Net profit attributable to non-controlling interests	0	0	0	0	0	0
Comprehensive income attributable to owners of the parent	74,970	193,207	37,088	224,595	199,335	328,577
Comprehensive income attributable to non-controlling Interests	0	0	0	0	0	0
Earnings per share	2.03	1.65	1.62	1.45	1.50	0.31

Note 1: 2016~2020 information is based on the consolidated financial statements audited and certified by CPA and according to IFRS.

Note 2: The information of the first quarter of 2021 is based on the consolidated financial statements audited and certified by CPA and according to IFRS.

## 2. Standalone Condensed Statements of Comprehensive Income - IFRS

Unit: NTD thousands

Item \ Year	Financial information for the latest five years				
	2016	2017	2018	2019	2020
Operating revenue	4,291,231	3,941,913	4,563,815	4,161,994	3,399,884
Gross profit	437,780	381,756	375,869	399,983	358,944
Operating Income (Loss)	148,667	116,249	125,317	188,478	118,581
Non-operating revenue and expense	141,175	126,476	149,081	43,143	125,642
Net Profit Before Taxes	289,842	242,725	274,398	231,621	244,223
Net profit from continuing operation Net profit	257,536	210,019	205,800	183,626	190,268
Loss on discontinued operation	0	0	0	0	0
Net income (loss)	257,536	210,019	205,800	183,626	190,268
Other comprehensive income (Net income after tax)	(182,566)	(16,812)	(168,712)	40,969	9,067
Current total consolidated income	74,970	193,207	37,088	224,595	199,335
Profit attributable to owners of the parent	257,536	210,019	205,800	183,626	190,268
Net profit attributable to non-controlling interests	0	0	0	0	0
Comprehensive income attributable to owners of the parent	74,970	193,207	37,088	224,595	199,335
Comprehensive income attributable to non-controlling interests	0	0	0	0	0
Earnings per share	2.03	1.65	1.62	1.45	1.50

Note 1: 2016~2020 information is based on the standalone financial statements audited and certified by CPA and according to IFRS.

### (III) Names of CPAs and audit opinions for the last five years

Year	Name of CPA	Audit opinions
2016	Chun-Yao Lin, Shu-Chiung Chang	Unqualified opinion
2017	Shu-Chiung Chang, Hui-Chin Tseng	Unqualified opinion
2018	Shu-Chiung Chang, Hui-Chin Tseng	Unqualified opinion
2019	Shu-Chiung Chang, Chun-Yao Lin	Unqualified opinion
2020	Shu-Chiung Chang, Chun-Yao Lin	Unqualified opinion

II. Financial analysis for the last five years

(I) Financial Analysis

1. Consolidated financial analysis for the last five years - IFRS adopted

Analysis Item		Year	Financial analysis for the last five years					Up to March 31, 2021 for the current year
		2016	2017	2018	2019	2020		
Financial structure	Debt to assets ratio (%)	25.98	25.93	30.13	24.60	36.23	32.70	
	Long-term capital to property real estate, plant and equipment ratio (%)	441.09	564.40	690.04	929.93	1150.18	1348.95	
Debt servicing capability	Current ratio (%)	265.63	280.14	269.87	349.87	171.17	114.41	
	Quick ratio (%)	241.35	250.81	231.16	316.03	150.06	89.36	
	Interest earned ratio (times)	-	-	-	367.20	60.92	28.77	
Management capacity	Receivables turnover ratio (times)	8.19	7.32	7.82	7.11	6.33	7.02	
	Average collection days	45	50	47	51	58	52	
	Inventory turnover ratio (times)	12.61	11.17	9.71	8.81	8.33	7.95	
	Payables turnover ratio (times)	5.27	4.49	4.85	4.73	4.46	4.42	
	Average inventory turnover days	29	33	38	41	44	46	
	Real estate, plant and equipment turnover ratio (number of times)	5.09	5.65	8.33	9.73	10.22	13.19	
	Total asset turnover (number of times)	0.94	0.86	0.99	0.93	0.71	0.70	
Profitability	Return on asset (%)	5.59	4.56	4.46	4.09	4.03	3.10	
	Return on equity (%)	7.38	6.16	6.20	5.62	5.73	4.55	
	Net income before tax to paid-in capital ratio (%)	28.72	22.33	25.04	22.51	20.71	16.84	
	Net Profit Margin (%)	5.98	5.31	4.50	4.40	5.60	4.26	
	Earnings per Share (NTD)	2.03	1.65	1.62	1.45	1.50	0.31	
Cash flow	Cash flow ratio (%)	26.41	43.12	33.44	46.86	18.28	50.18	
	Cash flow adequacy ratio (%)	159.95	150.69	143.25	138.06	133.24	177.61	
	Cash reinvestment ratio (%)	1.46	5.53	4.44	5.50	3.94	17.16	
Leverage	Operating leverage	2.87	3.51	3.49	2.92	3.70	3.67	
	Financial leverage	1.00	1.00	1.00	1.00	1.03	1.06	

