

Stock Code: 1597

Chieftek Precision Co., LTD.

2016 Annual General Shareholders' Meeting

MEETING AGENDA

MEETING TIME : 9:00 a.m., June 16, 2016

PLACE : 2F.-1, No.26, Nanke 3rd Rd., Xinshi Dist., Tainan City 744, Taiwan,

R.O.C. (Southern Science Park Industries)

Chieftek Precision Co., Ltd

2016 annual General Meeting of the Shareholders

DISCLAIMER

THIS IS A TRANSLATION OF THE HANDBOOK FOR THE 2016 ANNUAL GENERALMEETING (THE "HANDBOOK") OF Chieftek Precision Co., Ltd (THE "COMPANY"). THIS TRANSLATION IS INTENDED FOR REFERENCE ONLY AND NOTHING ELSE, THE COMPANY HEREBY DISCLAIMS ANY AND ALL LIABILITIES WHATSOEVER FOR THE TRANSLATION. THE CHINESE TEXT OF THE AGENDA SHALL GOVERN ANY AND ALL MATTERS RELATED TO THE INTERPRETATION OF THE SUBJECT MATTER STATEDHEREIN.

TABLE OF CONTENTS

I. MEETINGPROCEDURE	1
II. Agenda of Annual Meeting of Shareholders	
1. Discussion 1	3
2. Matters to Report	4
3. Adoptions	6
4. Proposals and Discussion	8
5. Questions and Motions	9
III. ATTACHMENT	
1. ATTACHMENT1:2015 Business Report	10
2. ATTACHMENT2:Independent accountants' audit report and consolidated financial statements	13

Chieftek Precision Co., Ltd
2016 annual General Meeting of the Shareholders
Meeting Procedure

1. Report the number of attendance
2. Call Meeting to Order
3. Remarks by Chairperson
4. Discussion
5. Matters to Report
6. Proposed Resolutions
7. Matters for Discussion 2 and Election
8. Provisional Motion(s)
9. Meeting Adjourned

Chieftek Precision Co.

Year 2016

Agenda of Annual Meeting of Shareholders

1. Time: 9:00 a.m. on Thursday, June 16, 2016
2. Place: 1F.-1, No.26, Nanke 3rd Rd., Xinshi Dist., Tainan City 744, Taiwan, R.O.C. (Southern Science Park Industries)
Call the Meeting to Order Chairperson Remarks Report on Company Affairs
3. Report the number of attendance
4. Remarks by Chairperson
5. Discussion: Amendment some part of the Articles of incorporation
6. Matters to Report
 - (1) 2015 Business Report
 - (2) 2015 Supervisors Audit Report
 - (3) To report 2015 employees' profit sharing bonus and directors' compensation.
 - (4) Regulations Governing Share Repurchase by Exchange-Listed and OTC
 - (5) The Status of Endorsement and Guarantee for 2015.
7. Proposed Resolutions
 - (1) To accept 2015 Business Report and Financial Statements
 - (2) To approve the proposal for distribution of 2015 earnings.
8. Matters for Discussion and Election
 - (1) Proposal for a new share issue through capitalization of earnings for 2015
 - (2) Directors by-election
9. Extempore motion
10. Adjournment

Discussion 1

Proposed by the Board

Item 1

Proposal:

Amendment some part of the Articles of incorporation.

Explanation:

1. According to the Company Act, addition Article 235-1, amendment Article 235 and 240, meanwhile, to conform the future development, the company hereby proposes to amend some part of the Article of Incorporation.
2. Please refer to Chinese version ,Attachment (page 9-11) for details of the proposed amendments to cpc's Articles of incorporation.

Resolution:

Matters to Report

Report No. 1

2015 Business Report.

Explanation:

The 2015 Business Report, please refer to Chinese version, Attachment 2 (page 12-14) for details.

Report No. 2

2015 Supervisors Audit Report

Explanation:

The 2015 Supervisors Audit Report, please refer to Chinese version, Attachment 3 (page 15) for details.

Report No. 3

To report 2015 employees' profit sharing bonus and directors' compensation.

Explanation:

The 2015 employees' profit sharing bonus and directors' compensation report, please refer to Chinese version, Attachment 4 (page 16) for details.

Report No. 4

Regulations Governing Share Repurchase by Exchange-Listed and OTC

Explanation:

The Regulations Governing Share Repurchase by Exchange-Listed and OTC until now is as following

Batch Order	The first period
Purpose of the buy-back	Transfer to employees
Timeframe of buy-back	From November 12, 2014 to January 9, 2015
Price range	NTD 22.30 to 50.40 dollars per share
Class, quantity of shares bought back	3,000,000 Common shares
Value of shares bought-back	118,543,503 dollars
Shares sold/transferred	0
Accumulated number of company shares held	3,000,000 Common shares
Percentage of total company shares (*Note) held (%)	5.06%

*Note : Total shares issued as of APR 18, 2016 : 59,233,799 Common shares.

Report No. 5

The Status of Endorsement and Guarantee for 2015

Explanation:

1. The Status of Endorsement and Guarantee until December 31, 2015 is as following

Company	Endorsement Ending Balance (in NT\$ thousands)	Amount Actually Drawn (in NT\$ thousands)	The relationship with headquarters
cpc Europa GmbH	46,644	39,468	The Subsidiary that shareholding 100% shares

2. The above-mentioned amount is not exceed the specific quota.

Adoptions

Proposed by the Board of Directors

Item 1. Proposal:

Adoption of the 2015 Business Report and Financial Statements.

