

2021 Annual Report

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cpc CHIEFTEK PRECISION CO., LTD.

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5. TRADING PLACES OF OVERSEAS NEGOTIABLE SECURITIES FLOTATION AND MODE OF INQUIRY INFORMATION ON OVERSEAS NEGOTIABLE SECURITIES: NONE.

6. COMPANY WEBSITE: <http://www.chieftek.com>

CHIEFTEK PRECISION CO., LTD.
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I. Letter to the Shareholders

Distinguished shareholders, ladies and gentlemen:

I would like to express sincere thanks to all shareholders for your continual encouragement and support to CHIEFTEK PRECISION CO., LTD. (**cpc** hereinafter). Due to the impact caused by the volatility of the COVID-19 pandemic both domestically and abroad in 2021, rising prices and other factors have brought multiple challenges to the business environment of Taiwanese firms. The efforts of our employees and the increase in demand for semiconductor industry and medical equipment have driven the demand for key component parts to rise. This allowed for the company's revenue to increase significantly compared to that of 2020. The consolidated income in 2021 was NT\$1,856,920 thousands, an increase of NT\$475,035 thousands or 34.38% compared with the consolidated income of NT\$1,381,885 thousands in 2020. The net profit before tax in 2021 was NT\$447,259 thousands, which was an increase of NT\$185,764 thousand from the NT\$261,495 thousands in net profit before tax in 2020, an increase of 71.04%.

I hereby report the operating results for 2021 fiscal year and a summary of the business plan for 2022 fiscal year.

1. Operating results for the previous fiscal year (2021)

(I) Implementation of the business plan for the previous fiscal year

Comparison table of consolidated comprehensive profit/loss of the company and the product sale by type within the last 2 fiscal years and its description is as follows:

1. Comparison table of consolidated comprehensive profit/loss within the last 2 fiscal years.

Unit: NT\$ in thousand

Items	2021	2020	Increase (decrease)
Net operating income	1,856,920	1,381,885	475,035
Operating cost	(1,083,133)	(815,950)	267,183
Operating gross profit	773,787	565,935	207,852
Operating expense	(290,407)	(289,566)	(841)
Operating profit	483,380	276,369	207,011
Net non-operating income (expense)	(36,121)	(14,874)	(21,247)
Net profit before tax	447,259	261,495	185,764
Net profit after tax	308,789	203,095	105,694
Other Comprehensive income/loss	(14,778)	(7,529)	(7,249)
Comprehensive income/loss for the year	294,011	195,566	98,445

2. Product sale by type in the last 2 fiscal years: Please refer to Operation Proportion under V. Operating Overview.

Unit: NT\$ in thousand

Product type	2021		2020		Increase (decrease)	
	Amount	%	Amount	%	Amount	%
Miniature type	1,261,681	67.95%	960,665	69.52%	301,016	31.33%
Large type	531,382	28.62%	369,154	26.71%	162,228	43.95%
Linear motor	62,836	3.38%	51,347	3.72%	11,489	22.38%

Other	1,021	0.05%	719	0.05%	302	42.00%
Total	1,856,920	100.00%	1,381,885	100.00%	475,035	34.38%

(1) Revenue

- A. The revenue of miniature linear guides is NT\$1,261,681 thousands, up 31.33%; the revenue of large linear guides is NT\$531,382 thousands, up 43.95%; the revenue of linear motors is NT\$62,836 thousand, up 22.38%.
- B. Compared in terms of geographical areas differences, the Mainland China area declined by 5.06%, the European area increased by 58.43%, the US area increased by 38.31%, Taiwan's domestic sales increased by 39.45%, and other areas increased by 65.59%.

(2) Gross profit from operation

In 2021, due to the appreciation of the New Taiwan Dollar, the consolidated gross profit from operation was affected. However, the consolidated turnover increased by 34.38%, and there was a clear increase in capacity utilization compared to the 2020 fiscal year. In addition to price increases, the gross profit in 2021 was 41.67%, which increase by 0.72% compared with the consolidated gross profit of 40.95% in 2020.

(3) Earnings

- A. The earnings before tax for the 2021 fiscal year is NT\$447,259 thousands, compared with NT\$261,495 thousand for the 2020 fiscal year, which is an increase of NT\$185,764 thousand, with increase ratio of 71.04%.
- B. The 2021 earnings per share was NT\$3.82 dollars, considerably increasing by NT\$1.31 dollars compared with NT\$2.51 of 2019.

(II) Implementation of Budget

The financial prediction of 2021 was not publicized; it was not likely to estimate the achievement of goals.

(III) Analysis of receipts/expenditures, and profitability

Items		2021	2020	
Financial structure (%)	Ratio of liabilities to assets	39.80	39.79	
	Ratio of long-term funds to real property, factory and equipment	178.25	181.69	
Debt paying ability (%)	Current ratio	242.88	228.41	
	Quick ratio	177.64	146.68	
	Interest coverage ratio	37.83	18.60	
Profit structure (%)	Return on assets (ROA)	8.60	6.22	
	Return on equity (ROE)	14.04	9.82	
	Ratio on paid-in capital	Operating profits	59.54	34.04
		Profits before tax	55.09	32.21
	Net profit ratio	16.63	14.70	
Basic EPS (\$)	3.82	2.51		

(IV) Overview on the Current Research and Development

In addition to the existing linear slides, linear motors, linear modules, encoders, and drives, **cpc** has continued to expand the size and specifications of the existing linear slides, linear motors, linear modules, encoders, and drives. From 2021, **cpc** also officially launched DB0, S0 miniature six-axis robot arms and cpcStudio software PLC, which utilizes the mechanical and electrical integration capabilities accumulated over the years, laying the foundation for mechanical design, and expanding the entire range of products and services to whole new levels.