Reasons for the variations of financial ratios in the last two years: (if the change increase/decrease is less than 20%, analysis may be exempted)

1. Increase of the long-term capital to property real estate, plant and equipment ratio was mainly due to the decrease of the book value after the depreciation of real estate, plant and equipment.
2. Decrease in the current ratio and quick ratio was mainly due to the increase in current liabilities.
3. Decrease of Interest earned ratio was mainly due to interest expense of the 2020 lease liabilities.
4. Decrease in the cash flow ratio was mainly due to the decline of the revenue in 2020, such that the net cash flow from operating activities decreased.
5. Decrease in the cash reinvestment ratio was mainly due to the decline of revenue in 2020, such that the net cash flow from operating activities decreased.

Note 1: 2016–2020 information is based on the consolidated financial statements audited and certified by the CPA and according to IFRS.

Note 2: The information of the first quarter of 2021 is based on the consolidated financial statements audited and certified by the CPA and according to IFRS.

## 2. Standalone financial analysis for the last five years - IFRS adopted

Analysis Item		Year				
		2016	2017	2018	2019	2020
Financial structure	Debt to assets ratio (%)	25.90	24.88	29.65	24.66	36.85
	Long-term capital to property real estate, plant and equipment ratio (%)	23545.67	39427.21	51772.23	12906.87	12705.21
Debt servicing capability:	Current ratio (%)	117.68	117.06	106.04	107.50	98.93
	Quick ratio (%)	117.68	116.92	105.93	106.36	98.78
	Interest earned ratio (times)	-	-	-	306.97	57.18
Management capacity	Receivables turnover ratio (times)	8.17	7.29	7.80	7.10	6.33
	Average collection days	45	50	47	51	58
	Inventory turnover ratio (times)	7083.55	4466.95	2892.23	622.85	450.71
	Payables turnover ratio (times)	5.70	4.17	4.46	4.23	3.81
	Average inventory turnover days	1	1	1	1	1
	Real estate, plant and equipment turnover ratio (number of times)	227.59	335.51	599.99	251.59	127.76
	Total asset turnover (number of times)	0.93	0.87	1.00	0.95	0.64
Profitability	Return on asset (%)	5.75	4.60	4.51	4.10	4.01
	Return on equity (%)	7.38	6.16	6.20	5.62	5.73
	Net income before tax to paid-in capital ratio (%)	22.81	19.10	21.6	18.23	19.22
	Net Profit Margin (%)	6.00	5.33	4.51	4.41	5.60
	Earnings per Share (NTD)	2.03	1.65	1.62	1.45	1.50
Cash flow	Cash flow ratio (%)	18.63	23.81	24.11	5.57	68.21
	Cash flow adequacy ratio (%)	111.94	123.83	115.34	94.41	213.19
	Cash reinvestment ratio (%)	(0.45)	1.45	2.93	(3.14)	32.66
Leverage	Operating leverage	2.84	3.14	2.88	2.11	2.88
	Financial leverage	1.00	1.00	1.00	1.00	1.04

Reasons for the variations of financial ratios in the last two years: (if the change increase/decrease is less than 20%, analysis may be exempted)

1. Decrease of the long-term capital to property real estate, plant and equipment ratio was mainly due to the increased purchase of equipment.
2. Decrease of Interest earned ratio was mainly due to interest expense of the lease liabilities in 2020.
3. Decrease of the inventory turnover rate was mainly due to the increase of the inventory.
4. Decrease of real estate, plant and equipment turnover rate was mainly due to the increased purchase of equipment.
5. Increase in the cash flow ratio was mainly due to the increase of the net cash flow from operating activities in 2020.
6. Increase in the cash reinvestment ratio was mainly due to the increase of the net cash flow from operating activities in 2020.
7. Increase in operating leverage was mainly due to the decrease in operating profit in 2020.

Note 1: 2016~2020 information is based on the standalone financial statements audited and certified by CPA and according to IFRS.

