

Chieftek Precision Co., LTD.

2020 Annual Shareholders' Meeting Minutes

Meeting time : 9:00 a.m., June 8, 2020

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

Present : Total outstanding cpc shares is 80,742,549 shares (Treasury shares deducted) and shares held by shareholders present in person or by proxy is 51,461,778 shares (the number of shares attended through electronic means is 6,054,902 shares), and the percentage is 63.73%. The aggregate shareholding of shareholders present in person or by proxy constitute a quorum.

Chairman : Ms. Li Fen Chen, the Chairperson of the Board of Directors

Guest : Director Ming Che Hsu, Director An Li (Video), Director Pi Hsia Wang Chen, Director Sheng Fang Zheng, Independent Director Ming Tzu Ho, Independent Director Nai Chang Wei, Supervisor Mei Li, Accountant Yung Chih Lin, Lawyer Chao Chin Syu.

A. Chairman's Address (omitted)

B. Report Items

- I. To Report the Business of 2019. (see Appendix 1)
- II. Supervisors' Review Report on the 2019 Financial Statements. (see Appendix 2)
- III. To Report 2019 Employees' Profit Sharing Bonus and Directors and Supervisors' Compensation.(see Appendix 3)
- IV. To Measure the report on "the Second Purchase of Share Transfer Employees". (see Appendix 4)
- V. To Report on the Resolution and Implementation on Company's Shares Buyback.
- VI. To Report the 2019 Endorsement and Guarantee.
- VII. To Report on "Ethical Corporate Management Best Practice Principles". (see Appendix 5)
- VIII. To Report on 2019 Cash Distribution of Profit. (see Appendix 7)

C. Proposed Resolutions

I. 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.

Resolved :

Approved as proposed, voting results are as follows (including votes casted electronically):

Number of votes represented by attending shareholders	Votes in favor	Votes against	Invalid Votes	Abstaining votes/no votes
48,852,727	48,387,199	2,661	0	462,867
100%	99.05%	0%	0%	0.95%

II. 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.

Resolved :

Approved as proposed, voting results are as follows (including votes casted electronically):

Number of votes represented by attending shareholders	Votes in favor	Votes against	Invalid Votes	Abstaining votes/no votes
48,852,727	48,387,199	2,661	0	462,867
100%	99.05%	0.0%	0%	0.95%

D. Discussion Items

I. To 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".

Resolved :

Approved as proposed, voting results are as follows (including votes casted electronically):

Number of votes represented by attending shareholders	Votes in favor	Votes against	Invalid Votes	Abstaining votes/no votes
48,852,727	48,384,189	2,661	0	465,877
100%	97.05%	0.01%	0%	2.94%

II. To 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".

Resolved :

Approved as proposed, voting results are as follows (including votes casted electronically):

Number of votes represented by attending shareholders	Votes in favor	Votes against	Invalid Votes	Abstaining votes/no votes
48,852,727	48,384,045	2,805	0	465,877
100%	99.04%	0.01%	0%	0.95%

III.To 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".

Resolved :

Approved as proposed, voting results are as follows (including votes casted electronically):

Number of votes represented by attending shareholders	Votes in favor	Votes against	Invalid Votes	Abstaining votes/no votes
48,852,727	48,386,189	2,661	0	463,877
100%	99.05%	0.01%	0%	0.95%

IV. To 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”.

Resolved :

Approved as proposed, voting results are as follows (including votes casted electronically):

Number of votes represented by attending shareholders	Votes in favor	Votes against	Invalid Votes	Abstaining votes/no votes
48,852,727	48,384,189	2,661	0	465,877
100%	99.04%	0.01%	0%	0.95%

V. To 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.

Voting Results :

Title	Shareholder Account No.	Name	Votes in favor
Directors	1	Li Fen Chen	49,876,357
Directors	2	Ming Che Hsu	47,168,977
Directors	157	An Li	43,542,650
Directors	35	Pi Hsia Wang Chen	42,086,058
Directors	25	Sheng Fang Zheng	42,050,297
Independent Directors	Y1202*****	Ming Tzu Ho	41,259,849
Independent Directors	R1202*****	Nai Chang Wei	40,763,709
Independent Directors	201	Chung Jen Wu	40,734,329