Due to the continuous improvement of medical technology, the population of our society has been slowly moving toward a low birthrate and aged society. This phenomenon has prompted the spread and advocacy for automatization. The six-axis joint robot arm has a high degree of flexibility and freedom in space, with the highest degree of flexibility. The advantages of being close to the application of human posture, etc., are most favored in automatic integration planning. Looking at the current market of whole robot arms, the specifications are almost all with a load of more than 3 kg and an arm length of more than 600 mm. The 1 kg micro-robot arm is the development goal; however, as the semiconductor manufacturing process becomes more and more refined and the scope of the automation industry becomes wider and wider, we officially launched the country's only micro-6-axis robotic arm product. The miniaturization of the robotic arm can not only increase the efficiency of the working space, but also because it can be easily moved, it is more suitable for the flexible design of automation. In addition, the miniature arm can achieve the effects of energy saving and carbon emission reduction compared with the oversized size specification. This is in line with the common strategic goal of net-zero carbon emissions being advocated for worldwide.

In addition to the basic automation construction, the digitalization of enterprises will be followed by the collection and integration of factory data. As for the systemic levels of entire factory automation, they are mainly divided into the field level, the control level, the monitoring level, the planning level and the management level. Generally speaking, the field level and the control level are called the OT level, the monitoring level, the planning level and the management level are called the IT layer and the PLC plays the main role of the control level. Many limitations of traditional PLC can no longer meet the needs of multi-functional integration in the market, and users need an upper controller with strong integration. In response to the fact that there is no real software PLC manufacturer in Taiwan, the company will develop a software PLC with RTOS (Real-Time operating system), and can use the development API to combine the software and hardware modules of other professional manufacturers to flexibly expand control functions and integration of the system as a whole. cpcStudio is an IDE platform with real-time control. For Linux operating system, it supports x86 and specific ARM architecture CPUs, allowing users to realize logic control, motion control and robotic arm control, breaking free from the costs associated with hardware PLC in the past. Space and performance constraints allow designers to truly innovate and enhance their unique value.

The Company continued to invest in R&D expenses of NT\$70,421 thousands for the 2021 fiscal year. Compared with the NT\$61,232 thousands for the 2020 fiscal year, it increased by NT\$9,189 thousands, with gross reduction ratio of 15.01%.

2. Summary of the business plan for the current fiscal year (2022)

(I) Management principles (corporate social responsibility policy)

1. Implement information transparency, practice honest operation

(1) Implement information transparency, practice corporate governance

(2) Stick to honesty, integrity and sustainable operation, achieve **cpc** leading brand of the world.

(3) Cultivate a filial team with compassion, international view, professional skills and high

sense of honor.

2. Strengthen the awareness of environmental safety, implement environmental protection.
 - (1) Provide a working environment with high quality and available for maintaining physical and psychological health, and reach the goal of no disaster, no accident.
 - (2) Protect the environment, maintain the natural ecology, and realize the energy conservation and waste reduction.
 - (3) In accordance with the laws, implement the risk management, prevent the pollution, and carry out 6S activities.
 - (4) The environmental protection safety is an uninterrupted activity of the entire personnel.
3. Education in morality-rooted, create a peaceful society.
 - (1) Plant widely with Chinese cultural root and establish a righteous corporation.
 - (2) Cultivate a team with normally and skills, become a model of corporation operation.
 - (3) Fulfill corporate social responsibility, co-create a sunny and peaceful society.

(II) Expected sales volume and its basis

Through self-developed products, **cpc** is moving towards the goal of becoming a highly flexible integrated system developer. Under the general trend of Industry 4.0, it provides products and services for key components, and also meets customers' requirements for total solution technology and enhances the company's market presence, value and status. The company will set sales targets and strive to achieve them based on industry market conditions and past experience.

(III) Important production and marketing policies

1. Marketing policy

- (1) Marketing with private brand **cpc** in the world, so as to improve brand awareness and value.
- (2) Continuously enhance operating function of each area based on economic development, so as to increase overall operating income.
- (3) Actively expand market, increase market share.
- (4) Expanding the local technical service network with system integrators as the main business area.

2. Manufacturing policy

- (1) Quality is the result of design, manufacture and management.
- (2) Receive, manufacture and distribute no non-performing product.
- (3) Quality improvement is an uninterrupted activity of the entire personnel.
- (4) Actively engaged in the production of new products.

III. Company's future development strategy

The main technologies of **cpc** is self-invented and therefore the internal management principles include Independence, Clear-Labor Distribution, Innovation, and Perfection. Other than enhancing cooperation between research institutions, universities, and the industry to nurture more talents, **cpc** aim to keep good talents with its brand as a public traded company.