Explanatory Notes:

1. The Company's Financial Statements, including the balance sheet, income statement, statement of changes in shareholders' equity, and statement of cash flows, were audited by independent auditors, Ms. Zi Yu Lin and Mr. Zi Meng Liu of PWC Taiwan. Also Business Report and Financial Statements have been approved by the Board of Directors and examined by the supervisors of the Company.
2. The 2015 Business Report could be referred to the Chinese version Appendix 2 and 3&4, independent auditors' audit report, and Financial Statements by PWC could be referred to the Chinese version, Appendix 5.

Resolution:

Proposed by the Board of Directors

Item 2. Proposal:

To approve the proposal for distribution of 2015 profits (Proposed by the Board of Directors)

Explanation:

1. The 2015 profit distribution program of the Company has been submitted by Board in 17th Mar 2016, in accordance with Company Act and the Articles of Incorporation of the Company.
2. The Company plans to distribute dividends of NT\$28,116,900 to shareholders and according to the actual flow of the number of shares outstanding to calculate per share allotment of about NT \$ 0.50 and the stock dividend of NT \$ 28,116,900, according to the actual flow of the number of shares outstanding, for every thousand shares will be allotted with 50 shares, amounted to NT \$ 56,233,800 the 2015 Profit Allocation Proposal is attached hereto as Appendix VI
3. Actual placement and number of shares will depend on the number of registered shareholders on the ex-rights date. The cash dividend distribution will be calculated to the nearest NT dollar. After the above mentioned method were approved by regular shareholders' meeting. The ex-dividend date will be decided by the Board of Directors meeting after approval by the competent authority. Allotment of fractional shares (less than one share) shall be paid in cash, and the Chairman or his designated representative may subscribe at par value. Actual placement and number of shares will depend on the number of registered shareholders on the ex-rights date.

4. After approved by regular shareholders' meeting, the ex-rights date and the issuance of new shares for capital increase by earnings re-capitalization will be decided by the Board of Directors meeting.
5. Before ex-rights date if buying back shares the transfer of treasury shares of the Company, cancellation or other reasons prior to the date of ex-rights affect the number of shares of the outstanding shareholders and change the allotment rate, company will submitted to the shareholder's meeting and the Board is authorized to make such adjustments.
6. Please accept the above proposal.

Resolution:

Proposals and Discussion

Proposed by the Board of Directors

Item 1. Proposal:

Proposal for a new share issue through capitalization of retained earnings. Please proceed to discuss.

Explanation:

For the further development of company business, the management plans to withdraw NTD\$28,116,900 from distributable earnings to issue dividends stocks (2,811,690shares) and every share at NTD \$10 dollar.

1. The shares are determined by the shareholding ratio of shareholders. 50 common shares will be distributed for every 1,000 common shares for free. Allotment of fractional shares (less than one share) stop by the shareholders at the date of transfer of shares of the company within five days of the service agencies gather itself for a whole register of shares, after gathering if there is still insufficient or overdue patchwork of fractional shares after the patchwork of cash calculated by denomination to the nearest NT dollar, the shares authorize the chairman to contact a specific person for subscription by denomination.
2. The shareholder rights and obligations of the new shares are the same as those of existing shares.
3. Regarding new shares will be distributed on a record date will be determined by the Board after the approval of the Annual Meeting of Shareholders and the competent authority.
4. Before Ex- issue new shares date if buying back shares the transfer of treasury shares of the Company, cancellation or other reasons prior to the date of ex-rights affect the number of shares of the outstanding shareholders and change the allotment rate, company will submitted to the shareholder's meeting and the Board is authorized to make such adjustments.
5. Above capitalization issues are authorized the board to deal with if authorities or circumstance changes.

Resolution:

Proposed by the Board of Directors

Item 2. Proposal:

By-election of director

Explanation:

1. Because the directors of the Company Mr. Huai Yuan Zuo die of an illness on July 24 2015 so he was dismissed naturally.
2. Under the articles of incorporation and board resolution on March 17 2016. The new director should take office after by- election if the vacant position due to dismissal of pre-term directors. Take office term from June 16th 2016 to June 5th 2017.
3. The election is under the program of election of directors and supervisors, please refer to Appendix II.

Resolution:

Questions and Motions

Adjournment

Attachment 1

2015 Business Report

Global economy in 2015 continues to decline, the price of product of manufacturing industry and output also synchronized downturn. Export value of mechanical equipment and machine tools showed the negative growth. Although European and American markets were flat, the Asian market recession is serious, especially in the mainland market; In addition, the NT dollar depreciation is far behind the Japanese yen and Korean won, which the Japanese yen's depreciation rate as high as 5 percent or more over the past three years so cause less competitive of Taiwan enterprises. In such a difficult environment, after **cpc** whole group making efforts, compare the combined annual revenue of 2015 with 2014; It is pretty special that we are still about to grow despite tough situation. It is not easy.