VI. To 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.
- (3) The Prohibition on New Directors are as following :

Name	Companies	Job Title
Li Fen Chen	CHIEFTEK PRECISION HOLDING CO., LTD	Directors
	cpc Europa GmbH	Directors
	CSM Maschinen GmbH	Directors
	Chieftek Precision International LLC	Directors
	CHIEFTEK PRECISION USA CO., LTD	Directors
	CHIEFTEK PRECISION (HONGKONG) CO., LTD	Directors
	CHIEFTEK MACHINERY (KUNSHAN) CO., LTD	Directors

Resolved :

Approved as proposed, voting results are as follows (including votes casted electronically):

Number of votes represented by attending shareholders	Votes in favor	Votes against	Invalid Votes	Abstaining votes/no votes
48,852,727	47,979,561	334,932	0	538,234
100%	98.21%	0.69%	0%	1.10%

E. Special Motion : No.

F. Adjourn : AM 09:51.

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)
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.

Items	2019	2018	Unit: NT\$ thousand
			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.
Regulations for Transferring Second Time of
Repurchased Shares to Employees

March 20,2020

Article 1. In order to motivate employees and enhance employees' centripetal force, the company has formulated a regulations for transferring repurchase shared to employees in accordance with the relevant provisions of No.1 of Paragraph 1 of Article 28-2 of the Securities Exchange Act, and the Financial Supervision Commission's " Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies." The company repurchases shares and transfers it to the employees, except in accordance with the relevant laws and regulations, it is understood to be handled in accordance with the provisions of this regulation.

(Circumstance of transferred types of shares, contents of rights and limited rights)

Article 2. The shares transferred to employees this time are common shares, and their rights and obligations are the same as other common shares in circulation, except as otherwise stipulated by relevant laws and regulations.

(During the period of transfer)

Article 3. The repurchased shares should be transferred to employees at one time or several times within 3 years in accordance with this regulation.

(Qualification of Transferee)

Article 4. For those whose employment of the company has reached one year's employment before the subscription base date or whoever has a special contribution to the company and has been reported to the chairman for approval, the company and the subsidiaries that directly or indirectly hold more than 50% of the voting shares of the same invested company (Overseas subsidiaries) Full-time employees may be eligible for subscription in accordance with the subscription amount set in Article 5 of this regulation.

(Procedure of transfer)

Article 5. The number of treasury shares that employees can subscribe is allocated by the chairman according to grade, years of service, performance appraisal, and special contributions. If the employee expires during the subscription payment period but does not subscribe for the payment, it is regarded as a waiver. The balance of insufficient subscription, the company may authorize the chairman to negotiate with other employees.

Article 6. Procedures of transferring repurchased shared to employees:

1. Announce, declare and repurchase the Company's shares within its expiration period by

following resolution of Board of Directors.

2. The Board of Directors sets the operational matters related to the number of shares transferred in batches, the base date for employee subscription, the subscription payment period, the content of rights and restrictions, etc.
3. Count the number of shares actually subscribed for payment and register for transfer of shares.

(Promised price per transferred share)

Article 7. For repurchased shares transferred to employees, the average price of the actual repurchase is used as the transfer price. However, according to the company's articles of association, the company may, in accordance with the Securities Exchange Act or laws to pass more than half of the total number of issued shares of attending shareholders that represent the Board of Shareholders, after the attending shareholders' consent of more than two-thirds of the voting rights. And transfer the treasury shares to the employees at an average price lower than the actual share repurchase, and should list and explain in the meeting summons of the shareholders' meeting The matters stipulated in Article 10-1 of "Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies" can only be handled; but before the transfer, if the company's issued ordinary shares increase, it may be adjusted according to the increase in the ratio of issued shares.

(Rights and duties after the transfer)

Article 8. After the transfer registration of transferred repurchased shares, these shares have the same rights and duties as the original ones unless specified.

(Others)

Article 9. Other rights and duties related to employees and company:

1. The Company may agree with its employees at its discretion, but it must not violate relevant laws and regulations such as the Securities Exchange Act and the Company Act.
2. The treasury shares purchased by the company for the transfer of shares to employees should be transferred in full within three years from the date of purchase. The overdue untransferred part will be regarded as unissued shares of the company, and the registration of the cancellation of share changes should be handled in accordance with the regulation.

Article 10. This regulation was approved after resolution by the Board of Directors and will have to report to Board of Directors for resolution of amendment.