In response to the trend of Industry 4.0 and smart factories, **cpc** aims to become the comprehensive developer of the highly flexible system in the future. In addition to focusing on the research and development of multiple designs of linear slides, **cpc** also focuses on linear motors and modules, DD motors, sensors, servos drivers and controllers. In addition, the robot arm which has market uniqueness will integrate the self-developed processing parts, DD motors, encoders and drivers, with the software support tools of cpcStudio, and the cross-disciplinary technical realization will allow for the company to test out different business models and develop new visions. This will also make the company's product line more complete, and it can be matched with smart components and smart machinery to carry out complementary functions, which will help the company to produce smart and automated

production and move towards the goal of becoming an integrated system developer.

IV. Effect of external competition, the legal environment, and the overall business environment

(I) External competition

The global COVID-19 epidemic has been continuing for more than two years. Recently, countries have continued to suffer from the outbreak of the Omicron variant. Some countries and cities have been restarting lockdowns and control measures. Supply chain bottlenecks and inflationary pressures continue to weaken private purchasing power, affecting business investment confidence and detrimental to economic recovery. Coupled with rising geopolitical risks such as the Russian-Ukrainian conflict, the growth of the global economy may be impaired. In view of rising inflationary pressures in the United States, the Federal Reserve has accelerated the reduction of bond purchases and will consider shrinking the balance sheet after it starts increasing interest rates.

(II) Legal environment, and the overall business environment

Global trade momentum continues to grow and recover, which is expected to drive our country's exports to new highs. Coupled with the booming demand for emerging applications such as 5G, automotive electronics, high-performance computing, and the Internet of Things, semiconductor and returning Taiwanese manufacturers continue to expand production capacity, which is expected to increase momentum in exports. Manufacturers continue to increase domestic investment, drive related supply chains to invest in Taiwan, and the agglomeration effect continues to expand, coupled with the continuous implementation of returning Taiwanese business people to invest in Taiwan. Telecommunication businesses are actively deploying 5G networks, accelerating green energy investment, and the capabilities of transportation agencies. The industry's expansion of capacity is expected to maintain investment momentum.

In sum, the enhancement of Industry 4.0 has expanded the application of **cpc**'s product. Therefore, with the advantage in technology and competition, plus the innovative development strategy, **cpc** continues to maintain its research and development capability that combines with the long term development trend of industry and technology to raise the quality of products and realize the sustainable growth of the company.

Based on high-quality products and competitive advantages, **cpc** continues to strengthen its research and development capabilities, and combines technology and industry long-term development trends to achieve sustainable operation and growth of the company.

The Company will still stick "Honest Operation Principle", and continuously increase the scope of the group, maximize the benefits for shareholders and customers, create the best career welfare for all colleagues, return the public with virtuous and skilled achievements, bring along social goodness, make everyone safe and happy and satisfied with their work and life. It is worth it definitely.

I hereby wish all the shareholders

Good health and happiness!

Chairman: CHEN LI-FEN

II. Company Profile

I. Date of establishment: October 19, 1998

II. Company History

(I) Company History

Fiscal Year	Major history of the company
1998	Setup license issued by Ministry of Economic Affairs (MOEA) with paid-in capital of NT\$5,000 thousand.
1999	Put forward “R&D plan of Miniature Linear Guide” and got project grants from Industrial Technology Research Institute. Applied for “Linear motion bearings” patent to Taiwan, America, Germany and Japan. Moved into incubation center of National Cheng Kung University and carry out Industry-University collaboration with National Cheng Kung University. Apply for increased capital by cash in October, paid-in capital was increased to NT\$25,000 thousand.
2000	Moved to Rede factory and began pilot mass production. Beginning of MR9M Miniature Linear Guide mass production. Applied for increased capital by cash in April, paid-in capital was increased to NT\$41,200 thousand. Apply for increased capital by cash in September, paid-in capital was increased to NT\$99,000 thousand.
2001	Made negotiations with agents and distributors on development of domestic clients and overseas clients in USA, Germany, the UK, Italy, Benelus, Switzerland, Israel, Singapore, Malaysia and other countries. Entered Korean market and signed the contract with Korean agent. Establishment of factory in southern science industrial park was approved by National Science Council (NSC). “Linear motion bearings” was approved by American patent. Apply for increased capital by cash in July, paid-in capital was increased to NT\$150,000 thousand.
2002	Entered Singaporean market and signed the contract with Singaporean agent. Applied for increased capital by cash in July, paid-in capital was increased to NT\$ 210,000 thousand (Tech stock was NT\$ 60,000 thousand).
2003	Started building Phase I project of the factory in Southern Taiwan Science Park. Apply for increased capital by cash in August, paid-in capital was increased to NT\$ 270,000 thousand. Apply for increased capital by cash in October, paid-in capital was increased to NT\$ 290,000 thousand. Exhibited all series of Miniature Linear Guide in Shanghai in December.
2004	Beginning of Size3 Miniature Linear Guide mass production. Apply for increased capital by cash in January, paid-in capital was increased to NT\$ 340,000 thousand. Apply for increased capital by cash in March, paid-in capital was increased to NT\$ 360,000 thousand.
2005	Factory in Southern Taiwan Science Park was completed and began official mass production. Official mass production of standard Linear Guide.