1. Financial structure
  - (1) Debt to total assets ratio = Total debt / Total assets.
  - (2) Ratio of long-term capital to property, plant & equipment = (Total equity + Non-current liabilities) / Net worth of property, plant and equipment.
2. Debt servicing capability:
  - (1) Current ratio = Current assets / Current liabilities.
  - (2) Quick ratio = (Current assets - Inventory - Pre-payment) / Current liabilities.
  - (3) Interest earned ratio = Profit before income tax and interest expense / Interest expense.
3. Management capacity
  - (1) Accounts receivable (include receivable amounts and receivable bills from operation) turnover = Net sales / Average accounts receivable in each period (include receivable amounts and receivable bills from operation) balance.
  - (2) Average collection period = 365 / Accounts receivable turnover.
  - (3) Inventory turnover = Sales cost / average inventory amount.
  - (4) Accounts payable (include payable amounts and payable bills from operation) turnover = Sales cost / Average accounts payable in each period (include payable amounts and payable bills from operation) balance.
  - (5) Average days in sales = 365 / Inventory turnover.
  - (6) Property, plant and equipment turnover = Net sales / Average net worth of property, plant and equipment.
  - (7) Total assets turnover = Net sales / Average total assets.
4. Profitability
  - (1) Return on asset = [Earnings after tax + Interest expense × (1 - Interest rate)] / Average total assets.
  - (2) Return on shareholders' equity = Earnings (loss) after tax / Average total equity.
  - (3) Profit ratio = Earnings (loss) after tax / Net sales.
  - (4) Earning per share = (Earnings of parent company owner - Preference dividends) / weighted average number of shares outstanding.
5. Cash flow
  - (1) Cash flow adequacy ratio = Net cash flow from operating activities / Current liabilities
  - (2) Net cash flow adequacy ratio = Net cash flows from operating activities in the last five years / (Capital expenditure + Inventory increase + Cash dividends) in the last five years.
  - (3) Cash flow reinvestment ratio = (Cash provided by operating activities - Cash dividends) / (Gross property, plant and equipment + Long-term investments + Other non-current assets + Working capital).
6. Leverage:
  - (1) Operating leverage = (Net sales - Variable cost) / Income from operations.
  - (2) Financial leverage = Income from operations / (income from operations - Interest expense).

III. Supervisors' Review Report of the Financial Statements in the Most Recent Year

**CREATIVE SENSOR INC.  
Supervisor's Review Report**

The 2020 consolidated financial statements and standalone financial statements presented by the board of directors have been audited by CPA Shu-Chiung Chang and CPA Chun-Yao Lin of Pricewaterhouse Coopers Certified Public Accountants. These financial statements were submitted for review by us, the supervisors, along with the Company's 2020 business report and earnings appropriation proposal. We found no misstatement in the above, and thereby issue this review report in accordance with Article 219 of The Company Act.

Submitted to

The 2021 Annual General Shareholders' Meeting

CREATIVE SENSOR INC.  
Supervisor: Guang Yuan Industrial Co., Ltd.  
Representative: Hui-Mei Wu

Supervisor: Min-Yu Chang

March 18, 2021

IV. Financial statements of most recent year

For 2020 financial statements, please refer to pageXX to page XXX of this Annual Report.

V. Company's Standalone Financial Statements of the Most Recent Year Audited by Auditors

For Company's 2020 standalone financial statements, please refer to page XX to pageXXX of this Annual Report.

VI. Summary of any financial difficulty of the Company or Its affiliates in the most recent year and up to the printing date of the annual report. In case of any financial difficulty, the Impact of such difficulty on the Company shall be explained: None.

## Seven. Review and Analysis of Financial Status and Operational Results and Risks

### I. Financial status

#### (I) Financial Status Comparison and Analysis Table

Unit: NTD thousands

Item \ Year	2020	2019	No difference		
			Amount	%	Descriptions
Current assets	3,193,614	3,220,429	(26,815)	(0.83)	—
Fixed Asset	293,774	371,289	(77,515)	(20.88)	1
Other assets	1,757,347	781,464	975,883	124.88	2
Total assets	5,244,735	4,373,182	871,553	19.93	—
Current liabilities	1,865,805	920,458	945,347	102.70	3
Total liabilities	1,900,283	1,075,599	824,684	76.67	3
Capital stock	1,270,550	1,270,550	0	0	—
Capital surplus	677,467	677,467	0	0	—
Retained earnings	1,209,832	1,172,756	37,076	3.16	—
Total shareholders' equity	3,344,452	3,297,583	46,869	1.42	—
Description of increase/decrease change of ratio for the two periods: For the increase/decrease change ratio reaches 20%, and absolute amount exceeds NTD 10,000 thousand, analysis is then performed.					
1. Decrease in fixed assets was mainly due to the appropriation of depreciation expense.					
2. Increase in the other assets was mainly due to the increase of equity instrument investments measured at fair value through other comprehensive income - non-current.					
3. Increase in liabilities was mainly due to the increase of the short-term borrowings and accounts payable as well as the income tax liabilities.					

