

Stock Code: 1597

Chieftek Precision Co., LTD.

2020 Annual Shareholders' Meeting Handbook

Time : 9:00 a.m., June 8, 2020 (Monday)

Place : 2F.-1, No.26, Nanke 3rd Rd., Xinshi Dist., Tainan City 744, Taiwan,
R.O.C. (Southern Science Park Industries)

(This document is prepared in accordance with the Chinese version and is for reference only. In the event of any inconsistency between the English version and the Chinese version, the Chinese version shall prevail.)

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Chieftek Precision Co., Ltd.
2020 Annual Shareholders' Meeting
Meeting Procedure

- 1. Report the Number of Attendance**
- 2. Call Meeting to Order**
- 3. Chairman's Address**
- 4. Report Items**
- 5. Proposed Resolutions**
- 6. Discussion and Election Items**
- 7. Extemporaneous Motion**
- 8. Meeting Adjourned**

Chieftek Precision Co., Ltd.
2020 Annual Shareholders' Meeting Agenda

1. Time : 9:00 a.m., June 8, 2020 (Monday)
2. Place: 2F.-1, No.26, Nanke 3rd Rd., Xinshi Dist., Tainan City 744, Taiwan, R.O.C.
(Southern Science Park Industries)
3. Attendants : Call the Meeting to Order (Report the number of attendance)
4. Chairman's Address
5. Report Items:
 - (1) Report on the Business of 2019.
 - (2) Supervisors' Review Report on the 2019 Financial Statements.
 - (3) Report on 2019 Employees' Profit Sharing Bonus and Directors and Supervisors' Compensation.
 - (4) Measure the report on "the Second Purchase of Share Transfer Employees"
 - (5) Report on the Resolution and Implementation on Company's Shares Buyback.
 - (6) Report the Implementation of Endorsement and Guarantee in 2019.
 - (7) Amend the Report on "Ethical Corporate Management Best Practice Principles"
 - (8) Report on 2019 Cash Distribution of Profit.
6. Proposed Resolutions:
 - (1) To accept 2019 Business Report and Financial Statements.
 - (2) To approve the Proposal for Distribution of 2019 Profit.
7. Discussion and Election Items:
 - (1) Amendment to "Rules of Procedure for Shareholders Meetings".
 - (2) Amendment to "Procedures for Election of Directors and Supervisors".
 - (3) Amendment to "Corporate Governance Best Practice Principles"
 - (4) Amendment to "Regulations Governing the Acquisition and Disposal of ssets".
 - (5) Election on 8th session of Board of Directors.
 - (6) Release the Prohibition on Newly Elected Directors Working in Competing Businesses.
8. Extemporary Motion
9. Meeting Adjournment

Report Items

1. Report on the Business of 2019.

Explanatory Notes: The 2019 Business Report, please refer to the Attachment 1 in the Handbook of the 2020 Annual Shareholders' Meeting.

2. Supervisors' Review Report on the 2019 Financial Statements.

Explanatory Notes: The 2019 Supervisors' Review Report, please refer to the Attachment 2 in the Handbook of the 2020 Annual Shareholders' Meeting.

3. Report on 2019 Employees' Profit Sharing Bonus and Directors and Supervisors' Compensation.

Explanatory Notes: The 2019 Employees' Profit Sharing Bonus and Directors and Supervisors' Compensation Report, please refer to the Attachment 3 in the Handbook of the 2020 Annual Shareholders' Meeting.

4. Measure the report on "the Second Purchase of Share Transfer Employees"

Explanatory Notes: The Second Purchase of Share Transfer Employees Report, please refer to the Attachment 4 in the Handbook of the 2020 Annual Shareholders' Meeting.

5. Report on the Resolution and Implementation on Company's Shares Buyback.

Explanatory Notes: the resolution and implementation of Company's shares buyback are as follows:

Batch Order	The First Period	The Second Period
Purpose of the buy-back	Transferred the shares to employees	Transferred the shares to employees
Timeframe of buy-back	November 12, 2014 to January 9, 2015	March. 23, 2020 to May 20, 2020
Price range	NT\$ 22.30 to NT\$50.40	NT\$37.25 to NT\$131.00
Expected number of shares buyback	Common stock 3,000,000 shares	Common stocks 5,000,000 shares

Batch Order	The First Period	The Second Period
Type and amount of shares buyback	Common stock 3,000,000 shares	Still in implementation period (until 109/4/28, 445,000 shares)
Amount of shares buyback	NT\$ 118,543,503	Still in implementation period (until 109/4/28, NT\$26,530,420)
Eliminated and transferred shares	3,000,000 shares have been eliminated (Note 1)	Still in implementation period
Accumulated number of company shares held	0	Still in implementation period (until 109/4/28, 445,000 shares)
Percentage of total company shares held(%) (Note 2)	0%	Still in implementation period (until 109/4/30, 445,000 shares)

Note 1: In the case of the 3,000,000 shares of elimination listed above, the registration process was approved by the Ministry of Science and Technology Southern Science and Technology Industrial Park Administration on February 27, 2018, and the total number of issued shares after the reduction was 59,045,489 shares.

Note 2: Until April 28, 2020, the Company has issued 81,187,549 shares.

6. Report the Implementation of Endorsement and Guarantee in 2019.

Explanatory Notes:

(1) As of December 31, 2019, the amount of external endorsements/guarantees is as following:

Company	The Amount of Endorsement and Guarantees (Thousand)	The Amount of Actual Drawings (Thousand)	Relationship with the Company
cpc Europa GmbH	201,540	45,347	Subsidiaries with 100% of shareholding
Chieftek Precision International LLC	59,960	47,968	Subsidiaries with 100% of shareholding
CSM Maschinen GmbH	50,385	0	Subsidiaries with 100% of shareholding

(2) The above amount does not exceed the prescribed limit.

7. Amend the Report on “Ethical Corporate Management Best Practice Principles”.

Explanatory Notes:

(1) The amendment was made in accordance with the relevant provisions of Decree Chin Kuan Cheng Fa Tzu No.1080341134 issued on February 12, 2020 by Financial Supervisory Commission and Letter Cheng Kuei Chien Tzu No.10900521401 issued on February 19, 2020 by Taipei Exchange.

- (2) Please refer the Attachment 5 of the in the Handbook of the 2020 Annual Shareholders' Meeting for the comparison table of the amendment to "Ethical Corporate Management Best Practice Principles".

8. Report on 2019 Cash Distribution of Profit.

Explanatory Notes:

- (1) The 2019 profit distribution program of the company has been accepted by board on April 28, 2020, in accordance with company Act and the Articles of Incorporation of the company. The cash dividends of shareholders distributed in this plan amounted to NT\$80,742,549 (NT\$ 1.0 per share was allotted).
- (2) No stock dividends will be issued. 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 aforementioned method was 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. Before ex-dividend date if buying back shares the transfer of treasury shares of the company, cancellation or other reasons prior to the date of ex-right affect the number of shares of the outstanding shareholders and change the dividend yield, the company will submitted to the general shareholder's meeting and the Board is authorized to make such adjustments. The Cash Distribution of Profit Report, please refer to the Attachment 7 in the Handbook of the 2020 Annual Shareholders' Meeting.
- (3) After the adoption by the general Shareholders Meeting, the Board of Directors is authorized to set the transfer of profit surplus.

Proposed Items

1. To accept 2019 Business Report and Financial Statements.

Proposed by the Board of Directors

Explanatory Notes:

- (1) The Company's 2019 Financial Statements, including the balance sheet, the statement of comprehensive income, the statement of changes in equity, and statement of cash flows, were audited by independent auditors, Mr. Lin, Yung-Chih and Ms. Lin, Tzu-Shu of PricewaterhouseCoopers (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 2019 Business Report could be referred to the Attachment 1 of the Handbook for the 2020 Annual Shareholders' Meeting, independent auditors' audit report, and Financial Statements by PwC could be referred to Attachment 6 of the Handbook for the 2020 Annual Shareholders' Meeting.

Resolution:

2. To Approve the Proposal for Distribution of 2019 Profit.

Proposed by the Board of Directors

Explanatory Notes:

- (1) The 2019 profit distribution program of the company has been accepted by board and sent to the supervisor for verification on April 28, 2020, in accordance with company Act and the Articles of Incorporation of the company.
- (2) The Profit Distribution Report, please refer to the Attachment 7 in the Handbook of the 2020 Annual Shareholders' Meeting.

Resolution:

Discussion and Election Items

1. Amendment to “Rules of Procedure for Shareholders Meetings”.

Proposed by the Board of Directors

Explanatory Notes:

- (1) The amendment was made in accordance with the relevant provisions of Decree Chin Kuan Cheng Fa Tzu No.1080339900 issued on December 31, 2019 by Financial Supervisory Commission and Letter Cheng Kuei Chien Tzu No.10900500261 issued on January 13, 2020 by Taipei Exchange.
- (2) We proposed to amend “Rules of Procedure for Shareholders Meeting” to go with the establishment of audit committee.
- (3) Please refer the Attachment 8 of the in the Handbook of the 2020 Annual Shareholders’ Meeting for the comparison table of the amendment to “Rules of Procedure for Shareholders Meeting”.

Resolution:

2. Amendment to “Procedures for Election of Directors and Supervisors”.

Proposed by the Board of Directors

Explanatory Notes:

- (1) We proposed to amend “Procedures for Election of Directors and Supervisors” to go with the establishment of audit committee.
- (2) Please refer the Attachment 9 of the in the Handbook of the 2020 Annual Shareholders’ Meeting for the comparison table of the amendment to “Procedures for Election of Directors and Supervisors”.

Resolution:

3. Amendment to “Corporate Governance Best Practice Principles”.

Proposed by the Board of Directors

Explanatory Notes:

- (1) The amendment was made in accordance with the relevant provisions of Decree Chin Kuan Cheng Fa Tzu No.1080341134 issued on February 12, 2020 by Financial Supervisory Commission and Letter Cheng Kuei Chien Tzu No.10900521401 issued on February 19, 2020 by Taipei Exchange.

- (2) Please refer the Attachment 10 of the in the Handbook of the 2020 Annual Shareholders' Meeting for the comparison table of the amendment to "Corporate Governance Best Practice Principles".

Resolution:

4. Amendment to "Regulations Governing the Acquisition and Disposal of Assets"

Proposed by the Board of Directors

Explanatory Notes:

- (1) The Board of Directors passed on November 6, 2019 to reduce the capital of CHIEFTEK PRECISION HOLDING CO., LTD. to return the equity of CHIEFTEK PRECISION USA CO., LTD. and change the investors of the re-investment second-tier company in which the Company holds 100% of the shares, CHIEFTEK PRECISION USA CO., LTD., from CHIEFTEK PRECISION HOLDING CO., LTD. to the Company itself directly.
- (2) In response to the amendment to the structure of corporate organization, we proposed to amend "Regulations Governing the Acquisition and Disposal of Assets".
- (3) Please refer the Attachment 11 of the in the Handbook of the 2020 Annual Shareholders' Meeting for the comparison table of the amendment to "Regulations Governing the Acquisition and Disposal of Assets Practice Principles".

Resolution:

5. Election on 8th session of Board of Directors

Proposed by the Board of Directors

Explanatory Notes:

- (1) The term of office of this session of the board of directors ends on June 21, 2020. They shall be re-elected in accordance with the law.
- (2) In accordance with the provisions in Articles of Incorporation and the resolution made on March 11, 2020, 8 directors (including independent directors) shall be re-elected during the general shareholders' meeting by candidate nomination system. The newly elected directors and independent directors shall take office after the completion of the

general shareholders' meeting. Their term of office lasts 3 years, starting from June 8, 2020 to June 7, 2023.

- (3) The election shall be conducted in accordance with "Procedures for Election of Directors and Supervisors", which can be referred to on Attachment 2 of the 2020 Annual Shareholders' Meeting.
- (4) The qualification criteria for the candidates of the directors and independent directors have been reviewed and approved by board of directors on April 28, 2020. Please refer to Attachment 12 of the 2020 Annual Shareholders' Meeting.

Resolution:

6. Release the Prohibition of Newly Elected Directors Working in Competing Businesses

Proposed by the Board of Directors

Explanatory Notes:

- (1) In accordance with Article 209 of the Company Act, regarding releasing the prohibition on directors working in competing business, a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval (directors working in subsidiaries in mainland China shall also apply).
- (2) Considering the company's business, we proposed to release the prohibition on newly elected directors working in competing businesses.

Resolution:

Extemporary Motion

Meeting Adjournment

Chieftek Precision Co., Ltd.

2019 Business Report

Affected by the US-China trade war in 2019, the economic growth in China and many countries around the world are not as expected and it even brought adverse impact on global economy. The government has launched “Returning Companies Investment Action Plan”. Hence, Chieftak Precision has taken this opportunity to build Phase 2 plant at Tree Valley and actively invests on advanced technologies and new product development to satisfy the future smart machinery, equipment automation and provide mechatronics system product and services. We hope to concurrently go forward with global technology and get ahead of the game in the era of comprehensive data intelligence revolution.

The combined revenue of 2019 was NT\$1,300,351 thousand compared to 2018 of NT\$2,078,901 thousand, it decreased by NT\$778,550 thousand with a decreasing rate of 37.45%. The Income before Tax of 2019 was NT\$222,227 thousand compared to 2018 of NT\$609,837 thousand, it decreased NT\$387,610 thousand with a decreasing rate of 63.56%.

The 2019 Business Report is as following:

1. The Result of Implement of Business Plan

(1) Consolidated Statement of Comprehensive Income for the years ended December 31, 2019 and 2018.

Unit: NT\$ thousand

Items	2019	2018	Increase (Decrease) Amount
Sales Revenue	1,300,351	2,078,901	(778,550)
Operating Cost	(718,689)	(1,090,575)	(371,886)
Operating Margin	581,662	988,326	(406,664)
Operating Margin Rate	44.73%	47.54%	(2.81%)
Operating Expenses	(340,123)	(383,432)	(43,309)
Operating Profit	241,539	604,894	(363,355)
Non-Operating Income and Expenses	(19,312)	4,943	(24,255)
Profit Before Income Tax	222,227	609,837	(387,610)

Items	2019	2018	Increase (Decrease) Amount
Income Tax Expenses	(47,583)	(138,585)	(91,002)
Profit for the year	174,644	471,252	(296,608)
Other Comprehensive Income(loss)	(11,907)	(6,088)	5,819
Comprehensive Income for the year	162,737	465,164	(302,427)
Earnings per Share (NT\$)	2.15	6.40	(4.25)

According to the above table

1. Turnover

- (I) Net consolidated revenue for 2019 of NT\$1,300,351 thousand, which decreased by NT\$778,550 thousand compared with 2018 of NT\$2,078,901 thousand, the growth rate was 37.45%.
- (II) If compared by regions, the sales by revenue decreased 51.90% in Mainland, decreased 8.15% in European region, decreased 7.86% in the United States, decreased 43.5% in the domestic sales of Taiwan and decreased 45.52% in other regions.

2. Operating Margin Rate

The demand from the mainland market slowed down for 2019, especially in the machine tool related industries. The industry cut prices and seeks sales, the operating environment is fiercely competitive, and Chieftak Precision has high-quality products and improved gross profit High sales ratio of micro linear products and continuous strengthening of operating cost control The gross profit margin of the industry was 44.73%, which was only a decrease of 2.81% from 47.54% for 2018.

3. Profits

- (I) Profit before tax was NT\$222,227 thousand in 2019, which decreased by NT\$387,610 thousand with comparison of NT\$609,837 thousand in 2018. The decreasing rate was 63.56%.
- (II) Basic earnings per share of 2019 was NT\$2.15, which decreased NT\$4.25 compared with NT\$6.40 in 2018.

(2) Parent Company Only Statement of Comprehensive Income for the years ended December 31, 2019 and 2018.

Unit: NT\$ thousand

Items	2019	2018	Increase (Decrease) Amount
Sales revenue	1,040,726	1,836,489	(795,763)
Operating costs	(652,831)	(1,060,083)	(407,252)
Gross profit	387,895	776,406	(388,511)
Unrealized gain from inter-affiliate accounts	(82,238)	(94,712)	(12,474)
Realized gain from inter-affiliate accounts	94,712	52,500	42,212
Net operating margin	400,369	734,194	(333,825)
Operating expenses	(185,417)	(240,107)	(54,690)
Operating profit	214,952	494,087	(279,135)
Non-operating income and expenses	(4,593)	93,373	(97,966)
Profit before income tax	210,359	587,460	(377,101)
Income tax expense	(35,715)	(114,743)	(79,028)
Profit for the year	174,644	472,717	(298,073)
Other comprehensive income (loss)	(11,907)	(6,102)	(5,805)
Comprehensive income for the year	162,737	466,615	(303,878)

(3) Parent Company Only of Profitability Analysis for the 2019 and 2018

Items	2019	2018
Return on Total Assets (%)	5.87%	17.50%
Return on Equity (%)	8.82%	27.28%
Operating Income to Paid-in Capital Ratio (%)	26.48%	66.94%
Pre-tax Income to Paid-in Capital Ratio (%)	25.91%	79.59%
Net Margin (%)	16.78%	25.74%
Basic Earnings Per Share (NT\$)	2.15	6.40

(4) Consolidated Company Only of Profit ability Analysis for the 2019 and 2018

Items	2019	2018
Return on Total Assets (%)	5.66%	16.44%
Return on Equity (%)	8.82%	27.20%
Operating Income to Paid-in Capital Ratio (%)	29.75%	81.96%
Pre-tax Income to Paid-in Capital Ratio (%)	27.37%	82.63%
Net Margin (%)	13.43%	22.67%
Basic Earnings Per Share (NT\$)	2.15	6.40

2. Enterprise Development

Chieftek mainly works on the production of linear sports products. Among them, we are the leading brand of the micro linear skid rail products in the world. In addition to the R&D and production of micro linear skid rail products, machinery components and parts and sport field products, the Company also continues to devote in the R&D of key components and parts, which include electrical products, such as linear motor, DD motor, systematic development, design and manufacture of high-precision X, Y platform, as well as the development in industrial control platform, XY table platform and high positioning secondary system. Our main products are applied in semiconductors, panels, biomedicine, circuit boards, and automation industry. We researched, developed, produced and manufactured all the products, including software, firmware and hardware, ourselves. In addition, the Company also has made long-term devotion in the development of advanced spiral and advanced servomotor, AC/DC driver with communication protocols, CAN and EtherCAT and can connect to common coder of the brands on the market. In addition, the Company also made long-term devotion in the development of host control IDE platform, including PLC and CNC modules and the future AGV, VISION, SCADA, MES modules, multi-axis synchronous control and multi-point I.O. real-time monitoring, etc., which can be used as the control platform required by Industry 4.0. We aimed to go towards as high flexibility and high reliability system integrator to break the dilemma of depending overseas vendors for smart automation for a long time. In the past year, these are the major developments and devotion directions of the Company in smart industry, IOT, industry 4.0 and smart field to enhance the performance and profitability of the corporate group, successfully boost the international reputation of the self-created brand “cpc” well-known internationally and create reliable driven-control “soft” power system in the “hard” base of precision machinery.