Fiscal Year	Major history of the company
2007	<p>Mass production of AR/HR Roller type Linear Guide. Passed the ISO9001 quality certification. Carried out university-industry collaboration with mechanical engineering department of National Chung Cheng University. Applied for “R&D subsidy to early design and development of linear motor” and approved by Southern Taiwan Science Park Authority. Approved by the Ministry of National Defense and applied for personnel who serviced national defense, to cultivate R&D talents coordinating national policy. Beginning of Ultra-fast miniature linear guide mass production. Beginning of Self-lubricating miniature linear guide mass production.</p>
2008	<p>Set up cpc subsidiaries in the United States with paid-in capital of US\$300 thousand. Set up cpc subsidiaries in Kunshan city with paid-in capital of US\$ 300 thousand.</p>
2009	<p>Beginning of Ironless Series linear motor producing. Apply for increased capital by cash in December, paid-in capital was increased to NT\$ 360,560 thousand.</p>
2010	<p>Set up cpc subsidiaries in Germany with paid-in capital of EU\$ 69 thousand. CPC Kunshan applied for increased capital by cash, paid-in capital was increased to US\$1,000 thousand. Increased capital by surplus was NT\$18,028 thousand, paid-in capital was increased to NT\$ 378,588 thousand.</p>
2011	<p>Public issuance was approved on Jan. 17th and stocks were registered on the Emerging Stock Market on Mar. 10th. Increased capital by surplus was NT\$ 30,287 thousand, paid-in capital was increased to NT\$ 408,875 thousand. CPC Kunshan subsidiaries applied for increased capital by cash, paid-in capital was increased to US\$ 3,000 thousand. Apply for increased capital by cash in December, paid-in capital was increased to NT\$ 433,875 thousand.</p>
2012	<p>Purchased land of Tree Valley Park as future preparation for extension construction of plants. Employee stock warrant issued new shares of NT\$ 6,204 thousand, paid-in capital was increased to NT\$ 440,079 thousand. Increased capital by surplus was NT\$ 44,008 thousand, paid-in capital was increased to NT\$ 484,087 thousand. Finished development plan of leading new product in “High Thrust Density Ironless-core Linear Motor” approved by Ministry of Economic Affairs (MOEA). CPC USA applied for increased capital by cash, paid-in capital was increased to US\$ 1,000 thousand. Increased capital by cash was NT\$46,330 thousand, paid-in capital was increased to NT\$530,417 thousand. Buying and selling in foundation GreTai Securities Market (GTSM) since Dec. 28th.</p>

Fiscal Year	Major history of the company
2013	<p>Employee stock warrant issued new shares of NT\$2,556 thousand, paid-in capital was increased to NT\$532,973 thousand.</p> <p>CPC USA applied for increased capital by cash, paid-in capital was increased to USD\$1,660 thousand.</p> <p>CPC Germany applied for increased capital by cash, paid-in capital was increased to EUR\$2,500 thousand.</p> <p>Increased capital by surplus was NT\$26,649 thousand, paid-in capital was increased to NT\$559,622 thousand.</p> <p>Official mass production of wide Roller-type Linear Guide.</p>
2014	<p>Employee stock warrant issued new shares of NT\$2,464 thousand, paid-in capital was increased to NT\$562,086 thousand.</p> <p>CPC Kunshan applied for increased capital by cash, paid-in capital was increased to US\$5,100 thousand.</p> <p>Increased capital by surplus was NT\$28,104 thousand, paid-in capital was increased to NT\$590,190 thousand.</p> <p>Employee stock warrant issued new shares of NT\$2,148 thousand, paid-in capital was increased to NT\$592,338 thousand.</p> <p>ISO14001 Environment Management System, OHSAS 18001 TOSHMS and CNS 15506 TOSHMS in Taiwan certificated.</p> <p>Passed tobacco hazard control label of healthy occupational certificate after assessed by National Health Service(NHS) of Ministry of Health and Welfare(MHW).</p> <p>Implemented treasury stock approach for the first time and expected to transfer to employees to encourage them and retain excellent talents.</p> <p>Comprehensive mass production of LM-CORE series Ironcore Linear Motor.</p> <p>Official mass production of CLS-Compact Linear Motor Stage. □Released ARR/HRR/LRR Standard 4-Row Roller-type Linear Guide.</p>
2015	<p>New products such as Roller-type Linear Guide, Ironcore Linear Motor, CLS-Linear Motor stage, Linear Motor servo drives were released for the first time in Taipei International Machine Tool Show (TIMTOS) of 2015.</p> <p>Official mass production of TC1 AC-Linear Motor server and driver. Official mass production of CLMS-Ironcore Linear Motor Stage.</p>
2016	<p>Official mass production of MMLS-Linear Motor Stage.</p> <p>Established CSM Maschinen GmbH with paid-in capital of EU\$25 thousand, rpc holding 80% shares.</p> <p>Capital increase from earnings NT\$28,117 thousand, amount of paid-in capital increased to NT\$620,455 thousand.</p>
2017	<p>Held the product presentation on “An Introduction and Application of Direct Drive Linear Motors”, “An Introduction and Application of Drive Systems” and “An Introduction and Application of Linear Guides” in “Taipei International Machine Tools Show in 2017”.</p> <p>Obtained the building permit for the construction of the first phase of factory building in Tree Valley Park.</p> <p>Entered the top 20% of companies of the third round of corporate governance evaluation and were awarded the “Improvement Award”.</p> <p>Established Chieftek Precision International LLC with a paid-up capital of US\$500,000 and held 100% shares.</p> <p>Passed the ISO 9001:2015 version, Quality management systems, ISO14001: 2015 version, Environmental management systems, OHSAS 18001: 2007 version, Occupational Health and Safety Assessment Series and Taiwan Occupational Safety and Health Management System of CNS15506 revised version certification, in August 2017.</p> <p>Passed Healthy Workplace Certification - Health Boot Badge by Health Promotion Administration of Ministry of Health and Welfare (MHW).</p>