### II. Financial Performance

#### (I) Financial performance comparison analysis

Item \ Year	2020	2019	Increase (Decrease) Amount	Change ratio %	Analysis and explanation for change of ratio
Operating costs	2,936,375	3,563,507	(627,132)	(17.60)	—
Gross profit	463,509	605,987	(142,478)	(23.51)	1
Operating expenses	301,394	337,231	(35,837)	(10.63)	—
Operating profit	162,115	268,756	(106,641)	(39.68)	1
Non-operating revenue and expense					
Other Income	86,819	80,611	6,208	7.70	
Other benefits and loss	18,536	(67,794)	86,330	127.34	2
Finance costs	(4,392)	(781)	(3,611)	462.36	3
Share of profits/losses on equity-accounted associated companies and joint ventures	85	5,208	(5,123)	(98.37)	4
Net Profit Before Taxes	263,163	286,000	(22,837)	(7.98)	—
Income tax expense	(72,895)	(102,374)	29,479	(28.80)	5
Net profit	190,268	183,626	6,642	3.62	—

- I. Description of increase/decrease change of ratio analysis: For the increase/decrease change ratio not reaching 20% or the absolute amount less than NTD 10,000 thousand, analysis is exempted. The analysis is as follows:
1. It was mainly due to the decrease in revenue and exchange rate.
  2. It was mainly due to recognizing the 2019 impairment loss of the investees at an amount of NTD 53,000.
  3. It was mainly due to the short-term borrowings turnover.
  4. It was mainly due to the decrease in profit of the investees.
  5. It was mainly due to the decrease in profit.

### III. Cash flow

#### (I) Analysis of cash flow change of most recent year:

Item	Year		
	2020	2019	Increase (decrease) ratio
Cash flow ratio (%)	18.28	46.86	(60.99)
Cash flow adequacy ratio (%)	133.24	138.06	(3.49)
Cash reinvestment ratio (%)	3.94	5.50	(28.36)
<ol style="list-style-type: none"> <li>1. Increase in the cash flow ratio and cash reinvestment ratio was mainly due to the decrease of revenue, such that cash flow from operating activities decreased.</li> <li>2. Decrease of the cash flow adequacy ratio was mainly due to the increase of the cash dividends in the last five years.</li> </ol>			

#### (II) Improvement plan for insufficient liquidity: Not applicable.

#### (III) Cash liquidity analysis for the next year:

Unit: NTD thousands

Cash balance at the beginning of the year (1)	Expected annual net cash flow from operating activities (2)	Expected cash flow for whole year investing and financing activities (3)	Expected Cash surplus (deficit) amount (1)+(2)+(3)	Expected cash deficiency amount remedies	
				Investment plan	Financial management plan
1,884,250	320,628	(790,734)	1,414,144	\$ -	\$ -
<ol style="list-style-type: none"> <li>1. Analysis of current year cash flow change <ol style="list-style-type: none"> <li>(1)Operating activities: mainly refer to have stable expected operating income and to gain profit continuously, as well as to implement effective control on the inventories and accounts receivable, in order to generate net cash inflow.</li> <li>(2)Investing activities: mainly refer to maintain facilities and obtain computer equipment, in order to generate net cash outflow from the investing activities.</li> <li>(3)Financing activities: It was mainly due to the issuance of cash dividends and loan repayment, such that financing activities indicated net cash outflow.</li> </ol> </li> <li>2. Analysis on remedy for estimated cash shortage and liquidity: Not applicable.</li> </ol>					

#### IV. Impact of Significant Capital Expenditures in the Most Recent Year on the Financial and Operating Conditions of the Company: There were no significant capital expenditures in the most recent year.

#### V. Causes of profit or loss incurred on investments in the most recent years, any improvements, and investments planned for the next year

##### (I) Reinvestment policy

The reinvestment of the Group mainly focuses on the core business of image sensors

along with the consideration of the long-term development plan of the company, and the Group also evaluates each investment plan in a rigorous and conservative manner.