2015 Business Report is as follow

I. The result of Implementation of business plan

1. Condensed Statement of Comprehensive Income from 2014 to 2015 (Consolidated)

Unit: NT\$ thousands

Items	2015	2014	Increase (Decrease)
Sales revenue	1,021,983	1,016,920	5,063
Operating costs	(715,579)	(776,000)	(60,421)
Net operating margin	306,404	240,920	65,484
Operating expenses	(210,248)	(201,768)	8,480
Operating profit	96,156	39,152	57,004
Non-operating income and expenses	(14,741)	(7,334)	(7,407)
Profit before income tax	81,415	31,818	49,597
Income tax (expense) benefit	(10,633)	(11,075)	442
Profit for the year	70,782	20,743	50,039
Other comprehensive (loss) income (net)	(6,296)	9,574	(15,870)
Other comprehensive (loss) income for the year	64,486	30,317	34,169

We could understand from above

(1) Turnover

- A. Net consolidated revenues for 2015 of NT \$ 1,021,983 thousand for is 5,063 thousand more than 2014 NT \$ 1,016,920 thousand. The increasing rate is 0.50%.
- B. If compare the sales by region, the growth of mainland China is 7.55%. In Europe it is 8.12% (Due to the depreciation of the euro, exchange euro to Taiwan dollar the Taiwan dollar will decrease 8.55%). United States grow 13.26 percent. Taiwan domestic sales decreased 18.09 percent. Other region grow 10.51 % and of which China's economy decline sharply since 2015

from the third quarter, and then spread to Taiwan.

(2) Profit

A. Consolidated operating margin in 2015 was NT \$ 306,404 thousand, compared with NT \$ 240,920 thousand in 2014, it was increased NT \$ 65,484 thousand, and increasing rate is 27.18%

B. Pre-tax income in 2015 was NT \$ 81,415 thousand, compared with NT \$ 31,818 thousand in 2014, there is an increase of NT \$ 49,597 thousand and the increase rate is 155.88%. This is mainly due to a substantial increase in revenue of linear motor products, and the higher proportion of high-margin Miniature Linear Guide. The effect of merge stock of Inventory closeout is significant.

C. After-tax earnings per share for fiscal 2015 was NT \$ 1.26 dollar.

Condensed Statement of Comprehensive Income from 2014 to 2015 (Unconsolidated)

Unit: NT\$ thousands

Items	2015	2014	Increase (Decrease)
Sales revenue	826,513	811,557	14,956
Operating costs	(610,131)	(671,598)	(61,467)
Net operating margin	216,382	139,959	76,423
Unrealized gain on inter-affiliate accounts	(76,292)	(73,676)	2,616
Realized gain on inter-affiliate accounts	73,676	89,178	(15,502)
Net operating margin	213,766	155,461	58,305
Operating expenses	(124,230)	(118,087)	6,143
Operating profit	89,536	37,374	52,162
Non-operating income and expenses	(12,615)	(11,449)	(1,166)
Profit before income tax	76,921	25,925	50,996
Income tax (expense) benefit	(6,139)	(5,182)	(957)
Profit for the year	70,782	20,743	50,039
Other comprehensive (loss) income (net)	(6,296)	9,574	(15,870)
Other comprehensive (loss) income for the year	64,486	30,317	34,169

Profitability Analysis (Unconsolidated)

Items	2015	2014
Return on Total Assets (%)	3.60%	1.42%
Return on Equity (%)	5.43%	1.56%
Operating Income to Paid-in Capital Ratio (%)	15.12%	6.63%
Pre-tax Income to Paid-in Capital Ratio (%)	12.99%	4.60%
Net Margin (%)	8.56%	2.56%
Basic Earnings Per Share (NT\$)	1.26	0.35

II. Enterprise Development

1. **cpc** committed to building its own technology and cultivating fundamental strength, step by step, to provide the industry with high quality and competitive key mechanical components (all series linear guide), electrical products (linear motors and modules), and control drive components (drives, magnetic scale).
2. To provide a full range of products of linear guide, we expect the production of 2mm and 1mm smallest miniature linear guide. The linear guide is mainly used in biomedical field.
3. Linear motor and DD motor areas will also provide a full range of size.
4. We injected innovative ideas in response to industry 4.0 in machine tool field to make the processing technology and process more flexible.
5. We invest in more advanced electronic control system and a communication driver development to establish foundation of independent development of electronic control system technology. Our goal is to make a more controllable driver and smarter controller, and develop the applicable products, such as robotics.
6. We start to extend the development to new generation processing machinery and equipment which is synchronized with Industry 4.0. **cpc** will be continuing and actively invest in the soft and hardware power in Industry 4.0. **cpc** hope to consolidate technology of fundamental products, and make a long-term development to enhance the hardware products and establish independent electromechanical integration technology which is now our main direction.

Attachment 2

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of CHIEFTEK PRECISION Co., LTD.

We have audited the accompanying consolidated balance sheets of CHIEFTEK PRECISION Co., Ltd. and its subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CHIEFTEK PRECISION Co., Ltd. and its subsidiaries as of December 31, 2015 and 2014, and their financial performance and cash flows for the years then ended, in conformity with the "Rules Governing the Preparations of Financial Statements by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

We have also audited the parent company only financial statements of CHIEFTEK PRECISION Co., Ltd. as of and for the years ended December 31, 2015 and 2014, and have expressed an unqualified opinion on those financial statements.