Fiscal Year	Major history of the company
2018	<p>Applied for retirement of Treasury Shares NT\$30,000 thousand, and the paid-up capital was decreased to NT\$590,455 thousand.</p> <p>The company was awarded “Top 5000 Largest Corporations in Taiwan 2018” by the China Credit Information Service Ltd.</p> <ol style="list-style-type: none"> 1. Was ranked 1137 by Net Operating Revenue among Manufacturing Corporations. 2. Was ranked 11 by Net Operating Revenue among Southern Taiwan Science Park. 3. Was Ranked 328 by Operating Performance among Manufacturing Corporations. 4. Was ranked 16 among General Machinery and equipment industry. <p>Applied for capitalization of earnings NT\$147,614 thousand, and the paid-up capital was increased to NT\$ 738,069 thousand.</p> <p>Increased shareholding in CSM Maschinen GmbH was 100%.</p>
2019	<p>Size2 miniature linear guides began mass production.</p> <p>The company was awarded “Top 2000 Largest Corporations in Taiwan 2019” by the China Credit Information Service Ltd.</p> <ol style="list-style-type: none"> 1. Was ranked 951 by Net Operating Revenue among Manufacturing Corporations. 2. Was ranked 15 among Top 50 Operating Performance Corporations. 3. Was Ranked 11 among Precision Instruments Manufacturing. 4. Was ranked 50 among Most Profitable Manufacturing Company. <p>Capital increase by retained earnings was NT\$73,807,000, paid-in capital increased to NT\$811,876,000.</p> <p>To adjust the group’s investment structure, Chieftek Precision USA Co., Ltd., which was reinvested and 100% shares held by the company through Chieftek Precision Holding Co., Ltd., was altered to be invested directly by the company</p>
2020	<p>The construction commencement ceremony of the Tree Valley Park’s Phase II Plant was held in March.</p> <p>To benefit business developments, merged CSM Maschinen GmbH and CPC Europa GmbH.</p> <p>Passed the Occupational Health and Safety Management System ISO 45001:2018 and the verification of CSN 45001:2018 Taiwan Health and Safety Management System.</p> <p>Changed buying and selling in from the Foundation GreTai Securities Market (GTSM) to TWSE since Dec. 23rd.</p>
2021	<p>On August 31, the subsidiary CPC Hong Kong reduced the capital and returned 100% equity of CPC Kunshan to CHIEFTEK PRECISION HOLDING CO., LTD., and adjusted the organizational structure.</p> <p>Launched a new series of cpcRobot miniature six-axis robotic arms and cpcStudio software PLC/IDE platform.</p> <p>cpcRobot was awarded the Gold Medal at the 2021 LEAP Awards in the United States.</p>

(II) Status for merger and acquisition activities, strategic investments in affiliated enterprises, and corporate reorganization during the most recent fiscal year as well as the current fiscal year up to the date of publication of the annual report:

1. There were no plans of merging or acquiring other companies in 2021 up to the date of publication of the annual report, the company will hold a cautious attitude if there are plans to enact merger or acquisitions in the future, and consider the concrete results it brings to the company, to protect the shareholders’ rights and interests.
2. Strategic reinvestments in affiliated enterprises in the 2021 fiscal year up to the date of publication of the annual report:

On August 31, the subsidiary CPC Hong Kong reduced the capital and returned 100% equity of CPC Kunshan to CHIEFTEK PRECISION HOLDING CO., LTD., and adjusted the organizational structure.