Article 11. The regulation should be reported to Board of Shareholders and it applies when it comes to amendment.

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>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</p>	<p>Article 2 (<u>Applicable subjects</u>)</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</p>	<p>Add the name of this Article in accordance with “Sample Template for XXX Co., Ltd. Procedures for Ethical Management and</p>

Before Amendment	After Amendment	Explanation
<p>personnel of this Corporation through a third party will be presumed to be an act by the personnel of this Corporation.</p>	<p>personnel of this Corporation through a third party will be presumed to be an act by the personnel of this Corporation.</p>	<p>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 and Guidelines for Conduct”.</p>
<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</p>	<p>Article 5 (Responsible unit) This Corporation shall designate the Directors’ Office as the solely responsible unit (hereinafter, “responsible unit”) under the board of directors and allocate sufficient resources and competent personnel 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</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>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 mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct. 4. Promoting and coordinating awareness and educational activities with respect to ethics policy. 5. Developing a whistle-blowing system and ensuring its operating effectiveness. 6. Assisting the board of directors and 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>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 mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct. 4. Promoting and coordinating awareness and educational activities with respect to ethics policy. 5. Developing a whistle-blowing system and ensuring its operating effectiveness. 6. Assisting the board of directors and 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. 7. <u>Compile and retained relevant documented information on the ethical management policy, statement, commitment and implementation properly.</u> 	<p>Chien Tzu No. 10900521402 issued on 2020.02.19).</p>

Before Amendment	After Amendment	Explanation
<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> <ol style="list-style-type: none"> 1. The conduct is undertaken to meet business needs and is in accordance with local courtesy, convention, or custom during domestic (or foreign) visits, reception of guests, promotion of business, and communication and coordination. 2. The conduct has its basis in ordinary social activities that are attended, or others are invited to hold in line with accepted social custom, commercial purposes, or developing relationships. 3. Invitations to guests or attendance at commercial activities or factory visits in relation to business needs, when the method of fee payment, number of participants, class of accommodations, and the time period for the event or visit have been specified in advance. 4. Attendance at folk festivals that are open to and invite the attendance of the general public. 5. Rewards, emergency assistance, condolence payments, or honorariums from the management. 6. Other conduct that complies with the rules of this Corporation. 	<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> <ol style="list-style-type: none"> 1. The conduct is undertaken to meet business needs and is in accordance with local courtesy, convention, or custom during domestic (or foreign) visits, reception of guests, promotion of business, and communication and coordination. 2. The conduct has its basis in ordinary social activities that are attended, or others are invited to hold in line with accepted social custom, commercial purposes, or developing relationships. 3. Invitations to guests or attendance at commercial activities or factory visits in relation to business needs, when the method of fee payment, number of participants, class of accommodations, and the time period for the event or visit have been specified in advance. 4. Attendance at folk festivals that are open to and invite the attendance of the general public. 5. Rewards, emergency assistance, condolence payments, or honorariums from the management. 6. Other conduct that complies with the rules of this Corporation. 	<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 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</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</p>	<p>Add the name of this Article in accordance with “Sample Template for XXX Co., Ltd. Procedures for</p>

Before Amendment	After Amendment	Explanation
<p>specified in Article 4 by a third party, the matter shall be handled in accordance with the following procedures:</p> <ol style="list-style-type: none"> 1. If there is no relationship of interest between the party providing or offering the benefit and the official duties of this Corporation's personnel, the personnel shall report to their immediate supervisor within 3 days from the acceptance of the benefit, and the responsible unit shall be notified if necessary. 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>“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 on payment, given to the public, donated to charity, or handled in another</p>	<p>specified in Article 4 by a third party, the matter shall be handled in accordance with the following procedures:</p> <ol style="list-style-type: none"> 1. If there is no relationship of interest between the party providing or offering the benefit and the official duties of this Corporation's personnel, the personnel shall report to their immediate supervisor within 3 days from the acceptance of the benefit, and the responsible unit shall be notified if necessary. 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>“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 on payment, given to the public, donated to charity, or handled in another</p>	<p>Ethical Management and Guidelines for Conduct”.</p>