PricewaterhouseCoopers, Taiwan
Republic of China
March 17, 2016

Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions.

The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China.

If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

CHIEFTEK PRECISION Co., LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

	Assets	Notes	December 31, 2015		December 31, 2014	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 449,849	20	\$ 464,566	19
1150	Notes receivable, net		24,696	1	35,953	1
1170	Accounts receivable, net	6(2)	324,429	14	298,873	12
1200	Other receivables		1,504	-	1,650	-
1220	Current income tax assets	6(19)	13,837	1	13,042	-
130X	Inventory	5(1) and 6(3)	365,499	16	472,152	19
1410	Prepayments		15,464	1	19,654	1
11XX	Total current assets		<u>1,195,278</u>	<u>53</u>	<u>1,305,890</u>	<u>52</u>
Non-current assets						
1600	Property, plant and equipment	6(4) and 8	661,307	29	770,097	31
1760	Investment property, net	6(5) and 8	316,864	14	316,864	13
1780	Intangible assets	6(6)	53,104	2	51,284	2
1840	Deferred income tax assets	6(19)	23,545	1	20,816	1
1915	Prepayments for equipment	6(4)	20,101	1	22,034	1
1920	Guarantee deposits paid		2,258	-	2,026	-
1980	Other financial assets- non-current	8	1,432	-	-	-
1990	Other non-current assets		2,367	-	3,058	-
15XX	Total non-current assets		<u>1,080,978</u>	<u>47</u>	<u>1,186,179</u>	<u>48</u>
1XXX	Total assets		<u>\$ 2,276,256</u>	<u>100</u>	<u>\$ 2,492,069</u>	<u>100</u>

(Continued)

CHIEFTEK PRECISION Co., LTD.
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
 (Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

Liabilities and Equity	Notes	December 31, 2015		December 31, 2014		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2100	Short-term borrowings	6(7)	\$ 204,803	9	\$ 429,235	17
2150	Notes payable		48,048	2	47,074	2
2170	Accounts payable		23,482	1	15,328	1
2200	Other payables		62,800	3	61,732	2
2230	Current income tax liabilities	6(19)	7,350	-	9,813	-
2310	Advance receipts		797	-	1,354	-
2320	Long-term liabilities, current portion	6(8) and 8	99,160	5	73,808	3
21XX	Total current liabilities		<u>446,440</u>	<u>20</u>	<u>638,344</u>	<u>25</u>
Non-current liabilities						
2540	Long-term borrowings	6(8), 8 and 9	503,418	22	563,110	23
2570	Deferred income tax liabilities	6(19)	2,917	-	1,835	-
2640	Net defined benefit liabilities	6(9)	3,950	-	441	-
25XX	Total non-current liabilities		<u>510,285</u>	<u>22</u>	<u>565,386</u>	<u>23</u>
2XXX	Total liabilities		<u>956,725</u>	<u>42</u>	<u>1,203,730</u>	<u>48</u>
Share capital						
3110	Share capital - common stock	6(10)	592,338	26	592,338	24
Capital reserves						
3200	Capital surplus	6(10)(11)(12)	463,051	20	463,051	19
Retained earnings						
		6(10)(13)(19)				
3310	Legal reserve		57,827	3	55,753	2
3320	Special reserve		-	-	133	-
3350	Unappropriated retained earnings		312,835	14	275,263	11
3400	Other equity interest		12,024	-	15,168	1
3500	Treasury shares	6(10)	(118,544)	(5)	(113,367)	(5)
3XXX	Total equity		<u>1,319,531</u>	<u>58</u>	<u>1,288,339</u>	<u>52</u>
Significant Contingent Liabilities and Unrecognized Contract Commitments						
3X2X	Total liabilities and equity		<u>\$ 2,276,256</u>	<u>100</u>	<u>\$ 2,492,069</u>	<u>100</u>

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

CHIEFTEK PRECISION Co., LTD.
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
 (Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