3. The situation of reorganization in the year of 2021 and as of the date of publication of the annual report: None.

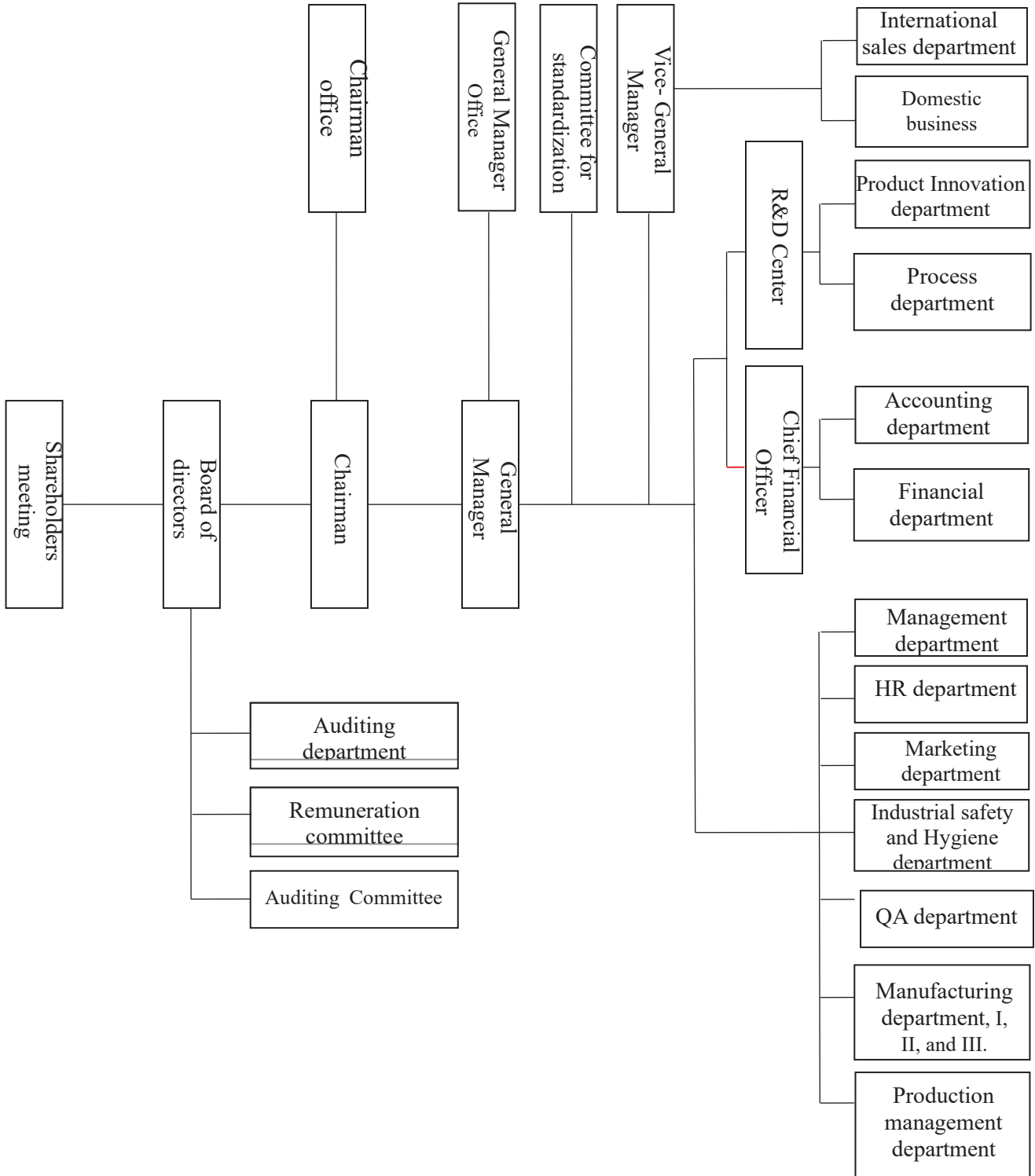
(III) Mass transfer or changes of shares for directors, supervisors, or shareholders with more than 10% shares in the Company; any change in managerial control; any material change in operating methods or type of business; and any other matters of material significance that could affect shareholders' equity. If there is information related to earlier fiscal years that can help provide a significantly clearer understanding of the company's situation, such information may also be included in the annual report.

1. Status of mass transfer or changes of shares for directors, supervisors and shareholders with more than 10% shares:
 - (1) There are no shareholders with more than 10% shares in the company up to the date of publication of the annual report.
 - (2) The directors and supervisors of the company are all long-term supporters of the company's operation and there is no significant transfer of equity which has a significant impact on the company's finances or business, in the recent fiscal year up to the date of publication of the annual report.
2. Status of changes of managerial control, any material change in operating methods or type of business: None.
3. Status of other matters of material significance that could affect shareholders' equity: None.