**Chieftek Precision Co., Ltd.
2019 Supervisors' Review Report**

Hereby to approve,

The undersigned PwC TW Mr. Lin, Yung-Chih and Ms. Lin, Tzu-Shu have duly audited the Operating Report and Financial Statements prepared by the supervisor of the year of 2019, and issued recorded unqualified opinion auditing report. All statistical forms shall be compiled in accordance with the law after being reviewing by the Supervisor. Any discrepancies shall be reported to the superior in accordance with Article 219 of the Company Law.

With respect,

CHIEFTEK PRECISION CO., LTD. 2020 SHAREHOLDERS' MEETING

Chieftek Precision Co., Ltd.

Supervisor: LI MEI

Supervisor: TSENG HSU-WEN

March 11, 2020

Chieftek Precision Co., Ltd.
2019 Supervisors' Review Report

Hereby to approve,

The profit distribution table of the 2019 provided by the board of directors of the company was completed and reviewed by the supervisor, etc., and it was deemed that there was no inconformity. Therefore, the application for review was required according to Article 219 of the company act.

With respect,

CHIEFTEK PRECISION CO., LTD. 2020 SHAREHOLDERS' MEETING

Chieftek Precision Co., Ltd.

Supervisor: LI MEI

Supervisor: TSENG HSU-WEN

April 28, 2020

**2019 Employees' Profit sharing Bonus
and Directors and Supervisors' Compensation**

1. Percentage or range of remuneration of employees, directors and supervisors specified in the articles of association:

According to the provisions of the revised articles of association, this company should distribute 3% to 15% of profit of current year to reward employees, and should distribute no more than 3% of profit of current year to reward directors and supervisors. But when the company has accumulated loss, it should be covered. The employee remuneration should be distributed in cash or stock, and those who are distributed with cash or stock should meet certain conditions of being affiliated to the company employees. These certain conditions should be formulated by the board of directors.

The current year's annual profit status refers to the pre-tax interest in the current year before the distribution of employee compensation and the benefits of directors and supervisors before compensation.

The distribution of employee compensation and the compensation of directors and supervisors shall be implemented by the board of directors with a resolution of more than two-thirds of the directors attending and the majority of directors agreeing to attend, and report to the shareholders meeting.

2. The employees' compensation and the assignment of directors and supervisors in the year 2019 of the company were approved by the board of directors on March 11, 2020.

The proposed distribution of the board of directors' approval is as follows:

- (1) The remuneration for allotment of employees in cash is NT\$16,000,000, which is approximately 6.93% of the profit for the current year. The amount of employee compensation reported on the accounts is NT\$16,000,000, which is the same amount as the project is listed as annual profit of 2019.
- (2) The distribution of directors by cash and the supervisor's remuneration is NT\$4,500,000 in cash, which is approximately 1.95% of the profit for the year. The remuneration of directors and supervisors listed in the accounts is NT\$4,500,000, which is the same amount as the project is listed as annual profit of 2019.
- (3) The above-mentioned Employees' Profit sharing Bonus and Directors and Supervisors' Compensation have been expensed in 2019.

Chieftek Precision Co., Ltd.

The Comparison Table of the Amendment to “Ethical Corporate Management Best Practice Principles”

Before Amendment	After Amendment	Explanation
<p>Article 1</p> <p>This Corporation engages in commercial activities following the principles of fairness, honesty, faithfulness, and transparency, and in order to fully implement a policy of ethical management and actively prevent unethical conduct, these Procedures for Ethical Management and Guidelines for Conduct (hereinafter, “Procedures and Guidelines”) are adopted pursuant to the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the applicable laws and regulations of the places where this Corporation and its business groups and organizations operate, with a view to providing all personnel of this Corporation with clear directions for the performance of their duties.</p> <p>The scope of application of these Procedures and Guidelines includes the subsidiaries of this Corporation, any incorporated foundation in which this Corporation's accumulated contributions, direct or indirect, exceed 50 percent of the total funds of the foundation, and other group enterprises and organizations, such as institutions or juristic persons, substantially controlled by this Corporation.</p>	<p>Article 1 (<u>Purpose of adoption and scope of application</u>)</p> <p>This Corporation engages in commercial activities following the principles of fairness, honesty, faithfulness, and transparency, and in order to fully implement a policy of ethical management and actively prevent unethical conduct, these Procedures for Ethical Management and Guidelines for Conduct (hereinafter, “Procedures and Guidelines”) are adopted pursuant to the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the applicable laws and regulations of the places where this Corporation and its business groups and organizations operate, with a view to providing all personnel of this Corporation with clear directions for the performance of their duties.</p> <p>The scope of application of these Procedures and Guidelines includes the subsidiaries of this Corporation, any incorporated foundation in which this Corporation's accumulated contributions, direct or indirect, exceed 50 percent of the total funds of the foundation, and other group enterprises and organizations, such as institutions or juristic persons, substantially controlled by this Corporation.</p>	<p>Add the name of this Article in accordance with “Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct”.</p>
<p>Article 2</p>	<p>Article 2 (<u>Applicable subjects</u>)</p>	<p>Add the name</p>

Before Amendment	After Amendment	Explanation
<p>For the purposes of these Procedures and Guidelines, the term “personnel of this Corporation” refers to any director, supervisor, managerial officer, employee, mandatary or person having substantial control, of this Corporation or its group enterprises and organizations. Any provision, promise, request, or acceptance of improper benefits by any personnel of this Corporation through a third party will be presumed to be an act by the personnel of this Corporation.</p>	<p>For the purposes of these Procedures and Guidelines, the term “personnel of this Corporation” refers to any director, supervisor, managerial officer, employee, mandatary or person having substantial control, of this Corporation or its group enterprises and organizations. Any provision, promise, request, or acceptance of improper benefits by any personnel of this Corporation through a third party will be presumed to be an act by the personnel of this Corporation.</p>	<p>of this Article in accordance with “Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct”.</p>
<p>Article 3 For the purposes of these Procedures and Guidelines, “unethical conduct” means that any personnel of this Corporation, in the course of their duties, directly or indirectly provides, promises, requests, or accepts improper benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits. The counterparties of the unethical conduct under the preceding paragraph include public officials, political candidates, political parties or their staffs, and government-owned or private-owned enterprises or institutions and their directors, supervisors, managerial officers, employees, persons having substantial control, or other interested parties.</p>	<p>Article 3 (Unethical conduct) For the purposes of these Procedures and Guidelines, “unethical conduct” means that any personnel of this Corporation, in the course of their duties, directly or indirectly provides, promises, requests, or accepts improper benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits. The counterparties of the unethical conduct under the preceding paragraph include public officials, political candidates, political parties or their staffs, and government-owned or private-owned enterprises or institutions and their directors, supervisors, managerial officers, employees, persons having substantial control, or other interested parties.</p>	<p>Add the name of this Article in accordance with “Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct”.</p>
<p>Article 4 For the purposes of these Procedures and Guidelines, the term “benefits” means any money, gratuity, gift, commission, position, service, preferential treatment, rebate, facilitating payment, entertainment, dining, or any other item of value in whatever form or name.</p>	<p>Article 4 (Types of benefits) For the purposes of these Procedures and Guidelines, the term “benefits” means any money, gratuity, gift, commission, position, service, preferential treatment, rebate, facilitating payment, entertainment, dining, or any other item of value in whatever form or name.</p>	<p>Add the name of this Article in accordance with “Sample Template for XXX Co., Ltd. Procedures for Ethical Management</p>

Before Amendment	After Amendment	Explanation
		and Guidelines for Conduct”.
<p>Article 5 This Corporation shall designate the Directors’ Office as the solely responsible unit (hereinafter, “responsible unit”) under the board of directors and in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall be in charge of the following matters and also submit regular reports to the board of directors:</p> <ol style="list-style-type: none"> 1. Assisting in incorporating ethics and moral values into this Corporation’s business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations. 2. Adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures <u>and</u> conduct guidelines with respect to this Corporation's operations and business. 3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for 	<p>Article 5 (<u>Responsible unit</u>) This Corporation shall designate the Directors’ Office as the solely responsible unit (hereinafter, “responsible unit”) under the board of directors <u>and allocate sufficient resources and competent personnel</u> in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall be in charge of the following matters and also submit regular reports to the board of directors <u>(at least once a year)</u>:</p> <ol style="list-style-type: none"> 1. Assisting in incorporating ethics and moral values into this Corporation’s business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations. 2. <u>Regularly analyze and assess the risks of unethical conduct within the business scope to establish</u> programs to prevent unethical conduct <u>accordingly, and</u> setting out in each program the standard operating procedures and conduct guidelines with respect to this Corporation's operations and business. 3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for 	<p>Revise this Article in accordance with “Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct”. (Decree Cheng Kuei Chien Tzu No. 10900521402 issued on 2020.02.19).</p>

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<p>mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</p> <p>4. Promoting and coordinating awareness and educational activities with respect to ethics policy.</p> <p>5. Developing a whistle-blowing system and ensuring its operating effectiveness.</p> <p>6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</p>	<p>mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</p> <p>4. Promoting and coordinating awareness and educational activities with respect to ethics policy.</p> <p>5. Developing a whistle-blowing system and ensuring its operating effectiveness.</p> <p>6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</p> <p>7. <u>Compile and retained relevant documented information on the ethical management policy, statement, commitment and implementation properly.</u></p>	
<p>Article 6</p> <p>Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, any benefits as specified in Article 4, the conduct of the given personnel of this Corporation shall comply with the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and these Procedures and Guidelines, and the relevant procedures shall have been carried out:</p> <p>1. The conduct is undertaken to meet business needs and is in accordance</p>	<p>Article 6 (<u>Prohibition against providing or accepting improper benefits</u>)</p> <p>Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, any benefits as specified in Article 4, the conduct of the given personnel of this Corporation shall comply with the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and these Procedures and Guidelines, and the relevant procedures shall have been carried out:</p> <p>1. The conduct is undertaken to meet business needs and is in accordance</p>	<p>Add the name of this Article in accordance with “Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct”.</p>

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<p>with local courtesy, convention, or custom during domestic (or foreign) visits, reception of guests, promotion of business, and communication and coordination.</p> <p>2. The conduct has its basis in ordinary social activities that are attended, or others are invited to hold in line with accepted social custom, commercial purposes, or developing relationships.</p> <p>3. Invitations to guests or attendance at commercial activities or factory visits in relation to business needs, when the method of fee payment, number of participants, class of accommodations, and the time period for the event or visit have been specified in advance.</p> <p>4. Attendance at folk festivals that are open to and invite the attendance of the general public.</p> <p>5. Rewards, emergency assistance, condolence payments, or honorariums from the management.</p> <p>6. Other conduct that complies with the rules of this Corporation.</p>	<p>with local courtesy, convention, or custom during domestic (or foreign) visits, reception of guests, promotion of business, and communication and coordination.</p> <p>2. The conduct has its basis in ordinary social activities that are attended, or others are invited to hold in line with accepted social custom, commercial purposes, or developing relationships.</p> <p>3. Invitations to guests or attendance at commercial activities or factory visits in relation to business needs, when the method of fee payment, number of participants, class of accommodations, and the time period for the event or visit have been specified in advance.</p> <p>4. Attendance at folk festivals that are open to and invite the attendance of the general public.</p> <p>5. Rewards, emergency assistance, condolence payments, or honorariums from the management.</p> <p>6. Other conduct that complies with the rules of this Corporation.</p>	
<p>Article 7</p> <p>Except under any of the circumstances set forth in the preceding article, when any personnel of this Corporation are provided with or are promised, either directly or indirectly, any benefits as specified in Article 4 by a third party, the matter shall be handled in accordance with the following procedures:</p> <p>1. If there is no relationship of interest between the party providing or offering the benefit and the official duties of this Corporation's</p>	<p>Article 7 (<u>Procedures for handling the acceptance of improper benefits</u>)</p> <p>Except under any of the circumstances set forth in the preceding article, when any personnel of this Corporation are provided with or are promised, either directly or indirectly, any benefits as specified in Article 4 by a third party, the matter shall be handled in accordance with the following procedures:</p> <p>1. If there is no relationship of interest between the party providing or offering the benefit and the official duties of this Corporation's</p>	<p>Add the name of this Article in accordance with "Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct".</p>

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<p>personnel, the personnel shall report to their immediate supervisor within 3 days from the acceptance of the benefit, and the responsible unit shall be notified if necessary.</p> <p>2. If a relationship of interest does exist between the party providing or offering the benefit and the official duties of this Corporation's personnel, the personnel shall return or refuse the benefit, and shall report to his or her immediate supervisor and notify the responsible unit. When the benefit cannot be returned, then within 3 days from the acceptance of the benefit, the personnel shall refer the matter to the responsible unit for handling.</p> <p>“A relationship of interest between the party providing or offering the benefit and the official duties of this Corporation’s personnel,” as referred to in the preceding paragraph, refers to one of the following circumstances:</p> <ol style="list-style-type: none"> 1. When the two parties have commercial dealings, a relationship of direction and supervision, or subsidies (or rewards) for expenses. 2. When a contracting, trading, or other contractual relationship is being sought, is in progress, or has been established. 3. Other circumstances in which a decision regarding this Corporation’s business, or the execution or non-execution of business, will result in a beneficial or adverse impact. <p>The responsible unit of this Corporation shall make a proposal, based on the nature and value of the benefit under paragraph 1, that it be returned, accepted</p>	<p>personnel, the personnel shall report to their immediate supervisor within 3 days from the acceptance of the benefit, and the responsible unit shall be notified if necessary.</p> <p>2. If a relationship of interest does exist between the party providing or offering the benefit and the official duties of this Corporation's personnel, the personnel shall return or refuse the benefit, and shall report to his or her immediate supervisor and notify the responsible unit. When the benefit cannot be returned, then within 3 days from the acceptance of the benefit, the personnel shall refer the matter to the responsible unit for handling.</p> <p>“A relationship of interest between the party providing or offering the benefit and the official duties of this Corporation’s personnel,” as referred to in the preceding paragraph, refers to one of the following circumstances:</p> <ol style="list-style-type: none"> 1. When the two parties have commercial dealings, a relationship of direction and supervision, or subsidies (or rewards) for expenses. 2. When a contracting, trading, or other contractual relationship is being sought, is in progress, or has been established. 3. Other circumstances in which a decision regarding this Corporation’s business, or the execution or non-execution of business, will result in a beneficial or adverse impact. <p>The responsible unit of this Corporation shall make a proposal, based on the nature and value of the benefit under paragraph 1, that it be returned, accepted</p>	

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<p>on payment, given to the public, donated to charity, or handled in another appropriate manner. The proposal shall be implemented after being reported and approved by the chairman.</p>	<p>on payment, given to the public, donated to charity, or handled in another appropriate manner. The proposal shall be implemented after being reported and approved by the chairman.</p>	
<p>Article 8</p> <p>This Corporation shall neither provide nor promise any facilitating payment. If any personnel of this Corporation provides or promises a facilitating payment under threat or intimidation, they shall submit a report to their immediate supervisor stating the facts and shall notify the responsible unit. Upon receipt of the report under the preceding paragraph, the responsible unit shall take immediate action and undertake a review of relevant matters in order to minimize the risk of recurrence. In a case involving alleged illegality, the responsible unit shall also immediately report to the relevant judicial agency.</p>	<p>Article 8 (<u>Prohibition of and handling procedure for facilitating payments</u>)</p> <p>This Corporation shall neither provide nor promise any facilitating payment. If any personnel of this Corporation provides or promises a facilitating payment under threat or intimidation, they shall submit a report to their immediate supervisor stating the facts and shall notify the responsible unit. Upon receipt of the report under the preceding paragraph, the responsible unit shall take immediate action and undertake a review of relevant matters in order to minimize the risk of recurrence. In a case involving alleged illegality, the responsible unit shall also immediately report to the relevant judicial agency.</p>	<p>Add the name of this Article in accordance with “Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct”.</p>
<p>Article 9</p> <p>Political contributions by this Corporation shall be made in accordance with the following provisions, reported to the supervisor in charge for approval, and a notification given to the responsible unit, and when the amount of a contribution is NT\$50,000,000 or more, it shall be made only after being reported to and approved by the board of directors:</p> <p>It shall be ascertained that the political contribution is in compliance with the laws and regulations governing political contributions in the country in which the recipient is located, including the maximum amount and the form in which</p>	<p>Article 9 (<u>Procedures for handling political contributions</u>)</p> <p>Political contributions by this Corporation shall be made in accordance with the following provisions, reported to the supervisor in charge for approval, and a notification given to the responsible unit, and when the amount of a contribution is NT\$50,000,000 or more, it shall be made only after being reported to and approved by the board of directors:</p> <p>It shall be ascertained that the political contribution is in compliance with the laws and regulations governing political contributions in the country in which the recipient is located, including the maximum amount and the form in which</p>	<p>Add the name of this Article in accordance with “Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct”.</p>

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<p>a contribution may be made. A written record of the decision-making process shall be kept. Account entries shall be made for all political contributions in accordance with applicable laws and regulations and relevant procedures for accounting treatment. In making political contributions, commercial dealings, applications for permits, or carrying out other matters involving the interests of this Corporation with the related government agencies shall be avoided.</p>	<p>a contribution may be made. A written record of the decision-making process shall be kept. Account entries shall be made for all political contributions in accordance with applicable laws and regulations and relevant procedures for accounting treatment. In making political contributions, commercial dealings, applications for permits, or carrying out other matters involving the interests of this Corporation with the related government agencies shall be avoided.</p>	
<p>Article 10</p> <p>Charitable donations or sponsorships by this Corporation shall be provided in accordance with the following provisions and reported to the supervisor in charge for approval, and a notification shall be given to the responsible unit. When the amount is NT\$50,000,000 or more, the donation or sponsorship shall be provided only after it has been submitted for adoption by the board of directors:</p> <ol style="list-style-type: none"> 1. It shall be ascertained that the donation or sponsorship is in compliance with the laws and regulations of the country where this Corporation is doing business. 2. A written record of the decision making process shall be kept. 3. A charitable donation shall be given to a valid charitable institution and may not be a disguised form of bribery. 4. The returns received as a result of any sponsorship shall be specific and reasonable, and the subject of the sponsorship may not be a 	<p>Article 10 (<u>Procedures for handling charitable donations or sponsorships</u>)</p> <p>Charitable donations or sponsorships by this Corporation shall be provided in accordance with the following provisions and reported to the supervisor in charge for approval, and a notification shall be given to the responsible unit. When the amount is NT\$50,000,000 or more, the donation or sponsorship shall be provided only after it has been submitted for adoption by the board of directors:</p> <ol style="list-style-type: none"> 1. It shall be ascertained that the donation or sponsorship is in compliance with the laws and regulations of the country where this Corporation is doing business. 2. A written record of the decision making process shall be kept. 3. A charitable donation shall be given to a valid charitable institution and may not be a disguised form of bribery. 4. The returns received as a result of any sponsorship shall be specific and reasonable, and the subject of the sponsorship may not be a 	<p>Add the name of this Article in accordance with “Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct”.</p>

