

# Chieftek Precision Co., Ltd

## 2020 Annual Shareholders' Meeting Agenda References

### Report Items

#### 1. To Report the business of 2019.

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

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

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

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

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

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

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

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

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

Batch Order	The First Period	The Second Period
Purpose of the buy-back	Transferred the shares to employees	Transferred the shares to employees
Timeframe of buy-back	November 12, 2014 to January 9, 2015	March. 23, 2020 to May 20, 2020
Price range	NT\$ 22.30 to NT\$50.40	NT\$37.25 to NT\$131.00
Expected number of shares buyback	Common stock 3,000,000 shares	Common stocks 5,000,000 shares
Type and amount of shares buyback	Common stock 3,000,000 shares	Still in implementation period (until 109/4/28, 445,000 shares)
Amount of shares buyback	NT\$ 118,543,503	Still in implementation period (until 109/4/28, NT\$26,530,420)
Eliminated and transferred shares	3,000,000 shares have been eliminated (Note 1)	Still in implementation period
Accumulated number of company shares held	0	Still in implementation period (until 109/4/28, 445,000 shares)
Percentage of total company shares held(%) (Note 2)	0%	Still in implementation period (until 109/4/30, 445,000 shares)

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

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

## 6. To Report the 2019 Endorsement and Guarantee.

### Explanatory Notes:

- (1) As of December 31, 2019, The Company provision of endorsement and guarantee to others as following:

Company Name	Endorsement Ending Balance (in NT\$ thousands)	Amount Actually Drawn (in NT\$ thousands)	The relationship with headquarters
cpc Europa GmbH	201,540	45,347	The Subsidiary that shareholding 100% shares
Chieftek Precision International LLC	59,960	47,968	The Subsidiary that shareholding 100% shares
CSM Maschinen GmbH	50,385	0	The Subsidiary that shareholding 100% shares

- (2) The above-mentioned amount is not exceed the limit of rules.

## 7. To Report on “Ethical Corporate Management Best Practice Principles”.

### Explanatory Notes:

- (1) The amendment was made in accordance with the relevant provisions of Decree Chin Kuan Cheng Fa Tzu No.1080341134 issued on February 12, 2020 by Financial Supervisory Commission and Letter Cheng Kuei Chien Tzu No.10900521401 issued on February 19, 2020 by Taipei Exchange.
- (2) Please refer the Attachment 5 of the in the Handbook of the 2020 Annual Shareholders’ Meeting for the comparison table of the amendment to “Ethical Corporate Management Best Practice Principles”.

## 8. To Report on 2019 Cash Distribution of Profit.

### Explanatory Notes:

- (1) The 2019 profit distribution program of the company has been accepted by board on April 28, 2020, in accordance with company Act and the Articles of Incorporation of the company. The cash dividends of shareholders distributed in this plan amounted to NT\$80,742,549 (NT\$ 1.0 per share was allotted).
- (2) No stock dividends will be issued. Actual placement and number of shares will depend on the number of registered shareholders on the ex-rights date. The cash dividend distribution will be calculated to the nearest NT\$ dollar. After the aforementioned method was approved by regular shareholders’ meeting. The ex-dividend date will be decided by the Board of Directors meeting after approval by the competent authority. Allotment of fractional shares (less than one share) shall be paid in cash, and the chairman or his designated representative may subscribe at par value. Before ex-dividend date if buying back shares the transfer of treasury shares of the company, cancellation or other reasons prior to the date of ex-right affect the number of shares of the outstanding shareholders and change the dividend yield, the company will submitted to the general shareholder’s meeting and the Board is authorized to make such adjustments. The Cash Distribution of Profit Report, please refer to the Attachment 7 in the Handbook of the 2020 Annual Shareholders’ Meeting.
- (3) After the adoption by the general Shareholders Meeting, the Board of Directors is authorized to set the transfer of profit surplus.

## **Proposed Items**

### **1. To accept 2019 Business Report and Financial Statements.**

*Proposed by the Board of Directors*

#### **Explanatory Notes:**

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

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

*Proposed by the Board of Directors*

#### **Explanatory Notes:**

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

## **Discussion and Election Items**

### **1. 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".

### **2. 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".

### **3. 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”.

### **4. 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”.

### **5. To Election on 8<sup>th</sup> 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.

**6. 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.