III. Corporate Governance Report

I. Organization System

(I) Organization Structure



(2) The Tasks of Each Principal Divisions

Principal Divisions	Major Tasks
Chairman room	<ol style="list-style-type: none"> 1. To set up outstanding cpc international brand management. 2. To integrate friendly relationship between upstream and downstream vendors in international market. 3. To fulfill the ethical corporate for social responsibility and environmental humanistic responsibility. 4. To promote corporate social responsibility and ethical operations. 5. To pursue the maximum benefit for all shareholders and sustainable operations for corporate.
General Manager Room	<ol style="list-style-type: none"> 1. Getting the operational goals of the company with schedule management 2. Assist the General Manager to manage the operation, product development, sales, quality control, and all other departments with coordination, supervision, execution. 3. Manage and promote the special task forces and projects to enhance the competitiveness of the company.
Auditing room	<ol style="list-style-type: none"> 1. To set out and implement each auditing policy and procedure of the Company. 2. To set out annual overall auditing plan. 3. To audit and inspect the implementation of internal control in each department, to provide improvement suggestion, to track defects and review.
Compensation committee	<ol style="list-style-type: none"> 1. To set out recommendation of salary and remuneration for board directors, supervisors and managers and regular assessment report. 2. To set out and review regularly the performance evaluation of board directors, supervisors and managers. 3. To set out and review regularly salary and remuneration policy, system, standard and structure of the Company.
Auditing committee	<ol style="list-style-type: none"> 1. Establish or amend the internal control system in accordance with the provisions of Article 14-1 of the Securities and Exchange Law. 2. Evaluate the effectiveness of the internal control system. 3. Establish or amend the relevant provision regarding the procedures for acquiring or disposing of assets, engaging in derivative commodity transactions, lending funds to others, or endorsing or providing guarantees for others with compliance of the company's articles of association. 4. Matters involving the director's own interests. 5. Major asset or derivative commodity transactions. 6. Significant capital loans, endorsements or guarantees. 7. Raising, issuing or involving in private placement of securities with an equity nature. 8. Appointment, dismissal and remuneration of certified accountants. 9. Appointment and dismissal of financial, accounting or internal audit officials. 10. Review the annual financial report signed or stamped by the chairman of the board, the manager and the accounting supervisor, and the second quarter financial report subject to verification by an accountant. 11. Other major matters specified by the company or the concerned authority.
Standardization committee	<ol style="list-style-type: none"> 1. To check if the format and content of standardization documents proposed by each application unit conform to ISO 9001 quality system, environmental system and other systems of the Company or not. 2. To review and discuss the content of standardization documents to make the standard accord with actual demand. 3. Planning, adjustment, auditing, improvement and other activity management of ISO 9001 quality management system (QMS). 4. To promote and manage quality objectives. 5. To assist management representatives convene management examination meetings.

Principal Divisions	Major Tasks
International sales dept.	<ol style="list-style-type: none"> 1. Setting and implementation of performance objectives. 2. Sales marketing. 3. Deliberation of project contract. 4. Resolution, feedback and tracking of customer service. 5. Setting and Tracking of forecasting for production and marketing. 6. Market research. 7. Inventory control among subsidiaries. 8. Accounts receivable collection.
Domestic sales dept.	<ol style="list-style-type: none"> 1. Setting and implementation of marketing plan. 2. Resolution and feedback of customer service. 3. Review and control of contract and order. 4. Setting and tracking of production and marketing prediction. 5. Setting and implementation of advertisement marketing strategy. 6. Information collection and analysis of the market and the same trade concerned. 7. Accounts receivable collection.
R & D dept.	<ol style="list-style-type: none"> 1. Search and analysis of competitor products and patents. 2. Development, design and patent application of new products. 3. To plan new rules for new products and analyze R & D technology of new products. 4. Function improvement of current products. 5. Audit and recognition of outsourcing components.
Software Development dept.	<ol style="list-style-type: none"> 1. The development of software. 2. The development of product related software and firmware. 3. Plan new product rules and analyze new product R&D technologies. 4. Functional enhancements and improvements to existing products.
Manufacture process dept.	<ol style="list-style-type: none"> 1. Development of production technology. 2. Capacity planning and standard labor time making. 3. Processing and mechanical equipment SOP making. 4. Cost analysis. 5. Introduction of trial production for new products. 6. Sample making and functional testing, design of testing machine and measuring tools. 7. Testing and application of product safety and other regulations.
Accounting dept.	<ol style="list-style-type: none"> 1. General accounting section: <ol style="list-style-type: none"> (1) Recording of accounting transaction, storage of source documents and account books. (2) Issuance of receipt/payment, recording and storage of cash and bills. (3) Management of account receivable/payable and general ledger. (4) Management and control of the Company income and expenses. (5) Fixed assets management, tax treatment and tax credit of investment handling. (6) Drafting and implementation of accounting statement. (7) Handling of tax reporting. (8) Withholding, reporting and paying of income tax. (9) Handling and management of bounded affairs. (10) Handling the changes of industrial and business registration. (11) Financial management of subsidiaries. (12) Affairs of the board of directors and shareholders' meeting. (13) Cooperating work audited by accountant. 2. Cost section: <ol style="list-style-type: none"> (1) Calculation and analysis of product cost. (2) Management of purchasing, consumption and storing of inventory. (3) Stocktaking of raw material, semi-finished products, WIS and finished products. (4) Analysis, budgeting and management of the Company operation plan.