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<p>counterparty of this Corporation's commercial dealings or a party with which any personnel of this Corporation has a relationship of interest.</p> <p>5. After a charitable donation or sponsorship has been given, it shall be ascertained that the destination to which the money flows is consistent with the purpose of the contribution.</p>	<p>counterparty of this Corporation's commercial dealings or a party with which any personnel of this Corporation has a relationship of interest.</p> <p>5. After a charitable donation or sponsorship has been given, it shall be ascertained that the destination to which the money flows is consistent with the purpose of the contribution.</p>	
<p>Article 11 When a Company director , supervisor, officer or other stakeholder attending or present at a board meeting, or the juristic person represented thereby, has a stake <u>in a proposal at the meeting</u>, that director, supervisor, officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of this Corporation would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.</p>	<p>Article 11 (<u>Recusal</u>) When a Company director , supervisor, officer or other stakeholder attending or present at a board meeting, or the juristic person represented thereby, has a stake <u>in a meeting agenda</u>, that director, supervisor, officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of this Corporation would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.</p> <p><u>Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.</u></p>	<p>Revise this Article in accordance with “Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct”. (Decree Cheng Kuei Chien Tzu No. 10900521402 issued on 2020.02.19).</p>

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<p>If in the course of conducting company business, any personnel of this Corporation discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions.</p> <p>No personnel of this Corporation may use company resources on commercial activities other than those of this Corporation, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of this Corporation.</p>	<p>If in the course of conducting company business, any personnel of this Corporation discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions.</p> <p>No personnel of this Corporation may use company resources on commercial activities other than those of this Corporation, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of this Corporation.</p>	
<p>Article 12</p> <p>This Corporation shall formulate and implement procedures for managing, preserving, and maintaining the confidentiality of this Corporation's trade secrets, trademarks, patents, works and other intellectual properties and it shall also conduct periodical reviews on the results of implementation to ensure the sustained effectiveness of the confidentiality procedures.</p> <p>All personnel of this Corporation shall faithfully follow the operational directions pertaining to intellectual properties as mentioned in the preceding paragraph and may not disclose to any</p>	<p>Article 12 (<u>Special unit in charge of confidentiality regime and its responsibilities</u>)</p> <p>This Corporation shall <u>set up a special unit charged with formulating and implementing</u> procedures for managing, preserving, and maintaining the confidentiality of this Corporation's trade secrets, trademarks, patents, works and other intellectual properties and it shall also conduct periodical reviews on the results of implementation to ensure the sustained effectiveness of the confidentiality procedures.</p> <p>All personnel of this Corporation shall faithfully follow the operational directions pertaining to intellectual properties as mentioned in the preceding paragraph and may not disclose to any</p>	<p>Revise this Article in accordance with "Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct". (Decree Cheng Kuei Chien Tzu No. 10900521402 issued on 2020.02.19).</p>

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<p>other party any trade secrets, trademarks, patents, works, and other intellectual properties of this Corporation of which they have learned, nor may they inquire about or collect any trade secrets, trademarks, patents, and other intellectual properties of this Corporation unrelated to their individual duties.</p>	<p>other party any trade secrets, trademarks, patents, works, and other intellectual properties of this Corporation of which they have learned, nor may they inquire about or collect any trade secrets, trademarks, patents, and other intellectual properties of this Corporation unrelated to their individual duties.</p>	
<p>Article 13</p> <p>This Corporation shall follow the Fair Trade Act and applicable competition laws and regulations when engaging in business activities, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.</p>	<p>Article 13 <u>(Prohibition against conducting actions engaging unfair competition)</u></p> <p>This Corporation shall follow the Fair Trade Act and applicable competition laws and regulations when engaging in business activities, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.</p>	<p>Revise this Article in accordance with “Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct”. (Decree Cheng Kuei Chien Tzu No. 10900521402 issued on 2020.02.19).</p>
<p>Article 14</p> <p>This Corporation shall collect and understand the applicable laws and regulations and international standards governing its products and services.</p>	<p>Article 14 <u>(Prevent products or services damaging stakeholders)</u></p> <p>This Corporation shall collect and understand the applicable laws and regulations and international standards governing its products and services. <u>Which it shall observe and gather and publish all guidelines to cause personnel of this Corporation to ensure the transparency of information about, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of products and services.</u></p>	<p>Revise this Article in accordance with “Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct”. (Decree Cheng Kuei Chien Tzu No.</p>

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<p>When this Corporation’s products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, this Corporation shall verify the facts and present a review and improvement plan.</p> <p>The responsible unit of this Corporation shall report the event as in the preceding paragraph, actions taken, and subsequent reviews and corrective measures taken to the board of directors.</p>	<p><u>This Corporation shall adopt and publish on its website a policy on the protection of the rights and interests of consumers or other stakeholders to prevent its products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders.</u></p> <p>When this Corporation’s products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, this Corporation shall verify the facts and present a review and improvement plan.</p> <p>The responsible unit of this Corporation shall report the event as in the preceding paragraph, actions taken, and subsequent reviews and corrective measures taken to the board of directors.</p>	<p>10900521402 issued on 2020.02.19).</p>
<p>Article 15</p> <p>All Company personnel shall adhere to the provisions of the Securities and Exchange Act, and may not take advantage of undisclosed information of which they have learned to engage in insider trading. Personnel are also prohibited from divulging undisclosed information to any other party, in order to prevent other party from using such information to engage in insider trading. Any organization or person outside of this Corporation that is involved in any merger, demerger, acquisition and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract by this Corporation shall be required to sign a non-disclosure agreement in which they undertake not to disclose to any other party any trade</p>	<p>Article 15 <u>(Prohibition against insider trading and non-disclosure agreement)</u></p> <p>All Company personnel shall adhere to the provisions of the Securities and Exchange Act, and may not take advantage of undisclosed information of which they have learned to engage in insider trading. Personnel are also prohibited from divulging undisclosed information to any other party, in order to prevent other party from using such information to engage in insider trading. Any organization or person outside of this Corporation that is involved in any merger, demerger, acquisition and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract by this Corporation shall be required to sign a non-disclosure agreement in which they undertake not to disclose to any other party any trade</p>	<p>Revise this Article in accordance with “Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct”. (Decree Cheng Kuei Chien Tzu No. 10900521402 issued on 2020.02.19).</p>

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secret or other material information of this Corporation acquired as a result, and that they may not use such information without the prior consent of this Corporation.	secret or other material information of this Corporation acquired as a result, and that they may not use such information without the prior consent of this Corporation.	
<p>Article 16</p> <p>This Corporation shall disclose its policy of ethical management in its internal rules, annual reports, on the company’s websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as product launches and investor press conferences, in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.</p>	<p>Article 16(<u>Compliance and announcement of policy of ethical management</u>) <u>The Company shall request their directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.</u></p> <p>This Corporation shall disclose its policy of ethical management in its internal rules, annual reports, on the company’s websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as product launches and investor press conferences, in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.</p>	<p>Revise this Article in accordance with “Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct”. (Decree Cheng Kuei Chien Tzu No. 10900521402 issued on 2020.02.19).</p>
<p>Article 17</p> <p>Before developing a commercial relationship with another party, such as an agent, supplier, customer, or other counterparty in commercial dealings, this Corporation shall evaluate the legality and ethical management policy of the party and ascertain whether the party has a record of involvement in unethical conduct, in order to ensure that the party conducts business in a fair and transparent manner and will not request, offer, or take bribes.</p>	<p>Article 17(<u>Ethical management evaluation prior to development of commercial relationships</u>) Before developing a commercial relationship with another party, such as an agent, supplier, customer, or other counterparty in commercial dealings, this Corporation shall evaluate the legality and ethical management policy of the party and ascertain whether the party has a record of involvement in unethical conduct, in order to ensure that the party conducts business in a fair and transparent manner and will not request, offer, or take bribes.</p>	<p>Add the name of this Article in accordance with “Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct”.</p>

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<p>Article 18</p> <p>Any personnel of this Corporation, when engaging in commercial activities, shall make a statement to the trading counterparty about this Corporation's ethical management policy and related rules, and shall clearly refuse to provide, promise, request, or accept, directly or indirectly, any improper benefit in whatever form or name.</p>	<p>Article 18 (<u>Statement of ethical management policy to counterparties in commercial dealings</u>)</p> <p>Any personnel of this Corporation, when engaging in commercial activities, shall make a statement to the trading counterparty about this Corporation's ethical management policy and related rules, and shall clearly refuse to provide, promise, request, or accept, directly or indirectly, any improper benefit in whatever form or name.</p>	<p>Add the name of this Article in accordance with “Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct”.</p>
<p>Article 19</p> <p>All personnel of this Corporation shall avoid business transactions with an agent, supplier, customer, or other counterparty in commercial interactions that is involved in unethical conduct. When the counterparty or partner in cooperation is found to have engaged in unethical conduct, the personnel shall immediately cease dealing with the counterparty and blacklist it for any further business interaction in order to effectively implement this Corporation’s ethical management policy.</p>	<p>Article 19 (<u>Avoidance of commercial dealings with unethical operators</u>)</p> <p>All personnel of this Corporation shall avoid business transactions with an agent, supplier, customer, or other counterparty in commercial interactions that is involved in unethical conduct. When the counterparty or partner in cooperation is found to have engaged in unethical conduct, the personnel shall immediately cease dealing with the counterparty and blacklist it for any further business interaction in order to effectively implement this Corporation’s ethical management policy.</p>	<p>Add the name of this Article in accordance with “Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct”.</p>
<p>Article 20</p> <p>Before entering into a contract with another party, this Corporation shall gain a thorough knowledge of the status of the other party's ethical management, and shall make observance of the ethical management policy of this Corporation part of the terms and conditions of the contract, stipulating at the least the following matters:</p> <ol style="list-style-type: none"> 1. When a party to the contract becomes aware that any personnel has violated 	<p>Article 20 (<u>Stipulation of terms of ethical management in contracts</u>)</p> <p>Before entering into a contract with another party, this Corporation shall gain a thorough knowledge of the status of the other party's ethical management, and shall make observance of the ethical management policy of this Corporation part of the terms and conditions of the contract, stipulating at the least the following matters:</p> <ol style="list-style-type: none"> 1. When a party to the contract becomes aware that any personnel has violated the terms and conditions pertaining to 	<p>Add the name of this Article in accordance with “Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct”.</p>

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<p>the terms and conditions pertaining to prohibition of acceptance of commissions, rebates, or other improper benefits, the party shall immediately notify the other party of the violator’s identity, the manner in which the provision, promise, request, or acceptance was made, and the monetary amount or other improper benefit that was provided, promised, requested, or accepted. The party shall also provide the other party with pertinent evidence and cooperate fully with the investigation. If there has been resultant damage to either party, the party may claim from the other party.</p> <p>2. Where a party is discovered to be engaged in unethical conduct in its commercial activities, the other party may terminate or rescind the contract unconditionally at any time.</p> <p>3. Specific and reasonable payment terms, including the place and method of payment and the requirement for compliance with related tax laws and regulations.</p>	<p>prohibition of acceptance of commissions, rebates, or other improper benefits, the party shall immediately notify the other party of the violator’s identity, the manner in which the provision, promise, request, or acceptance was made, and the monetary amount or other improper benefit that was provided, promised, requested, or accepted. The party shall also provide the other party with pertinent evidence and cooperate fully with the investigation. If there has been resultant damage to either party, the party may claim from the other party.</p> <p>2. Where a party is discovered to be engaged in unethical conduct in its commercial activities, the other party may terminate or rescind the contract unconditionally at any time.</p> <p>3. Specific and reasonable payment terms, including the place and method of payment and the requirement for compliance with related tax laws and regulations.</p>	
<p>Article 21</p> <p>As an incentive to insiders and outsiders for informing of unethical or unseemly conduct, this Corporation will grant a reward depending the seriousness of the circumstance concerned. Insiders having made a false report or malicious accusation shall be subject to disciplinary action and be removed from office if the circumstance concerned is material. This Corporation shall internally establish and publicly announce on its website and</p>	<p>Article 21 (<u>Handling of unethical conduct by personnel of this Corporation</u>)</p> <p>As an incentive to insiders and outsiders for informing of unethical or unseemly conduct, this Corporation will grant a reward depending the seriousness of the circumstance concerned. Insiders having made a false report or malicious accusation shall be subject to disciplinary action and be removed from office if the circumstance concerned is material. This Corporation shall internally establish and publicly announce on its website and</p>	<p>Revise this Article in accordance with “Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct”. (Decree Cheng Kuei</p>

Before Amendment	After Amendment	Explanation
<p>the intranet, or provide through an independent external institution, an independent mailbox or hotline, for Company insiders and outsiders to submit reports. A whistleblower shall at least furnish the following information:</p> <ol style="list-style-type: none"> 1. the whistleblower's name and I.D. number, and an address, telephone number and e-mail address where it can be reached. 2. the informed party's name or other information sufficient to distinguish its identifying features. 3. specific facts available for investigation. <p>Company personnel handling whistle-blowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. This Corporation also undertakes to protect the whistleblowers from improper treatment due to their whistle-blowing.</p> <p>The responsible unit of this Corporation shall observe the following procedure:</p> <ol style="list-style-type: none"> 1. An information shall be reported to the department head if involving the rank and file and to an independent director or supervisor if involving a director or a senior executive. 2. The responsible unit of this Corporation and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts and, 	<p>the intranet, or provide through an independent external institution, an independent mailbox or hotline, for Company insiders and outsiders to submit reports. A whistleblower shall at least furnish the following information:</p> <ol style="list-style-type: none"> 1. the whistleblower's name and I.D. number (<u>may also whistle-blowing anonymously</u>), and an address, telephone number and e-mail address where it can be reached. 2. the informed party's name or other information sufficient to distinguish its identifying features. 3. specific facts available for investigation. <p>Company personnel handling whistle-blowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. This Corporation also undertakes to protect the whistleblowers from improper treatment due to their whistle-blowing. The responsible unit of this Corporation shall <u>handle the whistle-blowing in accordance with</u> the following procedure:</p> <ol style="list-style-type: none"> 1. An information shall be reported to the department head if involving the rank and file and to an independent director or supervisor if involving a director or a senior executive. 2. The responsible unit of this Corporation and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts and, 	<p>Chien Tzu No. 10900521402 issued on 2020.02.19).</p>

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

Before Amendment	After Amendment	Explanation
corrective measures.	corrective measures.	
<p>Article 22</p> <p>If any personnel of this Corporation discovers that another party has engaged in unethical conduct towards this Corporation, and such unethical conduct involves alleged illegality, this Corporation shall report the relevant facts to the judicial and prosecutorial authorities; where a public service agency or public official is involved, this Corporation shall additionally notify the governmental anti-corruption agency.</p>	<p>Article 22 (<u>Actions upon event of unethical conduct by others towards this Corporation</u>)</p> <p>If any personnel of this Corporation discovers that another party has engaged in unethical conduct towards this Corporation, and such unethical conduct involves alleged illegality, this Corporation shall report the relevant facts to the judicial and prosecutorial authorities; where a public service agency or public official is involved, this Corporation shall additionally notify the governmental anti-corruption agency.</p>	<p>Add the name of this Article in accordance with “Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct”.</p>
<p>Article 23</p> <p>The responsible unit of this Corporation shall organize irregular awareness sessions each year to communicate the importance of ethics.</p> <p>This Corporation shall link ethical management to employee performance evaluations and human resources policy, and establish clear and effective systems for rewards, penalties, and complaints. If any personnel of this Corporation seriously violates ethical conduct, this Corporation shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of this Corporation.</p> <p>This Corporation shall disclose on its intranet information the name and title of the violator, the date and details of the violation, and the actions taken in response.</p>	<p>Article 23 (<u>Establishment of a system for rewards, penalties, and complaints, and related disciplinary measures</u>)</p> <p>The responsible unit of this Corporation shall organize irregular awareness sessions each year to communicate the importance of ethics.</p> <p>This Corporation shall link ethical management to employee performance evaluations and human resources policy, and establish clear and effective systems for rewards, penalties, and complaints. If any personnel of this Corporation seriously violates ethical conduct, this Corporation shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of this Corporation.</p> <p>This Corporation shall disclose on its intranet information the name and title of the violator, the date and details of the violation, and the actions taken in response.</p>	<p>Revise this Article in accordance with “Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct”. (Decree Cheng Kuei Chien Tzu No. 10900521402 issued on 2020.02.19).</p>
Article 24	Article 24 (<u>Enforcement</u>)	Revise this

Before Amendment	After Amendment	Explanation
<p>These Procedures and Guidelines, and any amendments hereto, shall be implemented after adoption by resolution of the board of directors, and shall be delivered to each supervisor and reported to the shareholders meeting.</p> <p>When these Procedures and Guidelines are submitted to the board of directors for discussion, each independent director's opinions shall be taken into full consideration, and their objections and reservations expressed shall be recorded in the minutes of the board of directors meeting. An independent director that is unable to attend a board meeting in person to express objection or reservation shall provide a written opinion before the board meeting unless there is a legitimate reason to do otherwise, and the opinion shall be recorded in the minutes of the board of directors meeting.</p>	<p>These Procedures and Guidelines, and any amendments hereto, shall be implemented after adoption by resolution of the board of directors, and shall be delivered to each supervisor and reported to the shareholders meeting.</p> <p>When these Procedures and Guidelines are submitted to the board of directors for discussion, each independent director's opinions shall be taken into full consideration, and their objections and reservations expressed shall be recorded in the minutes of the board of directors meeting. An independent director that is unable to attend a board meeting in person to express objection or reservation shall provide a written opinion before the board meeting unless there is a legitimate reason to do otherwise, and the opinion shall be recorded in the minutes of the board of directors meeting.</p> <p><u>Where the Company established an audit committee, the provisions regarding supervisors in these Principles shall apply mutatis mutandis to the audit committee.</u></p>	<p>Article in accordance with “Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct”. (Decree Cheng Kuei Chien Tzu No. 10900521402 issued on 2020.02.19).</p>

Attachment 6

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of CHIEFTEK PRECISION CO., LTD.