Before Amendment	After Amendment	Explanation
<p>appropriate manner. The proposal shall be implemented after being reported and approved by the chairman.</p>	<p>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 a contribution may be made.</p> <p>A written record of the decision-making process shall be kept.</p> <p>Account entries shall be made for all political contributions in accordance with applicable laws and regulations and relevant procedures for accounting treatment.</p> <p>In making political contributions, commercial dealings, applications for</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 a contribution may be made.</p> <p>A written record of the decision-making process shall be kept.</p> <p>Account entries shall be made for all political contributions in accordance with applicable laws and regulations and relevant procedures for accounting treatment.</p> <p>In making political contributions, commercial dealings, applications for</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>

Before Amendment	After Amendment	Explanation
permits, or carrying out other matters involving the interests of this Corporation with the related government agencies shall be avoided.	permits, or carrying out other matters involving the interests of this Corporation with the related government agencies shall be avoided.	
<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 counterparty of this Corporation's commercial dealings or a party with which any personnel of this Corporation has a relationship of interest. 5. After a charitable donation or sponsorship has been given, it shall be ascertained that the destination to which the money flows is consistent with the purpose of the contribution. 	<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 counterparty of this Corporation's commercial dealings or a party with which any personnel of this Corporation has a relationship of interest. 5. After a charitable donation or sponsorship has been given, it shall be ascertained that the destination to which the money flows is consistent with the purpose of the contribution. 	<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 11</p> <p>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,</p>	<p>Article 11 (<u>Recusal</u>)</p> <p>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</p>	<p>Revise this Article in accordance with “Sample Template for XXX Co., Ltd. Procedures for</p>

Before Amendment	After Amendment	Explanation
<p>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>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>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>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>Ethical Management and Guidelines for Conduct". (Decree Cheng Kuei Chien Tzu No. 10900521402 issued on 2020.02.19).</p>
<p>Article 12</p> <p>This Corporation shall formulate and implement procedures for managing,</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</u></p>	<p>Revise this Article in accordance with "Sample Template for</p>

Before Amendment	After Amendment	Explanation
<p>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 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><u>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 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>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 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.</p> <p><u>Which it shall observe and gather and publish all guidelines to cause personnel of this Corporation to ensure the</u></p>	<p>Revise this Article in accordance with “Sample Template for XXX Co., Ltd. Procedures for Ethical Management</p>

Before Amendment	After Amendment	Explanation
<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>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><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>and Guidelines for Conduct”. (Decree Cheng Kuei Chien Tzu No. 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 secret or other material information of this Corporation acquired as a result, and that they may not use such information</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 secret or other material information of this Corporation acquired as a result, and that they may not use such information</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>

Before Amendment	After Amendment	Explanation
without the prior consent of this Corporation.	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>)</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>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 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</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</p>	<p>Add the name of this Article in accordance with “Sample Template for XXX Co., Ltd. Procedures for Ethical Management and</p>

Before Amendment	After Amendment	Explanation
indirectly, any improper benefit in whatever form or name.	indirectly, any improper benefit in whatever form or name.	Guidelines for Conduct”.
<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 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. 2. Where a party is discovered to be engaged in unethical conduct in its 	<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 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. 2. Where a party is discovered to be engaged in unethical conduct in its 	<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>

Before Amendment	After Amendment	Explanation
<p>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>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 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</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 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.</p> <p>The responsible unit of this Corporation shall <u>handle the whistle-blowing in accordance with</u> the following procedure:</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>

Before Amendment	After Amendment	Explanation
<p>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, where necessary, with the assistance of the legal compliance or other related department. 3. If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or 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. 4. Documentation of case acceptance, investigation processes and investigation results shall be retained for five years and may be retained electronically. In the event of a suit in respect of the whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation. 5. With respect to a confirmed information, 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. 	<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, where necessary, with the assistance of the legal compliance or other related department. 3. If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or 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. 4. Documentation of case acceptance, investigation processes and investigation results shall be retained for five years and may be retained electronically. In the event of a suit in respect of the whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation. 5. With respect to a confirmed information, 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. 	