(II) Main cause of profit or loss

The share of profit of associates accounted for using equity method was NTD 85 thousand, a decrease of 98.37% from NTD 5,208 thousand in 2019, and this was mainly due to the decrease in the profit of the reinvested companies.

(III) Investment plan for next year

With regard to the investment plan for next year, in addition to the continuous focus in the investment of the core business, the Group will make adjustments and implement future development strategy base on the future economic change along with the new product development progress of the Group.

VI. Risk analysis and assessment made in the most recent year and up to the printing date of the annual report

(I) Impact of interest rate, exchange rate fluctuation and inflation condition on the profit/loss of the company and future countermeasures

1. Impact on company profit (loss)

Unit: NTD thousands

Item	2020 amount	Percentage of operating revenue %	Percentage of net income before tax %
Net interest income	15,972	0.47	6.07
Net foreign exchange gain (loss)	(55,664)	(1.64)	(21.15)
Net forward hedging gain (loss)	73,807	2.17	28.0

2. Interest rate change

The interest rate risk of the Group mainly came from the short-term borrowings. Due to the borrowings at floating interest rate, the Group borne the cash flow interest rate risk, and a portion of the interest rate risk was being offset by the cash and cash equivalents held. While facing the impact of the fluctuation of the loan interest rate, the Group reviews the market change at all time and adjusts the financing strategy timely.

3. Exchange rate change

When the business engaged by the Group involves non-functional currency (the functional currency of the Company and a portion of the subsidiaries is TWD, the functional currency of a portion of the subsidiaries is CNY); therefore, in case of the impact of the exchange rate fluctuation, the Company establishes natural hedging strategy via the assets and liabilities recognized in conjunction with the methods of SPOT, forward exchange and currency exchange etc. to achieve hedging. Furthermore, the Group also adopts the principle of stability and conservation to perform hedging, thereby reducing the impact of the exchange rate risk on the profit or loss of the Company. Information on the foreign currency assets and liabilities with significant exchange rate fluctuation impacts of the Company is as follows (Unit: thousands):

December 31, 2020

	<u>Foreign currency</u> (thousands)	<u>Exchange</u> Rate	Carrying amount (NTD)	Change percentage	<u>Sensitivity analysis</u>	
					<u>Impact on</u> profit/Loss	Impact on other comprehensive income
<b>(Foreign currency: Functional currency)</b>						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : TWD	\$ 59,031	28.48	\$ 1,681,203	1%	\$ 16,812	\$ -
CNY : TWD	300	4.36	1,308	1%	13	-
USD : CNY	35,991	6.52	1,025,024	1%	10,250	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : TWD	\$ 45,833	28.48	\$ 1,305,324	1%	\$ 13,053	\$ -
USD : CNY	20,804	6.52	592,498	1%	5,925	-

December 31, 2019

	<u>Foreign currency</u> (thousands)	<u>Exchange</u> Rate	Carrying amount (NTD)	Change percentage	<u>Sensitivity analysis</u>	
					<u>Impact on</u> profit/Loss	Impact on other comprehensive income
<b>(Foreign currency: Functional currency)</b>						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : TWD	\$ 50,927	30.02	\$ 1,528,829	1%	\$ 15,288	\$ -
CNY : TWD	2,393	4.30	10,290	1%	103	-
USD : CNY	27,893	6.98	837,348	1%	8,373	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : TWD	\$ 26,063	30.02	\$ 782,411	1%	\$ 7,824	\$ -
USD : CNY	19,584	6.98	587,912	1%	5,879	-

4. Inflation

The condition of Inflation has not caused any adverse impacts on the operation of the Group. The Group will monitor the impact of interest rate, exchange rate and inflation condition on the profit or loss of the Group closely at all time and will propose relevant responsive measures timely.