Opinion

We have audited the accompanying parent company only balance sheets of CHIEFTEK PRECISION CO., LTD. (the “Company”) as of December 31, 2019 and 2018, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

Basis for opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (R.O.C. GAAS). Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Parent Company Only Financial Statements” section of our report. We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company’s financial statements of the current period are stated as follows:

Adequacy of allowance for valuation loss on individually recognized obsolete or damaged inventories

Description

Refer to Note 4(9) for the accounting policy on inventory, Note 5 for the information of accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(3) for the details of inventory. As of December 31, 2019, the balances of inventories and allowance for inventory valuation losses were NT\$521,673 thousand and NT\$12,240 thousand, respectively.

The Company engages primarily in the manufacture and sales of linear guides and linear blocks. As the end-users require high-quality performances, risk of inventory devaluation or obsolescence could have incurred. The Company measures its inventories at the lower of cost and net realizable value. The net realizable value of the Company's inventories aged over a certain period is calculated based on the historical extent of inventory clearance and degree of price markdown. The allowance for valuation loss mainly arises from individually identified obsolete inventories, and the procedures of such identification involves subjective judgment, which might result in high degree of estimation uncertainty. Considering that the Company's inventory and the allowance for inventory valuation losses are material to the financial statements, we, independent accountants, viewed the allowance for inventory valuation loss as one of the key audit matters.

How our audit addressed the matter

We performed following audit procedures in response to the abovementioned key audit matter:

- A. We obtained understanding of the Company's operations and its industry characteristic to assess the reasonableness of the Company's policies on and procedures for allowance for inventory valuation loss.
- B. We verified whether the dates used in the inventory aging reports that the Company applied to value inventories were accurate and complete. We recalculated and evaluated the reasonableness of allowance for inventory valuation losses in order to confirm whether the reported information was in line with the Company's policies.
- C. We selected samples from inventory items by each sequence number to verify its net realizable value and to evaluate the reasonableness of allowance for inventory valuation loss.

Authenticity of sales revenue

Description

Refer to Note 4(24) for the accounting policy on revenue recognition and Note 6(16) for the details of operating revenue.

The Company sells a variety of linear guides, ball screws and linear modules, and the target market reaches globally, including Taiwan, Asia, Europe, America and so forth. Since the customers are numerous and scattered, and the number of transactions is voluminous, it will take a longer time to verify their authenticity. Thus, we viewed the authenticity of sales revenue as one of the key audit matters for the year.

How our audit addressed the matter

We performed following audit procedures in response to the abovementioned key audit matter:

- A. We confirmed the process of revenue recognition, including reviewing customer basic information and credit limit table, revenue recognition basis, authorizing procedures and collection processes. Also, we selected samples from different customers to evaluate the management's effectiveness of internal controls over sales revenue recognition.
- B. We performed a series verification sample test for the sales revenue transactions of the year, including vouching customers' orders, shipping orders, export declaration documents, customer receipt records and sales invoices or subsequent receipts, to confirm whether the sales revenue transactions really occurred.
- C. We tested the manual accounting entries recognized for sales revenue, including verifying the transactions nature of the relevant manual entries and checking the relevant supporting documents. For the same purpose, we also checked the relevant supporting documents and the rationality of the debit notes issued after the balance sheet date.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including supervisors, are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with R.O.C. GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with R.O.C. GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- A. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's

report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- E. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- F. Obtain sufficient appropriate audit evidence regarding the parent company only financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Lin, Yung-Chih

Independent Accountants

Lin, Tzu-Shu

PricewaterhouseCoopers, Taiwan

Republic of China

March 11, 2020

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

CHIEFTEK PRECISION CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2019		December 31, 2018		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 419,025	13	\$ 513,703	17
1150	Notes receivable, net	6(2)	18,984	1	25,223	1
1170	Accounts receivable, net	6(2) and 12	154,733	5	193,483	6
1180	Accounts receivable - related parties	7	267,370	8	331,376	11
1200	Other receivables	7	1,630	-	4,209	-
130X	Inventories	5 and 6(3)	509,433	16	548,104	18
1410	Prepayments		23,604	1	13,601	-
11XX	Total current assets		<u>1,394,779</u>	<u>44</u>	<u>1,629,699</u>	<u>53</u>
Non-current assets						
1550	Investments accounted for under equity method	6(4)	295,776	10	404,277	13
1600	Property, plant and equipment	6(5) and 8	1,105,943	35	848,825	28
1755	Right-of-use assets	3(1) and 6(6)	130,248	4	-	-
1780	Intangible assets	6(7)(8) and 7	120,143	4	101,446	3
1840	Deferred income tax assets	6(22)	26,060	1	27,076	1
1915	Prepayments for equipment	6(5)	57,161	2	52,737	2
1920	Guarantee deposits paid		2,135	-	1,567	-
1990	Other non-current assets		1,925	-	3,436	-
15XX	Total non-current assets		<u>1,739,391</u>	<u>56</u>	<u>1,439,364</u>	<u>47</u>
1XXX	Total assets		<u>\$ 3,134,170</u>	<u>100</u>	<u>\$ 3,069,063</u>	<u>100</u>

(Continued)

CHIEFTEK PRECISION CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2019		December 31, 2018		
		AMOUNT	%	AMOUNT	%	
Liabilities						
Current liabilities						
2100	Short-term borrowings	6(9)(26)	\$ 220,000	7	\$ 120,000	4
2130	Current contract liabilities	6(16)	2,349	-	94	-
2150	Notes payable		79,155	3	154,647	5
2170	Accounts payable		17,045	1	67,610	2
2200	Other payables	6(10) and 7	119,496	4	166,059	5
2230	Current income tax liabilities	6(22)	15,109	-	81,873	3
2280	Current lease liabilities	3(1), 6(6)(26)	4,912	-	-	-
2320	Long-term liabilities, current portion	6(11)(26), 8 and 9	99,028	3	55,134	2
21XX	Total current liabilities		<u>557,094</u>	<u>18</u>	<u>645,417</u>	<u>21</u>
Non-current liabilities						
2540	Long-term borrowings	6(11)(26), 8 and 9	402,202	13	421,116	14
2570	Deferred income tax liabilities	6(22)	4,211	-	25,827	1
2580	Non-current lease liabilities	3(1), 6(6)(26)	126,431	4	-	-
2640	Net defined benefit liabilities	6(12)	6,664	-	7,444	-
2670	Other non-current liabilities	6(4)	12,783	-	33,404	1
25XX	Total non-current liabilities		<u>552,291</u>	<u>17</u>	<u>487,791</u>	<u>16</u>
2XXX	Total liabilities		<u>1,109,385</u>	<u>35</u>	<u>1,133,208</u>	<u>37</u>
Equity						
Share capital						
3110	Share capital - common stock	6(13)(15)	811,876	26	738,069	24
Capital reserves						
3200	Capital surplus	6(13)(14)	440,667	14	440,667	14
Retained earnings						
3310	Legal reserve	6(13)(15)	144,552	5	97,280	3
3320	Special reserve		17,047	1	12,367	-
3350	Unappropriated retained earnings		640,037	20	664,519	22
3400	Other equity interest	6(4)	(29,394)	(1)	(17,047)	-
3XXX	Total equity		<u>2,024,785</u>	<u>65</u>	<u>1,935,855</u>	<u>63</u>
Significant Contingent Liabilities and Unrecognized Contract Commitments						
3X2X	Total liabilities and equity		<u>\$ 3,134,170</u>	<u>100</u>	<u>\$ 3,069,063</u>	<u>100</u>

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

CHIEFTEK PRECISION CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPEHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except for earning per share amount)

Items	Notes	Year ended December 31			
		2019		2018	
		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(16) and 7	\$ 1,040,726	100	\$ 1,836,489	100
5000 Operating costs	6(3)(12)(20)(21)(24)	(652,831)	(62)	(1,060,083)	(58)
5900 Gross profit		387,895	38	776,406	42
5910 Unrealized gain from inter-affiliate accounts	6(4)	(82,238)	(8)	(94,712)	(5)
5920 Realized gain from inter-affiliate accounts	6(4)	94,712	9	52,500	3
5950 Net operating margin		400,369	39	734,194	40
Operating expenses	6(7)(12)(20)(21) and 7				
6100 Selling expenses		(44,232)	(4)	(45,427)	(3)
6200 General and administrative expenses		(81,062)	(8)	(116,820)	(6)
6300 Research and development expenses		(59,576)	(6)	(78,768)	(4)
6450 Expected credit impairment (loss) gain	12	(547)	-	908	-
6000 Total operating expenses		(185,417)	(18)	(240,107)	(13)
6900 Operating profit		214,952	21	494,087	27
Non-operating income and expenses					
7010 Other income	6(17) and 7	7,479	1	4,223	-
7020 Other gains and losses	6(7)(8)(18) and 12	(18,081)	(2)	19,948	1
7050 Finance costs	6(5)(6)(19)	(9,131)	(1)	(8,602)	-
7070 Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(4)	15,140	1	77,804	4
7000 Total non-operating income and expenses		(4,593)	(1)	93,373	5
7900 Profit before income tax		210,359	20	587,460	32
7950 Income tax expense	6(22)	(35,715)	(3)	(114,743)	(6)
8200 Profit for the year		\$ 174,644	17	\$ 472,717	26
Other comprehensive income (loss)(Net)					
Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311 Actuarial gain (loss) on defined benefit plans	6(12)	\$ 550	-	(\$ 2,005)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(22)	(110)	-	583	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361 Financial statements tranlation differences of foreign operations	6(4)	(12,347)	(1)	(4,680)	(1)
8300 Other comprehensive loss for the year		(\$ 11,907)	(1)	(\$ 6,102)	(1)
8500 Total comprehensive income for the year		\$ 162,737	16	\$ 466,615	25
Earnings per share (in dollars)	6(23)				
9750 Basic		\$ 2.15		\$ 5.82	
9850 Diluted		\$ 2.14		\$ 5.77	

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

CHIEFTEK PRECISION CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Notes	Retained Earnings				Unappropriated retained earnings	Financial statements translation differences of foreign operations	Treasury stocks	Total
		Share capital - common stock	Capital reserve	Legal reserve	Special reserve				
<u>2018</u>									
Balance at January 1, 2018		\$ 620,455	\$ 463,0	\$ 73,463	\$ 5,928	\$ 497,930	(\$ 12,367)	(\$ 118,5)	\$ 1,529,916
Profit for the year		-	-	-	-	472,717	-	-	472,717
Other comprehensive loss for the year	6(4)	-	-	-	-	(1,422)	(4,680)	-	(6,102)
Total comprehensive income (loss) for the year		-	-	-	-	471,295	(4,680)	-	466,615
Appropriations of 2017 earnings:									
Legal reserve		-	-	23,817	-	(23,817)	-	-	-
Special reserve	6(15)	-	-	-	6,439	(6,439)	-	-	-
Cash dividends	6(15)	-	-	-	-	(59,045)	-	-	(59,045)
Stock dividends	6(13)(15)	147,614	-	-	-	(147,614)	-	-	-
Retirement of treasury stock	6(13)(14)	(30,000)	(22,384)	-	-	(66,160)	-	118,544	-
Difference between the acquisition price and carrying amount of subsidiaries	6(15)	-	-	-	-	(1,631)	-	-	(1,631)
Balance at December 31, 2018		<u>\$ 738,069</u>	<u>\$ 440,6</u>	<u>\$ 97,280</u>	<u>\$ 12,367</u>	<u>\$ 664,519</u>	<u>(\$ 17,047)</u>	<u>\$</u>	<u>\$ 1,935,855</u>
<u>2019</u>									
Balance at January 1, 2019		\$ 738,069	\$ 440,6	\$ 97,280	\$ 12,367	\$ 664,519	(\$ 17,047)	\$	\$ 1,935,855
Profit for the year		-	-	-	-	174,644	-	-	174,644
Other comprehensive income (loss) for the year	6(4)	-	-	-	-	440	(12,347)	-	(11,907)
Total comprehensive income (loss) for the year		-	-	-	-	175,084	(12,347)	-	162,737
Appropriations of 2018 earnings:									
Legal reserve		-	-	47,272	-	(47,272)	-	-	-
Special reserve	6(15)	-	-	-	4,680	(4,680)	-	-	-
Cash dividends	6(15)	-	-	-	-	(73,807)	-	-	(73,807)
Stock dividends	6(13)(15)	73,807	-	-	-	(73,807)	-	-	-
Balance at December 31, 2019		<u>\$ 811,876</u>	<u>\$ 440,6</u>	<u>\$ 144,552</u>	<u>\$ 17,047</u>	<u>\$ 640,037</u>	<u>(\$ 29,394)</u>	<u>\$</u>	<u>\$ 2,024,785</u>

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

CHIEFTEK PRECISION CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31,	
		2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 210,359	\$ 587,460
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment loss (gain)	12	547	(908)
Reversal of inventory market price decline	6(3)	(1,561)	(8,690)
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(4)		
		(15,140)	(77,804)
Unrealized gain from inter-affiliate accounts	6(4)	82,238	94,712
Realized gain from inter-affiliate accounts	6(4)	(94,712)	(52,500)
Depreciation	6(5)(6)(20)	76,397	75,652
Amortization	6(7)(20)	2,334	2,319
Impairment loss	6(7)(8)(18)	-	10,117
Interest income	6(17)	(2,575)	(3,372)
Interest expense	6(19)	9,131	8,602
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		6,239	(1,290)
Accounts receivable		38,203	17,364
Accounts receivable - related parties		64,006	(115,632)
Other receivables		2,579	4,421
Inventories		40,232	(246,235)
Prepayments		(10,003)	(5,378)
Changes in operating liabilities			
Current contract liabilities		2,255	94
Notes payable		(97,182)	40,200
Accounts payable		(50,565)	(23,035)
Other payables		(62,392)	43,425
Advance receipts		-	(727)
Net defined benefit liabilities		(230)	(235)
Cash inflow generated from operations		200,160	348,560
Dividend received	6(4)	121,770	-
Interest received		1,720	3,276
Interest paid		(9,120)	(8,596)
Income tax paid		(123,189)	(47,323)
Net cash flows from operating activities		<u>191,341</u>	<u>295,917</u>

(Continued)

CHIEFTEK PRECISION CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31,	
		2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received from borrowings and lending among related parties		\$ 855	\$ 96
Cash paid for acquisition of investments accounted for under equity method - subsidiaries	6(4)	(18,623)	(46,381)
Cash paid for acquisition of property, plant and equipment	6(25)	(176,768)	(58,123)
Interest paid for acquisition of property, plant and equipment	6(5)(19)(25)	(3,326)	(845)
Acquisition of intangible assets	6(7)	(21,031)	(1,170)
Increase in prepayment for equipment		(114,417)	(84,228)
Increase in guarantee deposits paid		(568)	(6)
Decrease in other financial assets - non-current		-	1,445
Decrease (increase) in other non-current assets		1,511	(56)
Decrease in other non-operating receivables due from related parties		-	40,431
Net cash flows used in investing activities		(332,367)	(148,837)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in short-term borrowings	6(26)	100,000	(5,000)
Payments of lease liability	6(26)	(4,825)	-
Increase in long-term borrowings	6(26)	200,000	510,000
Decrease in long-term borrowings	6(26)	(175,020)	(424,383)
Payments of cash dividends	6(15)	(73,807)	(59,045)
Net cash flows from financing activities		46,348	21,572
Net (decrease) increase in cash and cash equivalents		(94,678)	168,652
Cash and cash equivalents at beginning of year	6(1)	513,703	345,051
Cash and cash equivalents at end of year	6(1)	\$ 419,025	\$ 513,703

The accompanying notes are an integral part of these parent company only financial statements.
REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

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

Opinion

We have audited the accompanying consolidated balance sheets of CHIEFTEK PRECISION CO., LTD. and its subsidiaries (collectively referred herein as the “Group”) as of December 31, 2019 and 2018, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, International Financial Reporting Interpretations Committee Interpretations, and Standing Interpretations Committee Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (R.O.C GAAS). Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements of the current period are stated as follows:

Adequacy of allowance for valuation loss on individually recognized obsolete or damaged inventories

Description

Refer to Note 4(11) for the accounting policy on inventory, Note 5 for the information of accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(4) for the details of inventory. As of December 31, 2019, the balances of inventories and allowance for inventory valuation losses were NT\$687,120 thousand and NT\$49,843 thousand, respectively.

The Group engages primarily in the manufacture and sales of linear guides and linear blocks. As the end-users require high-quality performances, risk of inventory devaluation or obsolescence could have incurred. The Group measures its inventories at the lower of cost and net realizable value. The net realizable value of the Group's inventories aged over a certain period is calculated based on the historical extent of inventory clearance and degree of price markdown. The allowance for valuation loss mainly arises from individually identified obsolete inventories, and the procedures of such identification involves subjective judgment, which might result in high degree of estimation uncertainty. Considering that the Group's inventory and the allowance for inventory valuation losses are material to the financial statements, we, independent accountants, viewed the allowance for inventory valuation loss as one of the key audit matters.

How our audit addressed the matter

We performed following audit procedures in response to the abovementioned key audit matter:

- A. We obtained understanding of the Group's operations and its industry characteristic to assess the reasonableness of the Group's policies on and procedures for allowance for inventory valuation loss.
- B. We verified whether the dates used in the inventory aging reports that the Group applied to value inventories were accurate and complete. We recalculated and evaluated the reasonableness of allowance for inventory valuation losses in order to confirm whether the reported information was in line with the Group's policies.
- C. We selected samples from inventory items by each sequence number to verify its net realizable value and to evaluate the reasonableness of allowance for inventory valuation loss.

Authenticity of sales revenue

Description

Refer to Note 4(25) for the accounting policy on revenue recognition and refer to Note 6(16) for the details of operating revenue.

The Group sells a variety of linear guides, ball screws and linear modules, and the target market reaches globally, including Taiwan, Asia, Europe, America and so forth. Since the customers are numerous and scattered, and the number of transactions is voluminous, it will take a longer time to verify their authenticity. Thus, we viewed the authenticity of sales revenue as one of the key audit matters for the year.