Before Amendment	After Amendment	Explanation
<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 corrective measures.</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 corrective measures.</p>	
<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.</p> <p>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.</p> <p>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>
<p>Article 24</p> <p>These Procedures and Guidelines, and any amendments hereto, shall be implemented after adoption by resolution</p>	<p>Article 24 <u>(Enforcement)</u></p> <p>These Procedures and Guidelines, and any amendments hereto, shall be implemented after adoption by resolution</p>	<p>Revise this Article in accordance with “Sample</p>

Before Amendment	After Amendment	Explanation
<p>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>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>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	Share capital - common stock	Capital reserve	Retained Earnings			Financial statements translation differences of foreign operations	Treasury stocks	Total
				Legal reserve	Special reserve	Unappropriated retained earnings			
<u>2018</u>									
Balance at January 1, 2018		\$ 620,455	\$ 463,051	\$ 73,463	\$ 5,928	\$ 497,930	(\$ 12,367)	(\$ 118,544)	\$ 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		\$ 738,069	\$ 440,667	\$ 97,280	\$ 12,367	\$ 664,519	(\$ 17,047)	\$ -	\$ 1,935,855
<u>2019</u>									
Balance at January 1, 2019		\$ 738,069	\$ 440,667	\$ 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		\$ 811,876	\$ 440,667	\$ 144,552	\$ 17,047	\$ 640,037	(\$ 29,394)	\$ -	\$ 2,024,785

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		191,341	295,917

(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
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
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)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
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.

(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.

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)

Items	Notes	Year ended December 31			
		2019		2018	
		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(16)	\$ 1,300,351	100	\$ 2,078,901	100
5000 Operating costs	6(4)(12)(20)(21)(25)	(718,689)	(55)	(1,090,575)	(53)
5900 Net operating margin		581,662	45	988,326	47
Operating expenses	6(7)(12)(20)(21) and 7				
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	12	(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	6(2)(17)	12,413	1	9,292	-
7020 Other gains and losses	6(18) and 12	(17,743)	(2)	11,327	1
7050 Finance costs	6(6)(19)	(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	6(22)	(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	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 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)	6(23)				
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										
	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- controlling interest	Total equity
<u>2018</u>											
Balance at January 1, 2018		\$ 620,455	\$ 463,051	\$ 73,463	\$ 5,928	\$ 497,930	(\$ 12,367)	(\$ 118,544)	\$ 1,529,916	(\$ 180)	\$ 1,529,736
Profit (loss) for the year		-	-	-	-	472,717	-	-	472,717	(1,465)	471,252
Other comprehensive income (loss) for the year		-	-	-	-	(1,422)	(4,680)	-	(6,102)	14	(6,088)
Total comprehensive income (loss) for the year		-	-	-	-	471,295	(4,680)	-	466,615	(1,451)	465,164
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)	-	(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(24)	-	-	-	-	(1,631)	-	-	(1,631)	1,631	-
Balance at December 31, 2018		<u>\$ 738,069</u>	<u>\$ 440,667</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>\$ -</u>	<u>\$ 1,935,855</u>
<u>2019</u>											
Balance at January 1, 2019		\$ 738,069	\$ 440,667	\$ 97,280	\$ 12,367	\$ 664,519	(\$ 17,047)	\$ -	\$ 1,935,855	\$ -	\$ 1,935,855
Profit (loss) for the year		-	-	-	-	174,644	-	-	174,644	-	174,644
Other comprehensive income (loss) for the year		-	-	-	-	440	(12,347)	-	(11,907)	-	(11,907)
Total comprehensive income (loss) for the year		-	-	-	-	175,084	(12,347)	-	162,737	-	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)	-	(73,807)
Stock dividends	6(13)(15)	73,807	-	-	-	(73,807)	-	-	-	-	-
Balance at December 31, 2019		<u>\$ 811,876</u>	<u>\$ 440,667</u>	<u>\$ 144,552</u>	<u>\$ 17,047</u>	<u>\$ 640,037</u>	<u>(\$ 29,394)</u>	<u>\$ -</u>	<u>\$ 2,024,785</u>	<u>\$ -</u>	<u>\$ 2,024,785</u>

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
CASH FLOWS FROM INVESTING ACTIVITIES			
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)
CASH FLOWS FROM FINANCING ACTIVITIES			
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		440,386
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	(12,347,203)	
Profit in 2018 Available for Distribution		144,832,465
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		(80,742,549)
Undistributed surplus balance		\$ 529,484,104

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 designated thereby as well as being</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 thereby as well as being distributed on-site at the meeting place.</p>	<p>Revise in accordance with “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”.</p>