Items	Notes	Year ended December 31			
		2015		2014	
		AMOUNT	%	AMOUNT	%
4000	Sales revenue	\$ 1,021,983	100	\$ 1,016,920	100
5000	Operating costs	(715,579)	(70)	(776,000)	(76)
5900	Net operating margin	<u>306,404</u>	<u>30</u>	<u>240,920</u>	<u>24</u>
	Operating expenses				
6100	Selling expenses	(79,483)	(8)	(79,563)	(8)
6200	General & administrative expenses	(93,780)	(9)	(91,430)	(9)
6300	Research and development expenses	(36,985)	(4)	(30,775)	(3)
6000	Total operating expenses	<u>(210,248)</u>	<u>(21)</u>	<u>(201,768)</u>	<u>(20)</u>
6900	Operating profit	<u>96,156</u>	<u>9</u>	<u>39,152</u>	<u>4</u>
	Non-operating income and expenses				
7010	Other income	8,279	1	7,527	1
7020	Other gains and losses	(5,023)	-	4,508	-
7050	Finance costs	(17,997)	(2)	(19,369)	(2)
7000	Total non-operating revenue and expenses	<u>(14,741)</u>	<u>(1)</u>	<u>(7,334)</u>	<u>(1)</u>
7900	Profit before income tax	<u>81,415</u>	<u>8</u>	<u>31,818</u>	<u>3</u>
7950	Income tax expense	(10,633)	(1)	(11,075)	(1)
8200	Profit for the year	<u>\$ 70,782</u>	<u>7</u>	<u>\$ 20,743</u>	<u>2</u>
	Other comprehensive income (loss)(net)				
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	(\$ 3,798)	(1)	(\$ 359)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	646	-	61	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Other comprehensive income, before tax, exchange differences on translation	(3,144)	-	9,872	1
8300	Total other comprehensive (loss) income for the year	<u>(\$ 6,296)</u>	<u>(1)</u>	<u>\$ 9,574</u>	<u>1</u>
8500	Total comprehensive income for the year	<u>\$ 64,486</u>	<u>6</u>	<u>\$ 30,317</u>	<u>3</u>
	Profit, attributable to:				
8610	Owners of the parent	<u>\$ 70,782</u>	<u>7</u>	<u>\$ 20,743</u>	<u>2</u>
	Comprehensive income attributable to:				
8710	Owners of the parent	<u>\$ 64,486</u>	<u>6</u>	<u>\$ 30,317</u>	<u>3</u>
	Basic earnings per share (in dollars)				
9750	Net income	\$	1.26	\$	0.35
	Diluted earnings per share (in dollars)				
9850	Net income	\$	1.25	\$	0.35

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

CHIEFTEK PRECISION Co., LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

2014

Balance at January 1, 2014		\$ 559,622	\$ 5,913	\$ 456,573	\$ 49,884	\$ 133	\$ 300,033	\$ 5,296	\$ -	\$ 1,377,454
Distribution of 2013 net income:										
Legal reserve		-	-	-	5,869	-	(5,869)	-	-	-
Cash dividends	6(13)	-	-	-	-	-	(11,242)	-	-	(11,242)
Stock dividends	6(10)(13)	28,104	-	-	-	-	(28,104)	-	-	-
Issuance of stock from exercise of employee' stock options	6(10)(11)	4,612	(5,913)	6,457	-	-	-	-	-	5,156
Compensation cost of employee stock option	6(11)(12)	-	-	21	-	-	-	-	-	21
Profit for 2014		-	-	-	-	-	20,743	-	-	20,743
Other comprehensive income (loss) for 2014		-	-	-	-	-	(298)	9,872	-	9,574
Buy-back of treasury shares	6(10)	-	-	-	-	-	-	-	(113,367)	(113,367)
Balance at December 31, 2014		<u>\$ 592,338</u>	<u>\$ -</u>	<u>\$ 463,051</u>	<u>\$ 55,753</u>	<u>\$ 133</u>	<u>\$ 275,263</u>	<u>\$ 15,168</u>	<u>(\$ 113,367)</u>	<u>\$ 1,288,339</u>

2015

Balance at January 1, 2015		\$ 592,338	\$ -	\$ 463,051	\$ 55,753	\$ 133	\$ 275,263	\$ 15,168	(\$ 113,367)	\$ 1,288,339
Distribution of 2014 net income:										
Legal reserve		-	-	-	2,074	-	(2,074)	-	-	-
Cash dividends	6(13)	-	-	-	-	-	(28,117)	-	-	(28,117)
Reversal of special reserve		-	-	-	-	(133)	133	-	-	-
Profit for 2015		-	-	-	-	-	70,782	-	-	70,782
Other comprehensive income (loss) for 2015		-	-	-	-	-	(3,152)	(3,144)	-	(6,296)
Buy-back of treasury shares	6(10)	-	-	-	-	-	-	-	(5,177)	(5,177)
Balance at December 31, 2014		<u>\$ 592,338</u>	<u>\$ -</u>	<u>\$ 463,051</u>	<u>\$ 57,827</u>	<u>\$ -</u>	<u>\$ 312,835</u>	<u>\$ 12,024</u>	<u>(\$ 118,544)</u>	<u>\$ 1,319,531</u>

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

CHIEFTEK PRECISION Co., LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before tax		\$	81,415	\$	31,818
Adjustments					
Adjustments to reconcile profit (loss)					
Reversal of allowance for doubtful accounts	6(2)(14)	(	5,254	)	( 2,611)
Loss on inventory market price decline	6(3)		17,095		14,203
Depreciation	6(4)(17)		129,746		143,655
Loss on disposal of property, plant and equipment	6(15)		1,404		384
Amortization	6(6)(17)		937		921
Employee stock option compensation cost	6(11)(12)		-		21
Interest income	6(14)	(	1,528	)	( 717)
Interest expense	6(16)		17,997		19,369
Changes in operating assets and liabilities					
Changes in operating assets					
Notes receivable			11,257	(	7,409)
Accounts receivable		(	19,930	)	( 18,551)
Other receivables			146	(	1,268)
Inventories			91,786		149,469
Prepayments			4,190		8,274
Changes in operating liabilities					
Notes payable		(	2,307	)	25,859
Accounts payable			8,154		4,360
Other payables			335		89
Advance receipts		(	557	)	( 61)
Net defined benefit liabilities		(	289	)	( 289)
Cash inflow generated from operations			334,597		367,516
Interest received			1,528		717
Interest paid		(	18,091	)	( 19,559)
Income tax paid		(	14,892	)	( 5,646)
Net cash flows from operating activities			<u>303,142</u>		<u>343,028</u>