How our audit addressed the matter

We performed following audit procedures in response to the abovementioned key audit matter:

- A. We confirmed the process of revenue recognition, including reviewing customer basic information and credit limit table, revenue recognition basis, authorizing procedures and collection processes. Also, we selected samples from different customers to evaluate the management's effectiveness of internal controls over sales revenue recognition.
- B. We performed a series verification sample test for the sales revenue transactions of the year, including vouching customers' orders, shipping orders, export declaration documents, customer receipt records and sales invoices or subsequent receipts, to confirm whether the sales revenue transactions really occurred.
- C. We tested the manual accounting entries recognized for sales revenue, including verifying the transactions nature of the relevant manual entries and checking the relevant supporting documents. For the same purpose, we also checked the relevant supporting documents and the rationality of the debit notes issued after the balance sheet date.

Other matter - Parent company only financial statements

We have audited and expressed an unqualified opinion on the parent company only financial statements of CHIEFTEK PRECISION CO., LTD. as of and for the years ended December 31, 2019 and 2018.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, International Financial Reporting Interpretations Committee Interpretations, and Standing Interpretations Committee Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including supervisors, are responsible for overseeing the Group’s financial reporting process.

Auditor’s responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with R.O.C GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with R.O.C GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- A. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- E. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- F. Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we

determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Lin, Yung-Chih

Independent Accountants

Lin, Tzu-Shu

PricewaterhouseCoopers, Taiwan

Republic of China

March 11, 2020

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018

(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2019		December 31, 2018		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 678,134	21	\$ 797,400	25
1136	Financial assets at amortized cost - current	6(2)	7,629	-	-	-
1150	Notes receivable, net	6(3)	27,559	1	50,722	2
1170	Accounts receivable, net	6(3) and 12	298,789	9	432,443	13
1200	Other receivables		3,252	-	12,371	-
1220	Current income tax assets	6(22)	2,992	-	-	-
130X	Inventories	5 and 6(4)	637,277	19	683,544	21
1410	Prepayments		28,538	1	21,825	1
11XX	Total current assets		<u>1,684,170</u>	<u>51</u>	<u>1,998,305</u>	<u>62</u>
Non-current assets						
1600	Property, plant and equipment	6(5)(7) and 8	1,290,959	39	1,035,570	32
1755	Right-of-use assets	3(1) and 6(6)	130,248	4	-	-
1780	Intangible assets	6(7)(8)	120,990	3	124,977	4
1840	Deferred income tax assets	6(22)	26,060	1	27,076	1
1915	Prepayments for equipment	6(5)	57,161	2	52,737	1
1920	Guarantee deposits paid		7,700	-	5,076	-
1990	Other non-current assets		2,879	-	3,643	-
15XX	Total non-current assets		<u>1,635,997</u>	<u>49</u>	<u>1,249,079</u>	<u>38</u>
1XXX	Total assets		<u>\$ 3,320,167</u>	<u>100</u>	<u>\$ 3,247,384</u>	<u>100</u>

(Continued)

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2019		December 31, 2018		
		AMOUNT	%	AMOUNT	%	
Liabilities						
Current liabilities						
2100	Short-term borrowings	6(9)(27)	\$ 313,315	9	\$ 210,407	6
2130	Current contract liabilities	6(16)	3,964	-	1,828	-
2150	Notes payable		79,155	2	154,647	5
2170	Accounts payable		18,711	1	68,940	2
2200	Other payables	6(10)	135,507	4	196,074	6
2230	Current income tax liabilities	6(22)	18,700	1	83,397	3
2280	Current lease liabilities	3(1), 6(6)(27)	4,912	-	-	-
2310	Advance receipts		1,699	-	1,781	-
2320	Long-term liabilities, current portion	6(11)(27), 8 and 9	101,136	3	57,208	2
21XX	Total current liabilities		<u>677,099</u>	<u>20</u>	<u>774,282</u>	<u>24</u>
Non-current liabilities						
2540	Long-term borrowings	6(11)(27), 8 and 9	480,977	15	503,976	15
2570	Deferred income tax liabilities	6(22)	4,211	-	25,827	1
2580	Non-current lease liabilities	3(1), 6(6)(27)	126,431	4	-	-
2640	Net defined benefit liabilities	6(12)	6,664	-	7,444	-
25XX	Total non-current liabilities		<u>618,283</u>	<u>19</u>	<u>537,247</u>	<u>16</u>
2XXX	Total liabilities		<u>1,295,382</u>	<u>39</u>	<u>1,311,529</u>	<u>40</u>
Equity						
Share capital						
3110	Share capital - common stock	6(13)(15)	811,876	25	738,069	23
Capital reserves						
3200	Capital surplus	6(13)(14)	440,667	13	440,667	14
Retained earnings						
3310	Legal reserve	6(13)(15)(24)	144,552	4	97,280	3
3320	Special reserve		17,047	1	12,367	-
3350	Unappropriated retained earnings		640,037	19	664,519	20
3400	Other equity interest		(29,394)	(1)	(17,047)	-
3XXX	Total equity		<u>2,024,785</u>	<u>61</u>	<u>1,935,855</u>	<u>60</u>
Significant Contingent Liabilities and Unrecognized Contract Commitments						
3X2X	Total liabilities and equity		<u>\$ 3,320,167</u>	<u>100</u>	<u>\$ 3,247,384</u>	<u>100</u>

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

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(Expressed in thousands of New Taiwan dollars, except for earning per share amount)

		Year ended December 31			
		2019		2018	
Items	Notes	AMOUNT	%	AMOUNT	%
4000	Sales revenue	\$ 1,300,351	100	\$ 2,078,901	100
5000	Operating costs				
		(718,689)	(55)	(1,090,575)	(53)
5900	Net operating margin	581,662	45	988,326	47
	Operating expenses				
6100	Selling expenses	(112,591)	(9)	(122,653)	(6)
6200	General and administrative expenses	(143,748)	(11)	(168,236)	(8)
6300	Research and development expenses	(72,112)	(5)	(87,175)	(4)
6450	Expected credit impairment loss	(11,672)	(1)	(5,368)	-
6000	Total operating expenses	(340,123)	(26)	(383,432)	(18)
6900	Operating profit	241,539	19	604,894	29
	Non-operating income and expenses				
7010	Other income	12,413	1	9,292	-
7020	Other gains and losses	(17,743)	(2)	11,327	1
7050	Finance costs	(13,982)	(1)	(15,676)	(1)
7000	Total non-operating income and expenses	(19,312)	(2)	4,943	-
7900	Profit before income tax	222,227	17	609,837	29
7950	Income tax expense	(47,583)	(3)	(138,585)	(7)
8200	Profit for the year	\$ 174,644	14	\$ 471,252	22
	Other comprehensive income (loss)(Net)				
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8311	Actuarial gain (loss) on defined benefit plans	\$ 550	-	(\$ 2,005)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(110)	-	583	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Financial statements translation differences of foreign operations	(12,347)	(1)	(4,666)	-
8300	Total other comprehensive loss for the year	(\$ 11,907)	(1)	(\$ 6,088)	-
8500	Total comprehensive income for the year	\$ 162,737	13	\$ 465,164	22
	Profit (loss) attributable to:				
8610	Owners of the parent	\$ 174,644	14	\$ 472,717	22
8620	Non-controlling interest	-	-	(1,465)	-
	Net Income	\$ 174,644	14	\$ 471,252	22
	Comprehensive income (loss) attributable to:				
8710	Owners of the parent	\$ 162,737	13	\$ 466,615	22
8720	Non-controlling interest	-	-	(1,451)	-
	Net Income	\$ 162,737	13	\$ 465,164	22
	Earnings per share (in dollars)				
9750	Basic	\$	2.15	\$	5.82
9850	Diluted	\$	2.14	\$	5.77

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

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent											
Retained Earnings											
Notes	Share capital - common stock	Capital reserve	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Treasury stocks	Total	Non-controllin g interest	Total equity	
<u>2018</u>											
		\$ 620,455	\$ 463,051	\$ 73,463	\$ 5,928	\$ 497,930	(\$ 12,367)	(\$ 118,544)	\$ 1,529,916	(\$ 180)	\$ 1,529,736
		-	-	-	-	472,717	-	-	472,717	(1,465)	471,252
		-	-	-	-	(1,422)	(4,680)	-	(6,102)	14	(6,088)
		-	-	-	-	471,295	(4,680)	-	466,615	(1,451)	465,164
		Appropriations of 2017 earnings:									
		-	-	23,817	-	(23,817)	-	-	-	-	-
	6(15)	-	-	-	6,439	(6,439)	-	-	-	-	-
	6(15)	-	-	-	-	(59,045)	-	-	(59,045)	-	(59,045)
	6(13)(15)	147,614	-	-	-	(147,614)	-	-	-	-	-
	6(13)(14)	(30,000)	(22,384)	-	-	(66,160)	-	118,544	-	-	-
	6(24)	-	-	-	-	(1,631)	-	-	(1,631)	1,631	-
		\$ 738,069	\$ 440,667	\$ 97,280	\$ 12,367	\$ 664,519	(\$ 17,047)	\$ -	\$ 1,935,855	\$ -	\$ 1,935,855
<u>2019</u>											
		\$ 738,069	\$ 440,667	\$ 97,280	\$ 12,367	\$ 664,519	(\$ 17,047)	\$ -	\$ 1,935,855	\$ -	\$ 1,935,855
		-	-	-	-	174,644	-	-	174,644	-	174,644
		-	-	-	-	440	(12,347)	-	(11,907)	-	(11,907)
		-	-	-	-	175,084	(12,347)	-	162,737	-	162,737
		Appropriations of 2018 earnings:									
		-	-	47,272	-	(47,272)	-	-	-	-	-
	6(15)	-	-	-	4,680	(4,680)	-	-	-	-	-
	6(15)	-	-	-	-	(73,807)	-	-	(73,807)	-	(73,807)
	6(13)(15)	73,807	-	-	-	(73,807)	-	-	-	-	-
		\$ 811,876	\$ 440,667	\$ 144,552	\$ 17,047	\$ 640,037	(\$ 29,394)	\$ -	\$ 2,024,785	\$ -	\$ 2,024,785

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

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31,	
		2019	2018
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 222,227	\$ 609,837
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment loss	12	11,672	5,368
Reversal of inventory market price decline	6(4)	(3,482)	(3,712)
Depreciation	6(5)(6)(7)(20)	89,222	84,158
Loss on disposal of property, plant and equipment	6(18)	25	41
Amortization	6(7)(20)	2,992	2,753
Impairment loss	6(7)(8)(18)	-	10,117
Interest income	6(17)	(4,180)	(5,333)
Interest expense	6(19)	13,982	15,676
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		23,163	(24,182)
Accounts receivable		122,959	(37,433)
Other receivables		9,119	(7,849)
Inventories		51,268	(305,750)
Prepayments		(6,713)	773
Changes in operating liabilities			
Current contract liabilities		2,136	1,828
Notes payable		(97,182)	40,200
Accounts payable		(50,229)	(22,749)
Other payables		(75,773)	44,813
Advance receipts		(82)	(1,641)
Net defined benefit liabilities		(230)	(235)
Cash inflow generated from operations		310,894	406,680
Interest received		4,180	5,333
Interest paid		(14,556)	(14,970)
Income tax paid		(135,982)	(75,275)
Net cash flows from operating activities		<u>164,536</u>	<u>321,768</u>

(Continued)

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31,	
		2019	2018
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in financial assets at amortized cost - current		(\$ 7,629)	\$ -
Cash paid for acquisition of property, plant and equipment	6(26)	(192,792)	(63,607)
Interest paid for acquisition of property, plant and equipment	6(5)(19)(26)	(3,326)	(845)
Proceeds from disposal of property, plant and equipment		-	522
Acquisition of intangible assets	6(7)	(119)	(16,282)
Increase in prepayment for equipment		(114,417)	(84,228)
(Increase) decrease in guarantee deposits paid		(2,624)	85
Decrease in other non-current financial assets		-	1,445
Decrease (increase) in other non-current assets		764	(1,597)
Net cash flows used in investing activities		(320,143)	(164,507)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase (decrease) in short-term borrowings	6(27)	106,222	(5,516)
Payments of lease liability	6(27)	(4,825)	-
Increase in long-term borrowings	6(27)	200,000	460,000
Decrease in long-term borrowings	6(27)	(177,102)	(402,426)
Payments of cash dividends	6(15)	(73,807)	(59,045)
Net cash flows from (used in) financing activities		50,488	(6,987)
Effect of foreign exchange rate changes on cash and cash equivalents		(14,147)	(4,698)
Net (decrease) increase in cash and cash equivalents		(119,266)	145,576
Cash and cash equivalents at beginning of year	6(1)	797,400	651,824
Cash and cash equivalents at end of year	6(1)	\$ 678,134	\$ 797,400

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

Chieftek Precision Co., Ltd.
2019 Profit Distribution Proposal

Unit: NT\$ in dollar

Item	Amount	
	Subtotal	Total
Undistributed surplus balance at the beginning of the period		\$ 464,953,802
Increase: Confirmation of actuarial losses of benefit plan		<u>440,386</u>
Reserved surplus at the beginning of the period after adjustment		465,394,188
Distributable surplus available of this year		
Profit for the year	174,644,076	
Less: 10% Legal Reserve	(17,464,408)	
Less: reverse special reverse	(<u>12,347,203</u>)	
Profit in 2018 Available for Distribution		<u>144,832,465</u>
Cumulative distributable surplus		610,226,653
Distribution Item:		
- Cash Dividends to Common Share Holders (NT\$1 per share)	(80,742,549)	
- dividend on shares(NT\$1.0 per share)	0	
Subtotal of distributed amount		(<u>80,742,549</u>)
Undistributed surplus balance		<u>\$ 529,484,104</u>

Notes:

1. The surplus distribution for this time will give priority to distribution of 2019 surplus.
2. The cash dividend shall be calculated according to the shareholding ratio of shareholders recorded in the shareholders ledger on the dividend distribution base date, until distributed to NT\$1 (neglecting all those less than NT\$1). After the above dividend distribution is passed by the general meeting of shareholders, the board of directors shall be authorized to further arrange the dividend distribution base date and designate special persons for handling all the cash dividend of less than NT\$1.
3. 81,187,549 current capital shares minus 445,000 treasury shares = 80,742,549 outstanding preferred shares

Chieftek Precision Co., Ltd.

The Comparison Table of the Amendment to “Rules of Procedure for Shareholders Meetings”

Before Amendment	After Amendment	Explanation
<p>Article 3: Convening a Board meeting and meeting notice Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors. This Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. This Corporation shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, this Corporation shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Corporation and the professional shareholder services agent</p>	<p>Article 3: Convening a Board meeting and meeting notice Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors. This Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. This Corporation shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, this Corporation shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Corporation and the professional shareholder services agent designated</p>	<p>Revise in accordance with “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”.</p>

<p>designated thereby as well as being distributed on-site at the meeting place.</p> <p>The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.</p> <p>Election or dismissal of directors or supervisors, amendments to the articles of incorporation, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, <u>Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers</u> shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.</p> <p>A shareholder holding 1 percent or more of the total number of issued shares may submit to this Corporation a written proposal for discussion at a regular shareholders</p>	<p>thereby as well as being distributed on-site at the meeting place.</p> <p>The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.</p> <p>Election or dismissal of directors or supervisors, amendments to the articles of incorporation, <u>reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares,</u> the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act shall be set out <u>and the essential contents thereof shall be explained</u> in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion. <u>The essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice.</u></p> <p>If re-election of the directors and independent directors and the date of appointment thereof are both stated clearly on the reasons for convening a shareholders' meeting, then the date of appointment shall not be changed by extempore motion or other means during the same meeting after the re-election of the Board is completed.</p> <p>A shareholder holding 1 percent or more of the total number of issued shares may submit to this Corporation a written proposal for discussion at a regular shareholders meeting. Such</p>	
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<p>meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.</p> <p>Prior to the book closure date before a regular shareholders meeting is held, this Corporation shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days. Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.</p> <p>Prior to the date for issuance of notice of a shareholders meeting, this Corporation shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.</p>	<p>proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda.</p> <p><u>However, a shareholder proposal proposed for urging a company to promote public interests or fulfill its social responsibilities may still be included in the list of proposals to be discussed at a regular meeting of shareholders by the board of directors.</u> In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.</p> <p>Prior to the book closure date before a regular shareholders meeting is held, this Corporation shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days. Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.</p> <p>Prior to the date for issuance of notice of a shareholders meeting, this Corporation shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.</p>	
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<p>Article 10: Discussion on Agenda If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.</p> <p>The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.</p> <p>The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.</p> <p>The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.</p>	<p>Article 10: Discussion on Agenda If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. <u>Relevant proposals (including extempore motion and the amendment to original agenda) shall be passed on a one agenda by one agenda basis.</u> The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.</p> <p>The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.</p> <p>The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote <u>where appropriate voting time shall be arranged.</u></p>	<p>Revise in accordance with “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”.</p>
<p>Article 13: Vote on Agenda and Scrutinizing Ballots and How Ballots are Counted A shareholder shall be entitled to one vote for each share held, except</p>	<p>Article 13: Vote on Agenda and Scrutinizing Ballots and How Ballots are Counted A shareholder shall be entitled to one vote for each share held, except when</p>	<p>Revise in accordance with “Corporate Governance</p>

<p>when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.</p> <p>When this Corporation holds a shareholders meeting, it may <u>allow the shareholders to exercise voting rights by correspondence or electronic means (in accordance with the proviso of Article 177-1 of the Company Act regarding companies that shall adopt electronic voting: When this Corporation holds a shareholder meeting, it shall</u> adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence). When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that this Corporation avoid the submission of extraordinary motions and amendments to original proposals.</p> <p>Hereunder is omitted.</p>	<p>the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.</p> <p>When this Corporation holds a shareholders meeting, it may adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that this Corporation avoid the submission of extraordinary motions and amendments to original proposals.</p> <p>Hereunder is omitted.</p>	<p>Best Practice Principles for TWSE/TPEX Listed Companies”.</p>
<p>Article 15: Meeting minutes and signature</p> <p>Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced</p>	<p>Article 15: Meeting minutes and signature</p> <p>Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in</p>	<p>Revise in accordance with “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”.</p>

<p>and distributed in electronic form.</p> <p>This Corporation may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.</p> <p>The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of this Corporation.</p>	<p>electronic form.</p> <p>This Corporation may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.</p> <p>The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results <u>of voting (including the statistical tallies of the numbers of votes), tallies of the numbers of votes for each candidate of director if an election is held</u> and shall be retained for the duration of the existence of The Company.</p>	
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Chieftek Precision Co., Ltd.
**The Comparison Table of the Amendment to “Procedures for Election
of Directors and Supervisors”**

Before Amendment	After Amendment	Explanation
Name of the Document: Procedures for Election of Directors and Supervisors	Name of the Document: Election of Directors	
Article 1: Except as otherwise provided by law and regulation or by this Corporation's articles of incorporation, elections of directors <u>and supervisors</u> shall be conducted in accordance with these Procedures.	Article 1: Except as otherwise provided by law and regulation or by this Corporation's articles of incorporation, elections of directors shall be conducted in accordance with these Procedures.	Revise in accordance with laws and regulations and to go with the establishment of audit committee.
Article 3: Supervisors of this Corporation shall meet the following qualifications: 1. Integrity and a practical attitude. 2. Impartial judgment. 3. Professional knowledge. 4. Broad experience. 5. Ability to read financial statements. In addition to the requirements of the preceding paragraph, at least one among the supervisors of this Corporation must be an accounting or finance professional. Appointments of supervisors shall be made with reference to the provisions on independence contained in the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, in order to select appropriate supervisors to help strengthen the	Article 3: Deleted.	Revise in accordance with laws and regulations and to go with the establishment of audit committee.