<p>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 meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one</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. 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.</p>	
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<p>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><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.</p> <p>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>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</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</u></p>	<p>Revise in accordance with “Corporate Governance</p>

<p>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><u>(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>Best Practice Principles for TWSE/TPEX Listed Companies”.</p>
<p>Article 13: Vote on Agenda and Scrutinizing Ballots and How Ballots are Counted</p> <p>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.</p> <p>When this Corporation holds a shareholders meeting, it may <u>allow the shareholders to exercise voting rights by correspondence or</u></p>	<p>Article 13: Vote on Agenda and Scrutinizing Ballots and How Ballots are Counted</p> <p>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.</p> <p>When this Corporation holds a shareholders meeting, it may adopt exercise of voting rights by electronic means and may adopt exercise of</p>	<p>Revise in accordance with “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”.</p>

<p><u>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>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>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.</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</p>	<p>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.</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</p>	<p>Revise in accordance with “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”.</p>

<p>a summary of the deliberations and their results, and shall be retained for the duration of the existence of this Corporation.</p>	<p>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 corporation's risk management and control of finance and operations.	Article 3: Deleted.	Revise in accordance with laws and regulations and to go with the establishment of audit committee.

<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 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><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 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><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</u></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>	
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<p><u>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>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 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>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 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>Revise in accordance with laws and regulations and to go with the establishment of audit committee.</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>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 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><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 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>Revise in accordance with laws and regulations and to go with the establishment of audit committee.</p>
<p>Article 11: A ballot is invalid under any of the following circumstances:</p>	<p><u>Article 10:</u> 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 number or identity card number is provided in the ballot to identify such individual. 	<p>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 number or identity card number is provided in the ballot to identify such individual. 	
<p>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:</p> <ol style="list-style-type: none"> 1. a spousal relationship 2. a relationship within the second degree of kinship. 	<p>Article 11: 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 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. 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><u>Article 13:</u> 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 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>Revise in accordance with laws and regulations and to go with the establishment of audit committee.</p>
<p>Article 15:</p>	<p><u>Article 14:</u></p>	<p>Revise in accordance with laws and</p>

These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.	These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.	regulations and to go with the establishment of audit committee.
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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 shall report <u>their communication with the independent directors and</u></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 independent directors, audit committees or supervisors, and chief internal</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>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>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 affairs, stock affairs, or corporate governance affairs.</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, financial, or futures related institution or a public company in handling legal affairs, <u>law compliance, internal audit,</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>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 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 means, including fully exploiting technologies for information disclosure, to upload annual reports, annual financial statements, notices, agendas 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 means, including fully exploiting technologies for information disclosure, to upload annual reports, annual financial statements, notices, agendas 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>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>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 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,</p>	<p>Article 10 (The Company shall place high importance on the shareholder right to know) The Company shall place high 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,</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>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>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>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) 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>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) 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>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>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>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>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>) <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, 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>Article 28-2 (The Company is advised to establish nomination committee)</u> <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 chairperson.</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>Article 28-3 (A whistleblowing system)</u> <u>The Company is advised to establish and announce channels for internal and external</u></p>	<p>Revise in accordance with “Corporate Governance Best Practice Principles for TWSE/TPEX Listed</p>

	<p><u>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>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 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: The degree of participation in the company's operations.</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 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: The degree of participation in the company's operations.</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>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. <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. The composition of the functional committee, and election and appointment of committee members. Internal control. 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>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. <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. The composition of the functional committee, and election and appointment of committee members. Internal control. 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>Revise in accordance with "Corporate Governance Best</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 property management system meet the expectation of the Company.</u> 	<p>Practice Principles for TWSE/TPEX Listed Companies” (Decree Cheng Kuei Chien Tzu No. 10900521401 issued on 2020.2.19)</p>
<p>Article 42 (Specify the adoption of candidate nomination system for elections of supervisors 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 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</p>	<p>Article 42 (Specify the adoption of candidate nomination system for elections of supervisors in articles of incorporation) 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</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>

forth in Article 30 of the Company Act, and act in accordance with Article 192-1 of the Company Act.	forth in Article 30 of the Company Act, and act in accordance with Article 192-1 of the Company Act.	
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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 Cheng Kung University of engineering science	Associate Professor of National Cheng Kung University of engineering science	0

Item	Name	Academic Background & Experiences	Current Position	Shareholdings
		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