(Continued)

CHIEFTEK PRECISION Co., LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

CASH FLOWS FROM INVESTING ACTIVITIES

Cash paid for acquisition of property, plant and equipment	6(22)	(\$ 13,810)	(\$ 18,634)
Interest paid for acquisition of property, plant and equipment	6(4)(16)(22)	(309)	-
Proceeds from disposal of property, plant and equipment		110	420
Cash paid for acquisition of intangible assets	6(6)	(2,763)	(3,195)
Increase in prepayment for equipment		(3,206)	(26,706)
Increase in guarantee deposits paid		(232)	(736)
Increase in other financial assets-non-current		(1,432)	-
Decrease (increase) in other non-current assets		691	(810)
Net cash flows used in investing activities		(20,951)	(49,661)

CASH FLOWS FROM FINANCING ACTIVITIES

(Decrease) increase in short-term borrowings		(224,432)	8,930
Decrease in notes and bills payable		-	(30,000)
Increase in long-term borrowings		45,799	220,000
Decrease in long-term borrowings		(80,854)	(300,409)
Proceeds from exercise of employee' stock options	6(10)	-	5,156
Payment of cash dividends	6(13)	(28,117)	(11,242)
Buy-back of treasury shares	6(10)	(5,177)	(113,367)
Net cash flows used in financing activities		(292,781)	(220,932)
Effect of foreign exchange rate changes on cash and cash equivalents		(4,127)	9,551
Net (decrease) increase in cash and cash equivalents		(14,717)	81,986
Cash and cash equivalents at beginning of year	6(1)	464,566	382,580
Cash and cash equivalents at end of year	6(1)	\$ 449,849	\$ 464,566

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

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of CHIEFTEK PRECISION Co., LTD.

We have audited the accompanying parent company only balance sheets of CHIEFTEK PRECISION Co., LTD. as of December 31, 2015 and 2014, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended. These parent company only financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these parent company only financial statements based on our audits.

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the parent company only financial statements referred to above present fairly, in all material respects, the financial position of CHIEFTEK PRECISION Co., LTD. as of December 31, 2015 and 2014, and its financial performance and cash flows for the years then ended, in conformity with the "Regulations Governing the Preparations of Financial Reports by Securities Issuers".

PricewaterhouseCoopers, Taiwan
Republic of China
March 17, 2016

Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions.

The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China.

If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

CHIEFTEK PRECISION Co., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

	Assets	Notes	December 31, 2015		December 31, 2014	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 387,972	17	\$ 349,735	14
1150	Notes receivable, net		13,947	1	14,717	1
1170	Accounts receivable, net	6(2)	159,055	7	138,067	6
1180	Accounts receivable - related parties	7	121,946	6	169,266	7
1200	Other receivables		1,134	-	1,269	-
1210	Other receivables - related parties	7	50,931	2	123,178	5
1220	Current income tax assets	6(20)	13,042	1	13,042	-
130X	Inventories	5(1) and 6(3)	206,816	9	225,961	9
1410	Prepayments		8,656	-	15,868	1
11XX	Total current assets		<u>963,499</u>	<u>43</u>	<u>1,051,103</u>	<u>43</u>
Non-current assets						
1550	Investments accounted for under equity method	6(4)	240,154	11	252,082	10
1600	Property, plant and equipment	6(5) and 8	641,818	28	752,075	30
1760	Investment property, net	6(6) and 8	316,864	14	316,864	13
1780	Intangible assets	6(7)	53,016	2	51,184	2
1840	Deferred income tax assets	6(20)	23,545	1	20,816	1
1915	Prepayments for equipment	6(5)	18,437	1	20,250	1
1920	Guarantee deposits paid		289	-	329	-
1980	Other financial assets-non-current	8	1,432	-	-	-
1990	Other non-current assets		2,367	-	3,058	-
15XX	Total non-current assets		<u>1,297,922</u>	<u>57</u>	<u>1,416,658</u>	<u>57</u>
1XXX	Total assets		<u>\$ 2,261,421</u>	<u>100</u>	<u>\$ 2,467,761</u>	<u>100</u>

(Continued)