<p>corporation's risk management and control of finance and operations.</p> <p>At least one supervisor position must be held by a person having neither a spousal relationship nor a relationship within the second degree of kinship with any other supervisor or with any director.</p> <p>A supervisor may not serve concurrently as the director, managerial officer, or any other employee of this Corporation, and at least one of the supervisors must be domiciled in the Republic of China to be able to promptly fulfill the functions of supervisor.</p>		
<p>Article 4: The election of independent directors of this Corporation shall comply with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and relevant laws and regulations.</p>	<p><u>Article 3:</u> The election of independent directors of this Corporation shall comply with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and relevant laws and regulations.</p>	<p>Revise in accordance with laws and regulations and to go with the establishment of audit committee.</p>
<p>Article 5: Elections of both directors <u>and supervisors</u> at this Corporation shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. This Corporation shall review the qualifications, education, working experience, background, and the existence of any other matters set forth in Article 30 of the Company Act with respect to nominee independent directors and may not arbitrarily add requirements for documentation of other</p>	<p><u>Article 4:</u> Elections of both directors at this Corporation shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. This Corporation shall review the qualifications, education, working experience, background, and the existence of any other matters set forth in Article 30 of the Company Act with respect to nominee independent directors and may not arbitrarily add requirements for documentation of other</p>	

<p>qualifications. It shall further provide the results of the review to shareholders for their reference, so that qualified independent directors will be elected.</p> <p>Election of independent directors shall be conducted in accordance with the candidate nomination system stipulated in Article 192-1 of the Company Act.</p> <p>When the number of directors falls below five due to the dismissal of a director for any reason, this Corporation shall hold a by-election to fill the vacancy at its next shareholders meeting. When the number of directors falls short by one third of the total number prescribed in this Corporation's articles of incorporation, this Corporation shall call a special shareholders meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.</p> <p>When the number of independent directors falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, or the related provisions of the Taiwan Stock Exchange Corporation rules governing the review of listings, or subparagraph 8 of the Standards for Determining Unsuitability for GTSM Listing under Article 10, Paragraph 1 of the GreTai Securities Market Rules Governing the Review of Securities for Trading on the GTSM, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.</p>	<p>qualifications. It shall further provide the results of the review to shareholders for their reference, so that qualified independent directors will be elected.</p> <p>Election of independent directors shall be conducted in accordance with the candidate nomination system stipulated in Article 192-1 of the Company Act.</p> <p>When the number of directors falls below five due to the dismissal of a director for any reason, this Corporation shall hold a by-election to fill the vacancy at its next shareholders meeting. When the number of directors falls short by one third of the total number prescribed in this Corporation's articles of incorporation, this Corporation shall call a special shareholders meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.</p> <p>When the number of independent directors falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, or the related provisions of the Taiwan Stock Exchange Corporation rules governing the review of listings, or subparagraph 8 of the Standards for Determining Unsuitability for GTSM Listing under Article 10, Paragraph 1 of the GreTai Securities Market Rules Governing the Review of Securities for Trading on the GTSM, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a</p>	
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<p><u>When the number of supervisors falls below that prescribed in this Corporation's articles of incorporation due to the dismissal of a supervisor for any reason, a by-election to fill the vacancy should ideally be held at the next shareholders meeting. When the supervisors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.</u></p>	<p>by-election to fill the vacancies.</p>	
<p>Article 6: The cumulative voting method shall be used for election of the directors <u>and supervisors</u> at this Corporation. Each share will have voting rights in number equal to the directors <u>or supervisors</u> to be elected, and may be cast for a single candidate or split among multiple candidates.</p>	<p><u>Article 5:</u> The cumulative voting method shall be used for election of the directors at this Corporation. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.</p>	<p>Revise in accordance with laws and regulations and to go with the establishment of audit committee.</p>
<p>Article 7: The board of directors shall prepare separate ballots for directors <u>and supervisors</u> in numbers corresponding to the directors or supervisors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.</p>	<p><u>Article 6:</u> The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors or supervisors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.</p>	<p>Revise in accordance with laws and regulations and to go with the establishment of audit committee.</p>
<p>Article 8: The number of directors <u>and supervisors</u> will be as specified in this Corporation's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest</p>	<p><u>Article 7:</u> The number of directors will be as specified in this Corporation's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights</p>	<p>Revise in accordance with laws and regulations and to go with the establishment of audit committee.</p>

<p>numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.</p> <p><u>The person elected concurrently as director and supervisor according to the preceding paragraph shall decide to serve as director or supervisor on its own while the candidate receiving second most votes to such Director shall be elected to fill the vacancy.</u></p>	<p>will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.</p>	
<p>Article 9: Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.</p>	<p><u>Article 8:</u> Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.</p>	<p>Revise in accordance with laws and regulations and to go with the establishment of audit committee.</p>
<p>Article 10: If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account</p>	<p><u>Article 9:</u> If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account</p>	<p>Revise in accordance with laws and regulations and to go with the establishment of audit committee.</p>

<p>name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.</p>	<p>name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.</p>	
<p>Article 11: A ballot is invalid under any of the following circumstances:</p> <ol style="list-style-type: none"> 1. The ballot was not prepared by the board of directors. 2. A blank ballot with anything written is placed in the ballot box. 3. The writing is unclear and indecipherable. 4. Any item written on the ballot has been altered. 5. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match. 6. Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted. 7. Two or more candidates were written on the same ballot. 8. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account 	<p><u>Article 10:</u> A ballot is invalid under any of the following circumstances: The ballot was not prepared by the board of directors.</p> <ol style="list-style-type: none"> 2. A blank ballot with anything written is placed in the ballot box. 3. The writing is unclear and indecipherable. 4. Any item written on the ballot has been altered. 5. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match. 6. Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted. 7. Two or more candidates were written on the same ballot. 8. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account 	

<p>number or identity card number is provided in the ballot to identify such individual.</p>	<p>number or identity card number is provided in the ballot to identify such individual.</p>	
<p>Article 12: Except in the case approved by the competent agency, more than half of the directors, <u>at least one among supervisors or supervisors and directors</u> shall be persons who have neither of the following relationship with any other director:</p> <ol style="list-style-type: none"> 1. a spousal relationship 2. a relationship within the second degree of kinship. 	<p><u>Article 11:</u> Except in the case approved by the competent agency, more than half of the directors shall be persons who have neither of the following relationship with any other director:</p> <ol style="list-style-type: none"> 1. a spousal relationship 2. a relationship within the second degree of kinship. 	<p>Revise in accordance with laws and regulations and to go with the establishment of audit committee.</p>
<p>Article 13: If the original selectees of directors and supervisors do not meet the conditions of the preceding article, determination of which directors or supervisors are elected shall be made according to the following provisions:</p> <ol style="list-style-type: none"> 1. When there are some among the directors who do not meet the conditions, the election of the director receiving the lowest number of votes among those not meeting the conditions shall be deemed invalid. 2. When there are some among the supervisors who do not meet the conditions, the provisions of the preceding subparagraph shall apply mutatis mutandis. 3. When there are some among the directors and supervisors who do not meet the conditions, the election of the supervisor receiving the lowest number of votes among those not meeting the conditions shall be deemed invalid. 	<p><u>Article 12:</u> If the original selectees of directors and supervisors do not meet the conditions of the preceding article, determination of which directors or supervisors are elected shall be made according to the following provisions:</p> <ol style="list-style-type: none"> 1. When there are some among the directors who do not meet the conditions, the election of the director receiving the lowest number of votes among those not meeting the conditions shall be deemed invalid. 2. When there are some among the supervisors who do not meet the conditions, the provisions of the preceding subparagraph shall apply mutatis mutandis. 3. When there are some among the directors and supervisors who do not meet the conditions, the election of the supervisor receiving the lowest number of votes among those not meeting the conditions shall be deemed invalid. 	<p>Revise in accordance with laws and regulations and to go with the establishment of audit committee.</p>
<p>Article 14: The voting rights shall be calculated on site immediately after the end of the poll, and the results</p>	<p><u>Article 13:</u> The voting rights shall be calculated on site immediately after the end of the poll, and the results</p>	<p>Revise in accordance with laws and regulations and to go with the establishment</p>

<p>of the calculation, including the list of persons elected as directors <u>or supervisors</u> and the numbers of votes with which they were elected, shall be announced by the chair on the site.</p> <p>The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.</p>	<p>of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the chair on the site. The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.</p>	<p>of audit committee.</p>
<p>Article 15: These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.</p>	<p><u>Article 14:</u> These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.</p>	<p>Revise in accordance with laws and regulations and to go with the establishment of audit committee.</p>

Chieftek Precision Co., Ltd.

The Comparison Table of the Amendment to “Corporate Governance Best Practice Principles”

Before Amendment	After Amendment	Explanations
<p>Article 3 (Establishment of Internal Control System) The Company shall follow the Criteria Governing Establishment of Internal Control Systems by Public Reporting Companies and take into consideration the overall operational activities of itself and its subsidiaries to design and fully implement an internal control system, and shall conduct continuing reviews of the system, in order to ensure the continued effectiveness of its design and implementation in light of changes in the company's internal and external environment. The Company shall perform full self-assessments of its internal control system. Its board of directors and management shall review the results of the self-assessments by each department at least annually and the reports of the internal audit department on a quarterly basis. The audit committee or supervisors shall also attend to and supervise these matters. <u>Internal auditors shall regularly report the deficiencies and reviews of internal control system to independent directors and supervisors or audit committee.</u> A record of the discussions shall be kept, and the discussions shall be followed up, improvements implemented, and a report submitted to the board of directors. And the convener of the audit committee or supervisors</p>	<p>Article 3 (Establishment of Internal Control System) The Company shall follow the Criteria Governing Establishment of Internal Control Systems by Public Reporting Companies and take into consideration the overall operational activities of itself and its subsidiaries to design and fully implement an internal control system, and shall conduct continuing reviews of the system, in order to ensure the continued effectiveness of its design and implementation in light of changes in the company's internal and external environment. The Company shall perform full self-assessments of its internal control system. Its board of directors and management shall review the results of the self-assessments by each department at least annually and the reports of the internal audit department on a quarterly basis. The audit committee or supervisors shall also attend to and supervise these matters. <u>Directors and supervisors shall periodically hold discussions with their internal auditors about reviews of internal control system deficiencies. A record of the discussions shall be kept, and the discussions shall be followed up, improvements implemented, and a report submitted to the board of directors. The Company is advised to establish channels and mechanisms of communication between their</u></p>	<p>Revise in accordance with “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” (Decree Cheng Kuei Chien Tzu No.10900521401 issued on 2020.2.19)</p>

<p>shall report <u>their communication with the independent directors and chief internal auditors at the shareholders' meeting.</u></p> <p>The management of the Company shall pay special attention to the internal audit department and its personnel, fully empower them and urge them to conduct audits effectively, to evaluate problems of the internal control system and assess the efficiency of its operations to ensure that the system can operate effectively on an on-going basis, and to assist the board of directors and the management to perform their duties effectively so as to ensure a sound corporate governance system.</p>	<p><u>independent directors, audit committees or supervisors, and chief internal auditors, and the convener of the audit committee or supervisors shall report the communication between the members of the audit committee or the supervisors and chief internal auditors at the shareholders' meeting.</u></p> <p>The management of the Company shall pay special attention to the internal audit department and its personnel, fully empower them and urge them to conduct audits effectively, to evaluate problems of the internal control system and assess the efficiency of its operations to ensure that the system can operate effectively on an on-going basis, and to assist the board of directors and the management to perform their duties effectively so as to ensure a sound corporate governance system.</p>	
<p>Article 3-1 (Personnel responsible for corporate governance affairs) The Company is advised to have an adequate number of corporate governance personnel with appropriate qualifications based on the size of the company, business situations and management needs, <u>and to appoint a chief corporate governance officer</u> as the most senior officer to be in charge of corporate governance affairs. Said officer shall be a qualified, practice-eligible lawyer or accountant or have been in a managerial position for at least three years in a securities, financial, or futures related institution or a public company in handling legal affairs, financial</p>	<p>Article 3-1 (Personnel responsible for corporate governance affairs) The Company is advised to have an adequate number of corporate governance personnel with appropriate qualifications based on the size of the company, business situations and management needs, <u>and shall appoint a chief corporate governance officer in accordance with the provisions of the competent agency, stock exchange or Taipei Exchange</u> as the most senior officer to be in charge of corporate governance affairs. Said officer shall be a qualified, practice-eligible lawyer or accountant or have been in a managerial position for at least three years in a securities,</p>	<p>Revise in accordance with “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” (Decree Cheng Kuei Chien Tzu No. 10900521401 issued on 2020.2.19)</p>

<p>affairs, stock affairs, or corporate governance affairs.</p> <p>It is required that the corporate governance affairs mentioned in the preceding paragraph include at least the following items:</p> <ol style="list-style-type: none"> 1. Handling matters relating to board meetings and shareholders meetings according to laws 2. Producing minutes of board meetings and shareholders meetings 3. Assisting in onboarding and continuous development of directors and supervisors 4. Furnishing information required for business execution by directors and supervisors 5. Assisting directors and supervisors with legal compliance 6. Other matters set out in the articles or corporation or contracts 	<p>financial, or futures related institution or a public company in handling legal affairs, law compliance, internal audit, financial affairs, stock affairs, or corporate governance affairs.</p> <p>It is required that the corporate governance affairs mentioned in the preceding paragraph include at least the following items:</p> <ol style="list-style-type: none"> 1. Handling matters relating to board meetings and shareholders meetings according to laws 2. Producing minutes of board meetings and shareholders meetings 3. Assisting in onboarding and continuous development of directors and supervisors 4. Furnishing information required for business execution by directors and supervisors 5. Assisting directors and supervisors with legal compliance 6. Other matters set out in the articles or corporation or contracts 	
<p>Article 7 (The Company shall encourage its shareholders to actively participate in corporate governance)</p> <p>The Company shall encourage its shareholders to actively participate in corporate governance. It is advisable that the company engages a professional shareholder services agent to handle shareholders meeting matters, so that shareholders meetings can proceed on a legal, effective and secure basis. The Company shall seek all ways and</p>	<p>Article 7 (The Company shall encourage its shareholders to actively participate in corporate governance)</p> <p>The Company shall encourage its shareholders to actively participate in corporate governance. It is advisable that the company engages a professional shareholder services agent to handle shareholders meeting matters, so that shareholders meetings can proceed on a legal, effective and secure basis. The Company shall seek all ways and</p>	<p>Revise in accordance with “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” (Decree Cheng Kuei Chien Tzu No. 10900521401 issued on 2020.2.19)</p>

<p>means, including fully exploiting technologies for information disclosure, to upload annual reports, annual financial statements, notices, agendas and supplementary information of shareholders meetings in both Chinese and English concurrently, and shall adopt electronic voting, in order to enhance shareholders' attendance rates at shareholders meetings and ensure their exercise of rights at such meetings in accordance with laws.</p> <p>The Company is advised to avoid raising extraordinary motions and amendments to original proposals at a shareholders' meeting, <u>and is advised to adopt a candidate nomination system for the election of directors and supervisors.</u></p> <p>The company is advised to arrange for their shareholders to vote on each separate proposal in the shareholders meeting agenda, and following conclusion of the meeting, to enter the voting results the same day, namely the numbers of votes cast for and against and the number of abstentions, on the Market Observation Post System.</p>	<p>means, including fully exploiting technologies for information disclosure, to upload annual reports, annual financial statements, notices, agendas and supplementary information of shareholders meetings in both Chinese and English concurrently, and shall adopt electronic voting, in order to enhance shareholders' attendance rates at shareholders meetings and ensure their exercise of rights at such meetings in accordance with laws.</p> <p>The Company is advised to avoid raising extraordinary motions and amendments to original proposals at a shareholders meeting.</p> <p>The company is advised to arrange for their shareholders to vote on each separate proposal in the shareholders meeting agenda, and following conclusion of the meeting, to enter the voting results the same day, namely the numbers of votes cast for and against and the number of abstentions, on the Market Observation Post System.</p>	
<p>Article 10 (The Company shall place high importance on the shareholder right to know) The Company shall place high</p>	<p>Article 10 (The Company shall place high importance on the shareholder right to know) The Company shall place high</p>	<p>Revise in accordance with “Corporate Governance Best Practice Principles for</p>

<p>importance on the shareholder right to know, and shall faithfully comply with applicable regulations regarding information disclosure in order to provide shareholders with regular and timely information on company financial conditions and operations, insider shareholdings, and corporate governance status through the MOPS or the website established by the company.</p> <p>To protect its shareholders' rights and interests and ensure their equal treatment, the Company shall adopt internal rules prohibiting company insiders from trading securities using information not disclosed to the market.</p>	<p>importance on the shareholder right to know, and shall faithfully comply with applicable regulations regarding information disclosure in order to provide shareholders with regular and timely information on company financial conditions and operations, insider shareholdings, and corporate governance status through the MOPS or the website established by the company.</p> <p><u>To treat all shareholders equally, it is advisable that the company concurrently discloses the information under the preceding paragraph in English.</u></p> <p>To protect its shareholders' rights and interests and ensure their equal treatment, the Company shall adopt internal rules prohibiting company insiders from trading securities using information not disclosed to the market.</p> <p><u>The regulation in the preceding paragraph is advised to include control measures for stock trade starting from the date internal personnel acquire the Company's financial statement or relevant performances.</u></p>	<p>TWSE/TPEX Listed Companies” (Decree Cheng Kuei Chien Tzu No. 10900521401 issued on 2020.2.19)</p>
<p>Article 22 (Specify the adoption of candidate nomination system for elections of directors in articles of incorporation) The Company <u>is advised to specify in its articles of incorporation that it adopts the candidate nomination system for elections of directors in accordance with the provisions in the Company Act</u>, carefully review the qualifications of a nominated candidate and the existence of any other matters set forth in Article 30 of the Company Act, and act in accordance with Article 192-1 of the Company Act.</p>	<p>Article 22 (Specify the adoption of candidate nomination system for elections of directors in articles of incorporation) The Company <u>shall specify in its articles of incorporation that election of directors shall adopt the candidate nomination system in accordance with the provisions of competent agency</u>, carefully review the qualifications of a nominated candidate and the existence of any other matters set forth in Article 30 of the Company Act, and act in accordance with Article 192-1 of the Company Act.</p>	<p>Revise in accordance with “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” (Decree Cheng Kuei Chien Tzu No. 10900521401 issued on 2020.2.19)</p>