- (II) Policies on engaging in high risk, high leverage investments, loaning funds to others, endorsement and guarantee as well as derivative transactions, main causes of profit and loss as well as future countermeasures
1. In the most recent year, the Group did not engage in high risk or high leverage investments.
  2. Up to March 31, 2021, both the balance of the loaning to others and the balance of guarantee/endorsement made by the Company was zero.
  3. In view of the risk arising from the exchange change, for the hedge foreign currency position of the Group, up to March 31, 2021, the currency exchange amount of derivative transactions executed by the Company was USD 1.4 million. Since the operation of derivatives of the Company is for the purpose of risk aversion and since the "Procedures for Acquisition or Disposal of Assets" of the Company has specified strict requirements on such transactions, consequently, the profit or loss arising from

- such transactions has not caused material impact on the profit or loss of the Company. In addition, for the future operation, the Company will continue to operate based on the purpose of risk aversion.
4. Hedge accounting adopted for financial products and its purpose and method: The Group does not adopt hedge accounting.
  5. With regard to the execution of aforementioned relevant policies, in addition to careful assessment, periodic report and control, the execution is further based on the requirements specified in the “Procedures for Acquisition or Disposal of Assets,” “Procedures for Loaning Funds to Others,” and “Procedures for Making Endorsements and Guarantees” of the Company.
- (III) Future R&D plan and expected investment in R&D budget
1. Future R&D plan
    - (1) Continuous improvement for CIMS cost and quality.
    - (2) Ultra-high speed A4 digital CISM design.
    - (3) Ultra-high speed A3 digital CISM design.
    - (4) Research and development of a new generation of light source that is low cost and high efficacy.
    - (5) Development of automatic optical inspection module with high resolution and high depth of field.
    - (6) Development of Infrared thermal imaging low, medium, and high resolution temperature detection core module.
  2. Expected investment in R&D expense: The expected R&D expense for 2021 is approximately NTD 85 million.
- (IV) Impacts of domestic/foreign important policies and changes of laws on the financial business of the company and responsive measures  
The management team of the Group has paid close attention to domestic and foreign policies and laws that may affect the finance and business of the company. Up to the present day, changes of relevant polices and laws have no material impacts on the finance and business of the Company.
- (V) Impacts of changes in technology and industry on the financial business of the Company and countermeasures  
Electronic mails have replaced facsimile to become the primary channel of communication among people. In view of such trend and development, processing facsimile is not going to be the reason for consumers to purchase MFPs; therefore, the functions of scanning and photocopying are the key niche points for MFPs. From fax machine, scanner to MFP integrated with multiple functions of facsimile, scanning, photocopying and printing etc., the Company has been able to synchronize with the market demand and supply and maintains high sensitivity to the industrial technology changes in order to respond and to satisfy customer demands swiftly.
- (VI) Impacts of change of cooperate image on the cooperate crisis management and countermeasures  
The Group is committed to maintain the corporate image and to comply with laws and regulations. Up to the present day, there has been no occurrence of incidents capable of affecting the corporate image of the company.
- (VII) Expected benefit, possible risk and countermeasure for merger: The Group did not engage in any merger or acquisition in the most recent year.
- (VIII) Expected benefit, possible risk and countermeasure for expansion of facilities: The Group did not perform any expansion of facilities in the most recent year.
- (IX) Risks faced during material incoming or sales concentration and responsive measures  
The market of MFPs is mainly lead by brand makers, and the market share of key customers of the Group accounts for more than half of the global market; therefore, sales concentration is the industrial characteristic. Regarding the demand and supply

of color image sensors, since there are few domestic manufacturers equipped with the color image sensor manufacturing technologies, and due to the high market demand and the high barrier to enter such industry, the condition of industry oligopoly occurs. Currently, for domestic and foreign manufacturers capable of mass producing CISM, there are only a few manufacturers such as Asia Tech Image Inc., Japan Canon and our Company, such that under the condition where the source of supply to all system giant operators, material purchase source concentration occurs.

- (X) Impacts, risks, and countermeasures of directors, supervisors or shareholders with shareholding percentage exceeding 10%, large equity transfer or change on the company: In the most recent year, directors, supervisors or major shareholders with shareholding percentage exceeding 10% of the Company were not engaged in large equity transfer or change.
- (XI) Impacts, risks, and countermeasures of change in management rights: None.
- (XII) For litigation or non-litigation cases indicating the Company and directors, supervisors, President, substantial responsible person, major shareholder with shareholding exceeding 10% of the Company and affiliates that are involved in major lawsuits with affirmative judgment or is pending in the court proceeding, non-litigation or administrative dispute cases with results capable of causing material impacts on the interests of shareholders or stock price, the dispute fact, claim amount, litigation starting date, primary litigation parties and handling status up to the printing date of the annual report shall be disclosed: None.
- (XIII) Other significant risks and countermeasure: None.