CHIEFTEK PRECISION Co., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

LIABILITIES AND EQUITY	Notes	December 31, 2015		December 31, 2014		
		AMOUNT	%	AMOUNT	%	
Current Liabilities						
2100	Short-term borrowings	6(8)	\$ 204,803	9	\$ 381,760	16
2150	Notes payable		48,048	2	47,074	2
2170	Accounts payable		23,436	1	16,054	1
2200	Other payables		52,449	3	52,987	2
2230	Current income tax liabilities	6(20)	6,566	-	8,283	-
2310	Advance receipts		14	-	456	-
2320	Long-term liabilities, current portion	6(9) and 8	84,808	4	73,808	3
21XX	Total current liabilities		<u>420,124</u>	<u>19</u>	<u>580,422</u>	<u>24</u>
Non-current liabilities						
2540	Long-term borrowings	6(9) and 8	478,302	21	563,110	23
2570	Deferred income tax liabilities	6(20)	2,917	-	1,835	-
2640	Net defined benefit liability	6(10)	3,950	-	441	-
2670	Other non-current liabilities	6(4)	36,597	2	33,614	1
25XX	Total non-current liabilities		<u>521,766</u>	<u>23</u>	<u>599,000</u>	<u>24</u>
2XXX	Total liabilities		<u>941,890</u>	<u>42</u>	<u>1,179,422</u>	<u>48</u>
Equity						
Share capital						
3110	Share capital-common stock	6(11)	592,338	26	592,338	24
Capital reserve						
3200	Capital surplus	6(11)(12)(13)	463,051	20	463,051	19
Retained earnings						
		6(11)(14)(20)				
3310	Legal reserve		57,827	3	55,753	2
3320	Special reserve		-	-	133	-
3350	Unappropriated retained earnings		312,835	14	275,263	11
3400	Other equity interest		12,024	-	15,168	1
3500	Treasury shares	6(11)	(118,544)	(5)	(113,367)	(5)
3XXX	Total equity		<u>1,319,531</u>	<u>58</u>	<u>1,288,339</u>	<u>52</u>
Significant contingent liabilities and unrecognized contract commitments						
3X2X	Total liabilities and equity		<u>\$ 2,261,421</u>	<u>100</u>	<u>\$ 2,467,761</u>	<u>100</u>

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

CHIEFTEK PRECISION Co., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

Items	Notes	Year ended December 31				
		2015		2014		
		AMOUNT	%	AMOUNT	%	
4000	Sales revenue	7	\$ 826,513	100	\$ 811,557	100
5000	Operating Costs	6(3)(7)(10)(18)(19)(2)	(610,131)	(74)	(671,598)	(83)
5900	Gross profit		216,382	26	139,959	17
5910	Unrealized gain on inter-affiliate accounts	6(4)	(76,292)	(9)	(73,676)	(9)
5920	Realized gain on inter-affiliate accounts	6(4)	73,676	9	89,178	11
5950	Net operating margin		213,766	26	155,461	19
	Operating expenses	6(6)(7)(10)(18)(19)				
6100	Selling expenses		(36,188)	(4)	(39,855)	(5)
6200	General and administrative expenses		(51,057)	(6)	(47,457)	(6)
6300	Research and development expenses		(36,985)	(5)	(30,775)	(3)
6000	Total operating expenses		(124,230)	(15)	(118,087)	(14)
6900	Operating profit		89,536	11	37,374	5
	Non-operating income and expenses					
7010	Other income	6(15) and 7	11,442	2	11,909	1
7020	Other gains and losses	6(16) and 12	2,443	-	7,197	1
7050	Finance costs	6(5)(17)	(17,349)	(2)	(18,566)	(2)
7070	Share of loss of subsidiaries, associates and joint ventures accounted for under equity method	6(4)	(9,151)	(1)	(11,989)	(2)
7000	Total non-operating income and expenses		(12,615)	(1)	(11,449)	(2)
7900	Profit before income tax		76,921	10	25,925	3
7950	Income tax expense	6(20)	(6,139)	(1)	(5,182)	-
8200	Profit for the year		\$ 70,782	9	\$ 20,743	3
	Other comprehensive income (loss)(net)					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	6(10)	(\$ 3,798)	(1)	(\$ 359)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(20)	646	-	61	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Other comprehensive income, before tax, exchange differences on translation		(3,144)	-	9,872	1
8300	Other comprehensive (loss) income for the year		(\$ 6,296)	(1)	\$ 9,574	1
8500	Total comprehensive income for the year		\$ 64,486	8	\$ 30,317	4
	Basic earnings per share (in dollars)					
9750	Net income	6(21)	\$ 1.26		\$ 0.35	
	Diluted earnings per share (in dollars)					
9850	Net income	6(21)	\$ 1.25		\$ 0.35	

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

CHIEFTEK PRECISION Co., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars)