<p>Article 23 (Clear distinctions shall be drawn between the authority, responsibilities and duties of the functional committee, those of the chairperson of the board of the Company and those of its general manager)</p> <p>Clear distinctions shall be drawn between the responsibilities and duties of the chairperson of the board of the Company and those of its general manager.</p> <p><u>It is inappropriate for the chairperson to also act as the general manager or other equivalent position (highest managerial position). If the chairperson also acts as the general manager or other equivalent position (highest managerial position) or the chairperson and general manager or other equivalent position (highest managerial position) are spouses or relatives within one degree of consanguinity, it is advisable that the number of independent directors be increased and there be a majority of the members of the board of directors who are not employees or managers.</u></p> <p>The Company with a functional committee shall clearly define the responsibilities and duties of the committee.</p>	<p>Article 23 (Clear distinctions shall be drawn between the authority, responsibilities and duties of the functional committee, those of the chairperson of the board of the Company and those of its general manager)</p> <p>Clear distinctions shall be drawn between the responsibilities and duties of the chairperson of the board of the Company and those of its general manager.</p> <p>It is inappropriate for the chairperson to also act as the general manager or <u>position with equivalent duties.</u></p> <p>The Company with a functional committee shall clearly define the responsibilities and duties of the committee.</p>	<p>Revise in accordance with “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” (Decree Cheng Kuei Chien Tzu No. 10900521401 issued on 2020.2.19)</p>
<p>Article 24 (The Company <u>may</u> appoint independent directors in accordance with its articles of incorporation.)</p>	<p>Article 24 (The Company <u>shall</u> appoint independent directors in accordance with its articles of incorporation.)</p>	<p>Revise in accordance with “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” (Decree Cheng Kuei Chien Tzu No. 10900521401 issued on 2020.2.19)</p>
<p>Article 28-2 (<u>A whistleblowing system</u>)</p> <p><u>The Company is advised to establish and announce channels for internal and external whistleblowers and have whistleblower protection mechanisms in place. The unit that handles whistleblowers’ reporting shall be independent,</u></p>	<p><u>Article 28-2 (The Company is advised to establish nomination committee)</u></p> <p><u>The Company is advised to establish nomination committee and stipulate organizational rule. It is advisable that more than half of the committee members be independent directors and an independent director serve as the</u></p>	<p>Revise in accordance with “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” (Decree Cheng Kuei Chien Tzu No. 10900521401 issued on 2020.2.19)</p>

<p><u>provide encrypted protection for the files furnished by whistleblowers, and appropriately restrict access to such files. It shall also formulate internal procedures and incorporate those procedures into the company's internal control system for management purposes.</u></p>	<p><u>chairperson.</u></p>	
	<p><u>Article 28-3 (A whistleblowing system) The Company is advised to establish and announce channels for internal and external whistleblowers and have whistleblower protection mechanisms in place. The unit that handles whistleblowers' reporting shall be independent, provide encrypted protection for the files furnished by whistleblowers, and appropriately restrict access to such files. It shall also formulate internal procedures and incorporate those procedures into the company's internal control system for management purposes.</u></p>	<p>Revise in accordance with “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” (Decree Cheng Kuei Chien Tzu No. 10900521401 issued on 2020.2.19)</p>
<p>Article 37 (Members of the board of directors shall faithfully conduct corporate affairs and perform the duty of care of a good administrator) Members of the board of directors shall faithfully conduct corporate affairs and perform the duty of care of a good administrator. In conducting the affairs of the company, they shall exercise their powers with a high level of self-discipline and prudence. Unless matters are otherwise reserved by law for approval in shareholders meetings or in the articles of incorporation, they shall ensure that all matters are handled according to the resolutions of board of directors. It is advisable that the Company formulate rules and procedures for board of directors performance assessments, and that each year it conduct regularly scheduled performance assessments of the board of directors, <u>functional</u></p>	<p>Article 37 (Members of the board of directors shall faithfully conduct corporate affairs and perform the duty of care of a good administrator) Members of the board of directors shall faithfully conduct corporate affairs and perform the duty of care of a good administrator. In conducting the affairs of the company, they shall exercise their powers with a high level of self-discipline and prudence. Unless matters are otherwise reserved by law for approval in shareholders meetings or in the articles of incorporation, they shall ensure that all matters are handled according to the resolutions of board of directors. It is advisable that the Company formulate rules and procedures for board of directors performance assessments, and that <u>in addition to conducting each year regularly scheduled performance assessments of the board of</u></p>	<p>Revise in accordance with “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” (Decree Cheng Kuei Chien Tzu No. 10900521401 issued on 2020.2.19)</p>

<p><u>committees, and individual directors through self-assessment, peer-to-peer assessments,</u> engaging outside professional institutions, or in any other appropriate manner. It is advisable that the performance assessment of the board of directors include the following aspects, and that appropriate assessment indicators be developed in consideration of the company's needs:</p> <p>The degree of participation in the company's operations. Improvement in the quality of decision making by the board of directors. The composition and structure of the board of directors. The election of the directors and their continuing professional education. Internal controls. It is advisable that performance assessments of board members (self-assessments or peer-to-peer assessments) include the following aspects, with appropriate adjustments made on the basis of the company's needs: Their grasp of the company's goals and missions. Their recognition of director's duties. Their degree of participation in the company's operations. Their management of internal relationships and communication. Their professionalism and continuing professional education. Internal controls.</p> <p><u>It is advisable that the performance assessment of a functional committee</u> cover the following aspects, subject to changes according to the company's needs:</p> <p>Their degree of participation in the company's operations. Their recognition of the duties of the functional committee. Improvement in the quality of decision making by the functional committee.</p>	<p><u>directors and individual directors through self-assessment, peer-to-peer assessments, it may engage</u> outside professional institutions, or in any other appropriate manner. It is advisable that the performance assessment of the board of directors include the following aspects, and that appropriate assessment indicators be developed in consideration of the company's needs:</p> <p>The degree of participation in the company's operations. Improvement in the quality of decision making by the board of directors. The composition and structure of the board of directors. The election of the directors and their continuing professional education. Internal controls. It is advisable that performance assessments of board members (self-assessments or peer-to-peer assessments) include the following aspects, with appropriate adjustments made on the basis of the company's needs: Their grasp of the company's goals and missions. Their recognition of director's duties. Their degree of participation in the company's operations. Their management of internal relationships and communication. Their professionalism and continuing professional education. Internal controls.</p> <p><u>The Company is advised to conduct performance assessment on functional committees, and it is advised to</u> cover the following aspects <u>in the assessment,</u> subject to changes according to the company's needs:</p> <p>Their degree of participation in the company's operations. Their recognition of the duties of the functional committee. Improvement in the quality of decision making by the functional committee.</p>	
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<p>The composition of the functional committee, and election and appointment of committee members.</p> <p>Internal control.</p> <p>The Company is advised to submit the results of performance assessments to the board of directors and use them as reference in determining compensation for individual directors, their nomination and additional office term.</p>	<p>The composition of the functional committee, and election and appointment of committee members.</p> <p>Internal control.</p> <p>The Company is advised to submit the results of performance assessments to the board of directors and use them as reference in determining compensation for individual directors, their nomination and additional office term.</p>	
	<p><u>Article 37-2 (Establishment of intellectual property management system)</u></p> <p><u>Board of directors is advised to conduct assessment and supervision on the operational direction and performances of the intellectual properties with the following aspects to ensure the company established intellectual property management system with the management cycle of “plan, execute, inspect and act”:</u></p> <ol style="list-style-type: none"> <u>1. Establish intellectual property management policy, objective and system related to business strategies.</u> <u>2. Establish, implement, maintain the acquisition, protection, maintenance and application management system of its intellectual property according to the scale and type.</u> <u>3. Decide and provide resources required for implementing and maintaining intellectual property management system effectively.</u> <u>4. Observe internal and external risks or opportunities related to intellectual property management and adopt countermeasures.</u> <u>5. Plan and implement continuous rectification mechanism to ensure the operation and performance of intellectual</u> 	<p>Revise in accordance with “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” (Decree Cheng Kuei Chien Tzu No. 10900521401 issued on 2020.2.19)</p>

	<u>property management system meet the expectation of the Company.</u>	
<p>Article 42 (Specify the adoption of candidate nomination system for elections of supervisors in articles of incorporation)</p> <p>The Company <u>is advised to specify in its articles of incorporation that it adopts the candidate nomination system for elections of supervisors in accordance with the provisions in the Company Act</u>, carefully review the qualifications of a nominated candidate and the existence of any other matters set forth in Article 30 of the Company Act, and act in accordance with Article 192-1 of the Company Act.</p>	<p>Article 42 (Specify the adoption of candidate nomination system for elections of supervisors in articles of incorporation)</p> <p>The Company <u>shall specify in its articles of incorporation that election of supervisors shall adopt the candidate nomination system in accordance with the provisions of competent agency</u>, carefully review the qualifications of a nominated candidate and the existence of any other matters set forth in Article 30 of the Company Act, and act in accordance with Article 192-1 of the Company Act.</p>	<p>Revise in accordance with “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” (Decree Cheng Kuei Chien Tzu No. 10900521401 issued on 2020.2.19)</p>

Chieftek Precision Co., Ltd.

The Comparison Table of the Amendment to “Regulations Governing the Acquisition and Disposal of Assets”

Before Amendment	After Amendment	Explanation
<p>Article 7: Procedures governing the acquisition or disposal of securities investments</p> <p>VI. The Company shall not waive its subscription right in the rights issue of cpc Europa GmbH and CHIEFTEK PRECISION HOLDING CO.,LTD. (hereinafter referred to as CHIEFTEK HOLDING).; CHIEFTEK HOLDING shall not waive its subscription right in the rights issue of CHIEFTEK PRECISION USA CO., LTD. and CHIEFTEK PRECISION (Hong Kong) Co. Ltd. (hereinafter referred to as CHIEFTEK Hong Kong), and CHIEFTEK Hong Kong shall not waive its subscription right in the rights issue of CHIEFTEK Machinery (Kunshan) Co. Ltd. in the fiscal years going forward. Provided that any of the above-mentioned subscription rights is waived or the disposal of the shares of the abovementioned companies is made by one of such companies in the future for the purpose of strategic alliance or other circumstances approved by the Taipei Exchange, such waiver or disposal shall be passed by special resolution of CPC Board.</p>	<p>Article 7: Procedures governing the acquisition or disposal of securities investments</p> <p>VI. The Company shall not waive its subscription right in the rights issue of cpc Europa GmbH and CHIEFTEK PRECISION HOLDING CO., LTD. (hereinafter referred to as CHIEFTEK HOLDING). <u>and CHIEFTEK PRECISION USA CO., LTD.</u> CHIEFTEK HOLDING shall not waive its subscription right in the rights issue of CHIEFTEK PRECISION USA CO., LTD. and CHIEFTEK PRECISION (Hong Kong) Co. Ltd. (hereinafter referred to as CHIEFTEK Hong Kong), and CHIEFTEK Hong Kong shall not waive its subscription right in the rights issue of CHIEFTEK Machinery (Kunshan) Co. Ltd. in the fiscal years going forward. Provided that any of the above-mentioned subscription rights is waived or the disposal of the shares of the abovementioned companies is made by one of such companies in the future for the purpose of strategic alliance or other circumstances approved by the Taipei Exchange, such waiver or disposal shall be passed by special resolution of CPC Board.</p>	<p>In response to the revision in organizational structure</p>

Attachment 12

Chieftek Precision Co., Ltd.

List of Candidates of Directors and Independent Directors

1. Candidates of Directors (5 seats) and independent directors (3 seats) have been approved by the board of directors on April 28, 2020.

Item	Name	Academic Background & Experiences	Current Position	Shareholdings
Director	CHEN LI-FEN	Art History of Universität Stuttgart Founding President of National Cheng Kung University Innovation & Incubation Association Chairman of Alumni association of National Tainan Girl's Senior High School	Chief Strategy Officer of Chieftek Precision Co., Ltd. Chairman of Deneng Sunshine Investment Co., Ltd Chairman of Deyuan Management Consulting Co., Ltd Chairman of Zhenshanmeihui Investment Co., Ltd Chairman of Guiren Defu Investment Co., Ltd. Chairman of Yizhide Management Consultant Co., Ltd. Board Director of Sunshine Bio Technology Co., Ltd Vice Chairman of The Allied Association for Science Park Industries Vice Chairman of Sino-German Cultural and Economic Association Standing Director of Academia-Industry Consortium for Southern Taiwan Science Park Member of Tainan Industrial Development & Investment Promotion Committee	3,653,107
Director	HSU MING CHE	Master of Mechanical Engineering of Universität Stuttgart	General Manager and R&D Supervisor of Chieftek Precision CO., Ltd.	5,579,338

Item	Name	Academic Background & Experiences	Current Position	Shareholdings
		General Manager and R&D Supervisor of Chieftek Precision CO., Ltd.		
Director	Li Anne	Bachelor of Science in Food & Nutrition, Fu-Jen University Master of Science in Nutrition & Dietetics, New York University Master of Computer Information System, University of Denver NREL Computer Engineer US West Senior Computer Engineer MOTEC INDUSTRIES, INC. CIO	Director of Deneng Sunshine Investment Co., Ltd	1,075,290
Director	WANG CHEN PI-HSIA	Provincial Tainan Girls' Senior High School Chairman of Yucheng Starch Co., Ltd Board Director of Deyuan Management Consulting Co., Ltd Supervisor of ST&T Instrument Corp.	Chairman of Yucheng Starch Co., Ltd Board Director of Deyuan Management Consulting Co., Ltd Supervisor of ST&T Instrument Corp.	557,355
Director	CHENG SHENG -FEN	Master of Mechanical Engineering of National Taiwan University Assistant Manager of Jianxing Electronics Co., Ltd Vice-General Manager of A-OPTRONICS Co., Ltd.	None	554,736
Independent director	Ming Tzu Ho	Bachelor of National Cheng Kung University of engineering science Master of Texas A&M University of Electrical Engineering Doctor of Texas A&M University of Electrical Engineering Assistant Professor of National	Associate Professor of National Cheng Kung University of engineering science	0

Item	Name	Academic Background & Experiences	Current Position	Shareholdings
		Cheng Kung University of engineering science Researcher of RITEK Corporation of Research Associate Professor of National Cheng Kung University of engineering science		
Independent director	WEI NAI CHANG	Master of National Chiao Tung University Institute of Business & Management Audit Team Leader of PwC Taiwan Accounting Officer of Foresight Energy Technologies Development Co., Ltd Accountant and Administration Manager of Taiwan Intervet Animal Drug Co., Ltd CFO of Ambit Microsystems Vice-General Manager of Clevo Co. Management Center	None	0
Independent director	WU CHUNG-JEN	Researcher of Industrial Technology Research Institute Union Chemical Laboratories Project Manager of National Cheng-kung University Business Incubation Center Vice Director of Technology Transfer & Business Incubation Center of National Cheng Kung University Executive Manager of Incubator Center of Southern Taiwan Science Park Division Head of Legal & Intellectual Property General Division, Chung Hwa Picture Tubes, LTD.	Chairman of CHIH RO ENTERPRISE CO., LTD Chairman of YYC Material Technology CO., LTD Chairman of Jiangsu Yunyoucheng Biological Environmental Protection Material CO., LTD.	29,403

Chieftek Precision Co., Ltd.
Rules of Procedure for Shareholders Meetings
(Before Amendment)

Article 1: Establishment basis

To establish a strong governance system and sound supervisory capabilities for this Corporation's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 2: Scope of the rules

The rules of procedures for this Corporation's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

Article 3: Convening a Board meeting and meeting notice

Convening a Board meeting and meeting notice

Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors.

This Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. This Corporation shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, this Corporation shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Corporation and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.

The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of directors or supervisors, amendments to the articles of incorporation, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.

A shareholder holding 1 percent or more of the total number of issued shares may submit to this Corporation a written proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.

Prior to the book closure date before a regular shareholders meeting is held, this Corporation shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders meeting, this Corporation shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 4: Director's attendance by proxy in shareholders' meeting and authorization thereof

For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to this Corporation before 5 days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to this Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to this Corporation before 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5: Principles determining the time and place of a shareholders meeting

The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

Article 6: Preparation of signature book and other documents

This Corporation shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. This Corporation may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

This Corporation shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

This Corporation shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 7: The chair and non-voting participants of a shareholders meeting

If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.

It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors, at least one supervisor in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Article 8: Documentation of a shareholders meeting by audio or video

This Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures. The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 9: Calculation of number of shares in attendance and meeting

Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month.

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

Article 10: Discussion on Agenda

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

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

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

Article 11: Shareholder speech

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

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

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

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

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 12: Calculation of voting shares

Voting at a shareholders meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of this Corporation, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13: Vote on Agenda and Scrutinizing Ballots and How Ballots are Counted

A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

When this Corporation holds a shareholders meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means (in accordance with the proviso of Article 177-1 of the Company Act regarding companies that shall adopt electronic voting: When this Corporation holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence). When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with

respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that this Corporation avoid the submission of extraordinary motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation before 2 days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Corporation, by the same means by which the voting rights were exercised, before 2 business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 14: Election of directors and supervisors

The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 15: Meeting minutes and signature

Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

This Corporation may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of this Corporation.

Article 16: Public disclosure

On the day of a shareholders meeting, this Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or

GreTai Securities Market) regulations, this Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17: Maintaining order at the meeting place

Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this Corporation, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18: Recess and resumption of a shareholders meeting

When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue. A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article 19: Supplementary Provisions

These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.