VII. Other Important Matters: None.

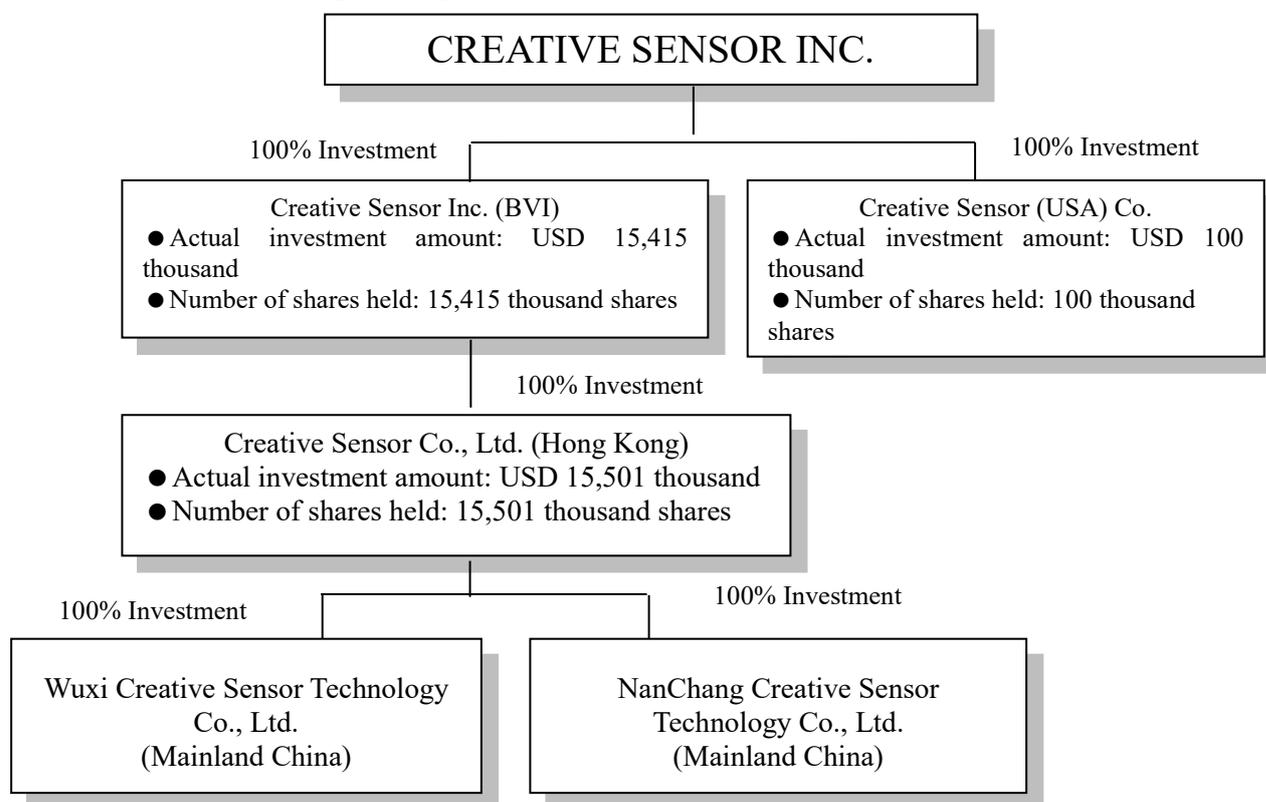
## Eight. Special Disclosure

### I. Affiliated Enterprise Information

#### (I) Affiliated enterprise consolidated business report

##### 1. Affiliated enterprise overview

##### (1) Affiliated enterprise organizational chart



##### (2) Affiliated enterprise basic information

December 31, 2020

Unit: NTD thousands

Enterprise name	Establishment date	Address	Paid-in capital	Primary business or production item
Creative Sensor Inc.	June 2002	Beaufort House, P.O. Box 438, Road Town, Tortola, British Virgin Islands.	974,576	Holding company
Creative Sensor (USA) Co.	October 2005	19 Peters Canyon RD. STEC Irvine, CA92606	3,169	Market information collection and customer relationship maintenance
Creative Sensor Co., Ltd.	July 2002	Unit 618 6/F Peninsula CRT., No67 Mody Rd Tst East, Kowloon, HK	586,837	Holding company
Wuxi Creative Sensor Technology Co., Ltd.	August 2002	No. 9, Changjiang South Road, Xinwu District, Wuxi City, Jiangsu Province	36,059	Research and development of Image sensors
NanChang Creative Sensor Technology Co., Ltd.	April 2007	No. 36, Huoju 5th Road, Gaoxin Development Park, Nanchang City, Jiangxi Province	948,104	Manufacturing of image sensors

Note: If an affiliate is a foreign company, relevant numbers is converted into NTD based on the exchange rate on the reporting date for presentation.