	Notes	Capital			Retained Earnings			Financial statements translation differences of foreign operations	Treasury stocks	Total
		Share capital - common stock	Advance receipts for share capital	Capital reserve	Legal reserve	Special reserve	Unappropriated retained earnings			
<u>2014</u>										
Balance at January 1, 2014		\$ 559,622	\$ 5,913	\$ 456,573	\$ 49,884	\$ 133	\$ 300,033	\$ 5,296	\$ -	\$ 1,377,454
Distribution of earnings for 2013 net income: (Note)										
Legal reserve		-	-	-	5,869	-	(5,869)	-	-	-
Cash dividends	6(14)	-	-	-	-	-	(11,242)	-	-	(11,242)
Stock dividends	6(11)(14)	28,104	-	-	-	-	(28,104)	-	-	-
Issuance of stock from exercise of employees' stock options	6(11)(12)	4,612	(5,913)	6,457	-	-	-	-	-	5,156
Compensation cost of employee stock options	6(12)(13)	-	-	21	-	-	-	-	-	21
Profit for 2014		-	-	-	-	-	20,743	-	-	20,743
Other comprehensive income (loss) for 2014		-	-	-	-	-	(298)	9,872	-	9,574
Buy-back of treasury share	6(11)	-	-	-	-	-	-	-	(113,367)	(113,367)
Balance at December 31, 2014		<u>\$ 592,338</u>	<u>\$ -</u>	<u>\$ 463,051</u>	<u>\$ 55,753</u>	<u>\$ 133</u>	<u>\$ 275,263</u>	<u>\$ 15,168</u>	<u>(\$ 113,367)</u>	<u>\$ 1,288,339</u>
<u>2015</u>										
Balance at January 1, 2015		\$ 592,338	\$ -	\$ 463,051	\$ 55,753	\$ 133	\$ 275,263	\$ 15,168	(\$ 113,367)	\$ 1,288,339
Distribution of earnings for 2014 net income: (Note)										
Legal reserve		-	-	-	2,074	-	(2,074)	-	-	-
Cash dividends	6(14)	-	-	-	-	-	(28,117)	-	-	(28,117)
Reversal of special reserve		-	-	-	-	(133)	133	-	-	-
Profit for 2015		-	-	-	-	-	70,782	-	-	70,782
Other comprehensive income (loss) for 2015		-	-	-	-	-	(3,152)	(3,144)	-	(6,296)
Buy-back of treasury share	6(11)	-	-	-	-	-	-	-	(5,177)	(5,177)
Balance at December 31, 2015		<u>\$ 592,338</u>	<u>\$ -</u>	<u>\$ 463,051</u>	<u>\$ 57,827</u>	<u>\$ -</u>	<u>\$ 312,835</u>	<u>\$ 12,024</u>	<u>(\$ 118,544)</u>	<u>\$ 1,319,531</u>

(Note) The employees' bonuses were \$4,226 and \$1,504 and the directors' and supervisors' remuneration were \$557 and \$564 in 2013 and 2014, respectively, which have been deducted from net income for the years.

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

CHIEFTEK PRECISION Co., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars)

	Notes	2015	2014
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 76,921	\$ 25,925
Adjustments			
Adjustments to reconcile profit (loss)			
Provision for doubtful accounts	6(2)	-	1,820
Reversal of allowance for doubtful accounts	6(2)(15)	(884)	-
Loss on inventory market price decline	6(3)	1,774	-
Reversal of inventory market price decline	6(3)	-	(7,116)
Share of loss of subsidiaries, associates and joint ventures accounted for under equity method	6(4)	9,151	11,989
Depreciation	6(5)(18)	126,155	139,494
Loss on disposal of property, plant and equipment	6(16)	1,404	384
Amortizations	6(7)(18)	866	844
Employee stock option compensation cost	6(13)	-	21
Interest income	6(15)	(1,455)	(1,560)
Interest expense	6(17)	17,349	18,566
Unrealized gain on inter-affiliate accounts	6(4)	2,616	(15,502)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		770	(1,729)
Accounts receivable		(20,104)	(45,984)
Accounts receivable – related parties		47,320	3,767
Other receivables		135	(1,269)
Other receivables – related parties		(329)	(1,285)
Inventories		17,371	92,115
Prepayments		7,212	(3,326)
Changes in operating liabilities			
Notes payable		(2,307)	25,859
Accounts payable		7,382	6,823
Other payables		(1,143)	402
Advance receipts		(442)	(444)
Net defined benefit liability		(289)	(289)
Cash inflow generated from operations		289,473	249,505
Interest received		424	286
Interest paid		(17,587)	(18,787)
Income tax paid		(8,857)	(170)
Net cash flows from operating activities		<u>263,453</u>	<u>230,834</u>

(Continued)

CHIEFTEK PRECISION Co., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars)

	Notes	2015	2014
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease in other non-operating receivables due from related parties		\$ 72,576	\$ 125,317
Interest received from borrowings and lending among related parties		1,031	1,274
Cash paid for acquisition of investments accounted for under equity method – subsidiaries		-	(63,084)
Cash paid for acquisition of property, plant and equipment	6(23)	(7,840)	(16,676)
Interest paid for acquisition of property, plant and equipment	6(5)(17)(23)	(309)	-
Proceeds from disposal of property, plant and equipment		110	420
Cash paid for acquisition of intangible assets	6(7)	(2,698)	(3,111)
Increase in prepayments for equipment		(3,326)	(25,475)
Decrease in guarantee deposits paid		40	5
Increase in other financial assets-non-current		(1,432)	-
Decrease (increase) in other non-current assets		691	(810)
Net cash flows from investing activities		<u>58,843</u>	<u>17,860</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in short-term borrowings		(176,957)	201
Decrease in short-term notes and bills payable		-	(30,000)
Increase in long-term borrowings		-	220,000
Decrease in long-term borrowings		(73,808)	(300,409)
Proceeds from exercise of employees' stock options	6(11)	-	5,156
Payment of cash dividends	6(14)	(28,117)	(11,242)
Buy-back of treasury shares	6(11)	(5,177)	(113,367)
Net cash flows used in financing activities		<u>(284,059)</u>	<u>(229,661)</u>
Net increase in cash and cash equivalents		38,237	19,033
Cash and cash equivalents at beginning of year	6(1)	<u>349,735</u>	<u>330,702</u>
Cash and cash equivalents at end of year	6(1)	<u>\$ 387,972</u>	<u>\$ 349,735</u>

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