Chieftek Precision Co., Ltd. Procedures for Election of Directors and Supervisors (Before Amendment)

Article 1: Except as otherwise provided by law and regulation or by this Corporation's articles of incorporation, elections of directors and supervisors shall be conducted in accordance with these Procedures.

Article 2: The overall composition of the board of directors shall be taken into consideration in the selection of this Corporation's directors. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

1. Basic requirements and values: Gender, age, nationality, and culture.
2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:

1. The ability to make judgments about operations.
2. Accounting and financial analysis ability.
3. Business management ability.
4. Crisis management ability.
5. Knowledge of the industry.
6. An international market perspective.
7. Leadership ability.
8. Decision-making ability.

The board of directors of this Corporation shall consider adjusting its composition based on the results of performance evaluation.

Article 3: Supervisors of this Corporation shall meet the following qualifications:

1. Integrity and a practical attitude.
2. Impartial judgment.
3. Professional knowledge.
4. Broad experience.
5. Ability to read financial statements.

In addition to the requirements of the preceding paragraph, at least one among the supervisors of this Corporation must be an accounting or finance professional.

Appointments of supervisors shall be made with reference to the provisions on independence contained in the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, in order to select appropriate supervisors to help strengthen the corporation's risk management and control of finance and operations.

At least one supervisor position must be held by a person having neither a spousal relationship nor a relationship within the second degree of kinship with any other supervisor or with any director.

A supervisor may not serve concurrently as the director, managerial officer, or any other employee of this Corporation, and at least one of the supervisors must be domiciled in the Republic of China to be able to promptly fulfill the functions of supervisor.

Article 4: The qualifications and election for the independent directors of this Corporation shall comply with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and relevant laws and regulations.

Article 5: Elections of both directors and supervisors at this Corporation shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. This Corporation shall review the qualifications, education, working experience, background, and the existence of any other matters set forth in Article 30 of the Company Act with respect to nominee independent directors and may not arbitrarily add requirements for documentation of other qualifications. It shall further provide the results of the review to shareholders for their reference, so that qualified independent directors will be elected.

Election of independent directors shall be conducted in accordance with the candidate nomination system stipulated in Article 192-1 of the Company Act.

When the number of directors falls below five due to the dismissal of a director for any reason, this Corporation shall hold a by-election to fill the vacancy at its next shareholders meeting. When the number of directors falls short by one third of the total number prescribed in this Corporation's articles of incorporation, this Corporation shall call a special shareholders meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

When the number of independent directors falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, or the related provisions of the Taiwan Stock Exchange Corporation rules governing the review of listings, or subparagraph 8 of the Standards for Determining Unsuitability for GTSM Listing under Article 10, Paragraph 1 of the GreTai Securities Market Rules Governing the Review of Securities for Trading on the GTSM, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

When the number of supervisors falls below that prescribed in this Corporation's articles of incorporation due to the dismissal of a supervisor for any reason, a by-election to fill the vacancy should ideally be held at the next shareholders meeting. When the supervisors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

Article 6: The cumulative voting method shall be used for election of the directors and supervisors at this Corporation. Each share will have voting rights in number equal to the directors or supervisors to be elected, and may be cast for a single candidate or split among multiple candidates.

Article 7: The board of directors shall prepare separate ballots for directors and supervisors in numbers corresponding to the directors or supervisors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card

numbers printed on the ballots may be used instead of recording the names of voting shareholders.

Article 8: The number of directors and supervisors will be as specified in this Corporation's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance. The person elected concurrently as director and supervisor according to the preceding paragraph shall decide to serve as director or supervisor on its own while the candidate receiving second most votes to such Director shall be elected to fill the vacancy.

Article 9: Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.

Article 10: If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.

Article 11: A ballot is invalid under any of the following circumstances:

1. The ballot was not prepared by the board of directors.
2. A blank ballot with anything written is placed in the ballot box.
3. The writing is unclear and indecipherable.
4. Any item written on the ballot has been altered.

5. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
6. Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted.
7. Two or more candidates were written on the same ballot.
8. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.

Article 12: Except in the case approved by the competent agency, more than half of the directors, at least one among supervisors or supervisors and directors shall be persons who have neither of the following relationship with any other director:

1. a spousal relationship
2. a relationship within the second degree of kinship.

Article 13: If the original selectees of directors and supervisors do not meet the conditions of the preceding article, determination of which directors or supervisors are elected shall be made according to the following provisions:

1. When there are some among the directors who do not meet the conditions, the election of the director receiving the lowest number of votes among those not meeting the conditions shall be deemed invalid.
2. When there are some among the supervisors who do not meet the conditions, the provisions of the preceding subparagraph shall apply *mutatis mutandis*.
3. When there are some among the directors and supervisors who do not meet the conditions, the election of the supervisor receiving the lowest number of votes among those not meeting the conditions shall be deemed invalid.

Article 14: The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors or

supervisors and the numbers of votes with which they were elected, shall be announced by the chair on the site.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 15: These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

Appendix 3

Chieftek Precision Co., Ltd.

Articles of Incorporation

Chapter 1 General Provisions

Article 1: According to the Company Acts, the company is naming as Chieftek Precision Co., Ltd, and the English version will be named as CHIEFTEK PRECISION CO., LTD.

Article 2: The Company's scope of services is set out hereunder:

(i) CB01990 Other Machinery Manufacturing;

(ii) F401010 International Trading.

Products which are researched, developed and marketed are as follows:

(a) Miniature linear guide;

(b) Miniature ball screw;

(c) Miniature linear modules;

(d) Photoelectric and semi-conductor machinery equipments; (e) International trading relating to aforesaid products.

Article 2.1: In the event that the Company becomes a shareholder of limited liability in other companies, the amount of investment thereof shall not be bound by article 13 of the Company Act relating to the total reinvestment amount restriction.

Article 3: The head office of the company established in Tainan Science-based Industrial Park, the Board of Directors will resolute to establish branches at home and abroad if necessary.

Article 4: The Company's public announcements are published in accordance with article 28 of the Company Act.

Article 4.1: The Company is entitled to offer guarantees to externally.

Chapter 2 Shares

Article 5: The amount of capital of the company is NT\$1,500,000,000, which be divided into 150,000,000 shares. The denomination of each share is NT\$10, and is authorized to be distributed by the Board of Directors. The former amount of capital retains NT\$30,000,000 for the issuance of employee's equity certificates, taking into account 3 million shares, and each denomination of per share is NT\$10, it is authorized to be distributed by the Board of Directors.

In the event that the Company intends to issue shares at a buyback value that is lower than that of the employee's ordinary share subscription warrants on the closing day, the aforesaid shares shall only be issued under the circumstances that a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares.

Article 6: The company may issue registered shares and be signed or stamped by the directors representing the company, and shall, by law, act as a bank visa for the issuer of the shares. When the company issues new shares, its shares shall be printed or be free of printed shares in respect of the total number of such offerings. However, it shall be kept or logged in with the centralized custody institutions of the securities. The shares of the company have to be issued without physical distribution, and so do the other securities.

Article 7: Assignment/transfer of change-of-name shares shall be proceeded in accordance with article 165 of the Company Act.

Article 7.1: The company shall buy shares in accordance with the provisions of company law, the object of its transfer, the object of the employee's equity voucher, the employees who

acquire the issuance of new shares, and the object of issuing new shares restricting the rights of employees, including employees of subordinate companies who meet certain conditions.

Chapter 3 Shareholders Meeting

- Article 8: There are two types of shareholders meeting, namely, regular meeting and special meeting. The regular meeting shall be convened within six months after close of each fiscal year. Whereas, special meetings are held in accordance with law, when necessary.
- Article 8.1: The Notice of Shareholders Meeting shall be done electronically with the consent of the shareholders.
- Article 8.2: In accordance with Articles 193-1 of Company Act, the Company will electronically be listed as one of the exercise of voting rights. The elections for directors of the Company shall proceed with the candidate nomination system; the shareholders shall elect the directors from among the nominees listed in the roster of candidates.
- Article 9: When a shareholder is unable to attend the shareholders meeting for whatever reason, that shareholder shall appoint a proxy to attend by offering company issued solicitation document stipulating the extent of the authorization with signature or company seal thereon.
- Article 10: A shareholder, unless otherwise provided for in article 179 of the Company Act relating to the circumstances of certain shares having no voting right, shall have one voting right in respect of each share in his/her/its possession.
- Article 11: A resolution is passed at the shareholders meeting by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares.
- Article 12: Resolutions adopted at a shareholders meeting shall be recorded in the minutes of the meeting. The preparation, distribution, and safekeeping thereof must be proceeded in accordance with article 183 of the Company Act.

Chapter 4 Directors and Supervisors

- Article 13: The Company shall appoint five to nine directors and two to three supervisors, and a three-year term and may be re-elected after the term.
- The Company shall by law purchase liability insurance in order to cover liability that may arise from the directors and supervisors exercising their duties during their term. The appointed number of the aforesaid director shall have no less than two independent directors and the same shall not be less than one fifth of the total number of directors of the Company. The appointment of in-dependent director is by electing from among the nominated candidates by the shareholders. The professional qualification, shareholding, part-time job restrictions, nominations, means of election as well as other relevant issues are proceeded in accordance with the regulations of the competent authority.
- The Company shall subject to the Securities and Exchange Act establish an audit committee. The members of the committee are composed of the entire number of independent directors. It shall not be less than three persons in number and at least one thereof shall have accounting or financial expertise. The provisions of relevant regulations or Company's Articles of Incorporation shall apply mutatis mutandis to the exercise of power, committee charter, as well as other applicable matters of the audit committee. Upon the establishment of the audit committee, the supervisor shall be released from duty. The provisions regarding supervisor in this Articles of Incorporation shall be void with immediate effect.

The Company shall establish committees to carry out various functions in order to fortify its strategic objectives and strengthen management mechanisms. Each committee charter shall be resolved by the Board of Directors.

Article 13.1: The cumulative voting method shall be used for election of the directors and supervisors of this Company. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.

Article 14: The Board of Directors shall be organized by the directors, who shall be represented by more than two-thirds of the directors and the consent of a majority of the directors to be represented by the Chairman, who represents the company externally. The notice of the convening of the Board of Directors shall be dealt with in accordance with Article 204 of acts and by written, e-mail, facsimile and any other electronical means. The resolution of the Board of Directors shall, except as otherwise provided by law, be attended by a majority of the directors and be represented by a majority of the directors.

Article 15: In case the Managing Director is on leave or unable to exercise his/her duties for whatever reasons, his/her proxy shall act in accordance with article 208 of the Company Act.

Article 16: The Board of Director is authorized to determine the amount of compensation relating to transportation and remuneration to the directors and supervisors of the Company based on standard terms in the industry and subject to concerned director and supervisor's level of operational participation as well as value of the contribution thereof.

Article 17: The director shall present the solicitation document and assign another director to attend the meeting of the Board of Directors in order to exercise his/her voting right.

The director that is assigned to represent another director can only accept one such assignment.

The participants are deemed present by taking part of the meeting of the Board of Directors using video conference facility when the meeting is conducted by way of video conference.

Article 18: The Board of Directors is composed of all directors. Wherefore, the scope of duties is set out hereunder:

- (i) Draft operational plans;
- (ii) Offer proposals relating to appropriation of profit and remedy in the event of loss;
- (iii) Resolve whether the Company should increase or reduce capital;
- (iv) Review and finalize important provisions of the Articles of Incorporation or contracts;
- (v) Elect and discharge the General Manager of the Company;
- (vi) Establish and close branch offices;
- (vii) Review and approve budget as well as balanced budget;
- (viii) Other duties vested by virtue of the Company Act and resolutions adopted at the meeting of the Board of Directors.

Chapter 5 Managerial Personnel

Article 19: The Company shall have managerial personnel. Appointment, discharge and the remuneration thereto shall be subject to article 29 of the Company Act.

Chapter 6 Accounting

Article 20: The Company shall, at the end of each fiscal year, submit to its shareholders for their ratification of (i) the annual business report, (ii) the financial statements, and (iii) the appropriation of profit and remedy in the event of loss proposal.

Article 21: The general annual accounts of the company will be assigned as following if there is a surplus:

(i) Withholding Tax

(ii) Covering the deficit

(iii) The deposit of 10% is the legal surplus reserve. However, if the statutory surplus reserve has reached the amount of capital received, it would be an exception.

(iv) If necessary, providing for the listing of rotation of the special surplus reserve by order of law or by the competent authority.

(v) After deducting the balance of the preceding paragraphs 1-4, and with the undistributed surplus of the previous year, the Board shall subject to the operational requirements, propose an allocation motion to be summited to the shareholders' meeting for the allocation of dividends or reservations to shareholders. However, the dividend distribution amount shall not be less than 20% of the remaining amount after the annual return is deducted according to the amount specified in paragraph 1 to 4.

In order to continuously expand the scale of operation, enhance competitive strength, modify with the company's long term business development, and the needs of capital as well as long-term financial planning, the company's dividend issuance policy is based on stock dividend and matching part of cash dividend, the total amount of cash dividend should not be less than 10% of the total shareholder dividend to be issued.

The Board of Directors of the company shall be represented by more than two-thirds directors and shall attend a resolution of a majority of the directors. Also, shall assign all or part of the reserve of dividends, bonus, capital reserve or legal reserve to the payment of cash, and report to the shareholders' meeting. It is not applicable to the provisions of the preceding resolution of the shareholders' meeting.

Article 21.1: The Company shall subject to its business performance for that year retain between three to Fifteen percent of the profit for the use of employee remuneration. Further, the Company shall subject to its business performance for that year retain no higher than three percent for the use of director and supervisor remuneration. In the event that the Company still suffers a loss, that loss shall be made up.

Employee remuneration shall be paid by way of cash or share. The recipient of the cash or share shall include employees of the subordinate companies that fulfill the necessary criteria determined by the Board of Directors.

The business performance for that year referred to in the preceding paragraph means its profit before tax without the deductions of employee, director and supervisor's remuneration therefrom.

Article 21.2: The company may, in accordance with acts, make a surplus allocation or loss-making supplement after the end of each half of the fiscal year. When allocating surplus, the company should initially estimate and retain taxable contributions, make up for losses in accordance with the law and bring up legal reserve. However, if legal reserve reached the amount of capital received, it would be an exception. If the retained earnings are issued in cash, it shall be handled by resolution of the Board of Directors. When the issuance of new shares is issued, it shall be governed by a resolution of the shareholders' meeting in accordance with the provisions.

Chapter 7 Supplementary Provisions

Article 22: Any unspecified matters in this Articles of Incorporation shall be dealt in accordance with the Company Act.

Article 23: The article was established on October 14, 1998.

First amended on January 6, 1999.

The second amendment was on October 14, 1999.

The third amendment was on January 1, 2000.

The fourth amendment was on June 22, 2000.

The fifth amendment was on April 4, 2001.

The sixth amendment was on May 15, 2001.

The seventh amendment was on April 3, 2002.

The eighth amendment was on June 6, 2002.

The ninth amendment was on June 20, 2003.

The tenth amendment was on August 25, 2003.

The eleventh amendment was on November 25, 2003.

The twelfth amendment was on April 15, 2004.

The thirteenth amendment was on December 30, 2004.

The fourteenth amendment was on November 17, 2006.

The fifteenth amendment was on June 29, 2007.

The sixteenth amendment was on June 30, 2008.

The seventeenth amendment was on November 12, 2010.

The eighteenth amendment was on June 17, 2011.

The nineteenth amendment was on June 20, 2012.

The twentieth amendment was on June 27, 2013.

The twenty-first amendment was on June 6, 2014.

The twenty-second amendment was on June 25, 2015.

The twenty-third amendment was on June 26, 2016.

The twenty-fourth amendment was on June 22, 2017.

The twenty-fifth amendment was on May 28, 2018.

The twenty-sixth amendment was on June 12, 2019.

Chieftek Precision Co., Ltd

Chairman: Li-fen Chen

Appendix 4

Directors and Supervisors' Shareholdings

- I. As of the book closure date for the shareholders' meeting, the paid-in capital of the Company is NT\$811,875,490 and the total number of issued shares is 81,187,549 shares.
- II. In accordance with Article 26 of Securities and Exchange Act and Article 2 of Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, the minimum numbers of shares required to be held by the entire bodies of directors is 6,495,004 shares and minimum numbers of shares required to be held by the entire bodies of supervisors is 649,501 shares.
- III. As of April 10, 2020, the shareholdings of all directors and supervisors:

Position	Name	Date of Election	Term of Office (year)	Shareholdings recorded on the shareholders roster as of the book closure date for the shareholders' meeting	Shareholding ratio %
Chairman	CHEN LI-FEN	106.06.22	3	3,653,107	4.50%
Director	HSU MINGCHE	106.06.22	3	5,579,338	6.87%
Director	CHENG SHENG -FEN	106.06.22	3	554,736	0.68%
Director	WANG CHEN PI-HSIA	106.06.22	3	557,355	0.69%
Director	Anne Li	106.06.22	3	1,075,290	1.32%
Independent director	WU CHUNG -JEN	106.06.22	3	29,403	0.04%
Independent director	WEI NAICHANG	106.06.22	3	0	0.00%
Independent director	Ming Tzu Ho	106.06.22	3	0	0.00%
Total shares of the entire bodies of directors				11,449,229	14.10%
Supervisor	LI MEI	106.06.22	3	494,643	0.61%
Supervisor	TSENG HSU-WEN	106.06.22	3	155,167	0.19%
Total shares of the entire bodies of supervisors				649,810	0.80%

Note: The shareholdings of independent directors elected by a public company shall not be counted in the total referred to in the preceding paragraph; if a public company has elected two or more independent directors, the share ownership figures calculated at the rates set forth in the preceding paragraph for all directors and supervisors other than the independent directors and shall be decreased by 20 percent.

IV. The shareholdings of the entire bodies of directors and supervisors satisfied “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies”.

Appendix 5

The Impact of Bonus Shares on the Company's Business Performances, Earnings per Share and Shareholders' Return on Investment

The Company has passed Proposal for Distribution of 2019 Profit on April 28, 2020. Hence, there is no bonus shares distributed and this part is not applicable.

Appendix 6

Other Explanation Matter

The explanation for shareholders' proposal during the regular shareholders' meeting.

Explanation:

- I. In accordance with Article 172-1 of the Company Act, a shareholder holding 1 percent or more of the total number of issued shares may submit to this Corporation a written proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only and limited to 300 words.
- II. The Company handles the submission of proposals for the shareholders' meeting. The period of submission is from April 1, 2020 to April 10, 2020. The information has been announced on the Market Observation Post System.
- III. The Company has not received any proposals from the shareholders.