(3) Information of shareholders presumed to have control the same as the affiliates: None.

(4) Businesses covered by the business operated by the overall affiliated enterprise

Scope of businesses covered by the business operated by the overall affiliated enterprise of the Company: Holding company and manufacturing of image sensors.

(5) Director, Supervisor and President Information of Affiliated Enterprises

December 31, 2021

Units: thousand shares

Enterprise name	Title	Name	Representative	Shares held	
				Shares	Shareholding ratio (%)
Creative Sensor Inc.	Director	CREATIVE SENSOR INC.	Yu-Ren Huang	15,415	100%
Creative Sensor Co., Ltd	Director	Creative Sensor Inc.	Yu-Ren Huang	15,501	100%
	Director	Creative Sensor Inc.	Chien-Yi Lai		
Wuxi Creative Sensor Technology Co., Ltd.	Director	Creative Sensor Co., Ltd.	Yu-Ren Huang	Investment certificate	100%
	Director	Creative Sensor Co., Ltd.	Chao-Chih Lien		
	Director	Creative Sensor Co., Ltd.	En-Kuo Wang		
	Director	Creative Sensor Co., Ltd.	Chi-Chang Yang		
	Director	Creative Sensor Co., Ltd.	Chien-Lung Chen		
	Supervisor	Creative Sensor Co., Ltd.	Ying-Sheng Hsieh		
	President	Hung-Chi Chen		-	-
NanChang Creative Sensor Technology Co., Ltd.	Director	Creative Sensor Co., Ltd.	Yu-Ren Huang	Investment certificate	100%
	Director	Creative Sensor Co., Ltd.	Chao-Chih Lien		
	Director	Creative Sensor Co., Ltd.	En-Kuo Wang		
	Director	Creative Sensor Co., Ltd.	Chi-Chang Yang		
	Director	Creative Sensor Co., Ltd.	Hung-Chi Chen		
	Supervisor	Creative Sensor Co., Ltd.	Chieh-Fang Hou		
	President	Hung-Chi Chen		-	-
Creative Sensor (USA) Co.	Director	CREATIVE SENSOR INC.	Yu-Ren Huang	100	100%
	Director	CREATIVE SENSOR INC.	Chi-Chang Yang		
	Director	CREATIVE SENSOR INC.	David Sheh		

2. Operation summary of affiliated enterprise:

December 31, 2020

Unit: NTD thousands

Enterprise name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating benefits	Profit or loss (after tax)	EPS (NTD)
Creative Sensor Inc.	974,576	1,682,378	141	1,682,237	0	(39)	16,573	0.56
Creative Sensor (USA) Co.	3,169	2,895	546	2,349	0	(507)	(565)	(5.65)
Creative Sensor Co., Ltd.	586,837	1,683,855	403,245	1,280,610	0	(1,049)	30,396	1.96
Wuxi Creative Sensor Technology Co., Ltd.	36,059	260,782	13,244	247,538	1,577	(18,591)	(1,689)	(Note 2)
NanChang Creative Sensor Technology Co., Ltd.	948,104	1,837,634	803,715	1,033,919	2,999,128	55,167	29,654	(Note 2)

Note 1: If an affiliate is a foreign company, relevant numbers is converted into NTD based on the exchange rate on the reporting date for presentation.

Note 2: Not applicable to limited liability companies.

(II) Affiliated Enterprise Consolidated Financial Statements

The companies required to be incorporated into the preparation of the consolidated financial statement of the affiliates are identical with the companies required to be incorporated into the preparation of the consolidated financial statement of affiliates and parent company. In addition, relevant information required to be disclosed in the consolidated financial statement of the affiliates has been disclosed completely in the consolidated financial statement of affiliates and parent company. Accordingly, no separate consolidated financial statement of the affiliates is further provided.

(III) Affiliated enterprise report: None.

- II. Any Private Placement of Securities within the Latest Fiscal Year and as of the Date of the Annual Report: None.
- III. Any Share Ownership and Disposal of Shares of the Company by Subsidiaries within the Latest Fiscal Year and as of the Date of the Annual Report: None.
- IV. Additional Information Required to be Disclosed: None.
- V. For the most recent year and up to the printing date of the annual report, events having material impact on shareholders' rights and interests or stock price: None.