Principal Divisions	Major Tasks
Accounting dept.	<ul style="list-style-type: none"> (5) Preparation and analysis of management report. (6) Tax reporting of scraped products. (7) Cooperating work audited by accountant.
Financial dept.	<ul style="list-style-type: none"> 1. Handling of Banking transactions. 2. Storage, issuance of receipt/payment and recording of cash, bills, and securities. 3. Analysis of financial operating plan, preparation of capital budgeting, fund raising and scheduling. 4. To supervise and assist fund raising, scheduling and management of subsidiaries. 5. Planning and implementation of corporate governance related affairs.
Management dept.	<ul style="list-style-type: none"> 1. Purchasing section: <ul style="list-style-type: none"> (1) To set out purchasing plan. (2) Development, assessment and management of new subcontractor or outsourcing manufacturer. (3) Inquiry, price comparison, bargaining and contracting of purchasing. (4) Domestic and overseas purchasing. (5) To Coordinate with subcontractor or outsourcing manufacturer. 2. Information section: <ul style="list-style-type: none"> (1) Responsible for the maintenance and planning of the Company's network host. (2) Planning, setting-up and basic maintenance of hardware circuit. (3) Planning and implementation of software. (4) To check system data and its use. (5) To backup data and maintain database regularly. (6) To coordinate and promote computerized operations. (7) Education and training of company informatization. (8) Maintenance of ERP system, development and design of report. 3. General affairs section: <ul style="list-style-type: none"> (1) Management and handling of staff meals and general affairs. (2) Management of transactional fixed assets and tools. 4. Factory affairs section: <ul style="list-style-type: none"> (1) To ensure normal water supply and quality of air-compressor and air-conditioner. (2) To ensure smooth operation of firefighting system, watering and foaming. (3) Maintenance of wastewater system and treatment of wastewater. (4) To ensure supply and smooth operation of power system of the factory area. (5) Mechanical and electrical maintenance and improvement plan of the factory area.
HR dept.	<ul style="list-style-type: none"> 1. To set out each HR related management system and development. 2. Staff recruitment, selection, appointment, cultivation and retention development. 3. Planning and implementation of education and training. 4. Salary management and welfare system. 5. Performance assessment and evaluation. 6. Management and improvement of harmonious labor-capital relationship.
Marketing dept.	<ul style="list-style-type: none"> 1. Design, maintenance and management of the Company website. 2. Catalogue, advertising, propaganda and other art design. 3. Arrangement and design of exhibition. 4. Design of the Company overall image. 5. Application and promotion of each product.

Principal Divisions	Major Tasks
Industrial safety and Hygiene dept.	<ol style="list-style-type: none"> 1. Establishment, promotion and maintenance of ISO14001 Environmental Management System, OHSAS18001 Occupational Safety and Health Management System (OSHMS) and CNS15506 OSHMS in Taiwan. 2. Recognition, assessment and control of working environment or operation hazard. 3. Management of machineries, equipment and appliance. 4. Classification, labeling, hazard communication and management of hazardous chemicals. 5. Strategic planning and monitoring of sampling in harmful operating environment. 6. Manufacture process or construction safety assessment in dangerous workplace. 7. Management of purchasing, contracting and change. 8. Operating Standards for safety and health. 9. Regular check, emphasized check, operation check, site inspection and 6S management. 10. Education and training for safety and health. 11. Management of personal safeguard device. 12. Health examination, management and improvement. 13. Collection, sharing and application of safety and health information. 14. Emergency response and preparedness. 15. Investigation and settlement and statistical analysis of occupational accidents, near misses, events that affect the physical and mental health. 16. Record of safety and health management and measures for performance assessment. 17. Other safety and health management measures.
QA dept.	<ol style="list-style-type: none"> 1. Practice of quality policy, implementation and correction of quality system and operation procedure. 2. To carry out and maintain related responsibilities regulated by quality system. 3. To assist and solve customers' problems. 4. Reason analysis, preventive measures, countermeasure formulation and follow-up processing of quality abnormal events. 5. Setting of calibration plan, management of inspection and testing equipment, implementation of internal calibration and control of external calibration. 6. Responding, handling and tracking of customers' complaints. 7. Inspection and judgment of incoming material, processing, finished products before shipment.
Manufacturing dept.	<ol style="list-style-type: none"> 1. Implementation and control of production line planning and scheduling. 2. Improve production efficiency, technology and quality of finished products. 3. Control and improvement of product yield. 4. Quality abnormal reaction and implementation of improvement. 5. Regular maintenance and calibration of manufacturing equipment and instruments. 6. Manpower training and employment plan and performance assessment.
Production management dept.	<ol style="list-style-type: none"> 1. Product management section: <ol style="list-style-type: none"> (1) Annual production and marketing planning. (2) Goal setting and MOC (management of change) of production planning. (3) Implementation of production planning, coordination of production, marketing and delivery. (4) Requirement, purchasing, allocation and control of production materials. 2. Warehouse management section: <ol style="list-style-type: none"> (1) Inventory management (including finished products, semi-finished products, WIP, raw materials, accessories). (2) Receiving and dispatching of material and finished products. (3) Stocktaking. (4) Requirement and control of material, improve inventory turnover ratio. (5) Ensuring proper warehousing and shipping.

II. Information of Directors, Supervisors, General Manager, Deputy General Manager, Assistant General Manager and Heads of Each Department and Each Branch

(I) Board directors and supervisors

1. Information of board directors and supervisors

Job Title	Nationality or place of registry	Name	Gender / Age	Date of Election	Tenure of First office	Date of First Election	Shareholdings during election		Present Shareholdings		Present Shareholdings of the Spouse and Minor Children		Shareholdings of Others		Main Experience/ Education Background	Post concurrently occupied in the company and other companies at present	Other directors, board directors or supervisors with the relationship of spouse or that within the second degree of kinship			Note
							Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Job Title	Name	Relation	
Chairman and Chief Strategy Officer	The Republic of China	CHEN LI-FEN	Female (61-65)	June 8, 2020	3 years	October 14, 1998	3,653,107	4.50%	3,653,107	4.50%	5,579,338	6.87%	0	0	Art History of Universität Stuttgart, Founding President of National Cheng Kung University Innovation & Incubation, Chairman of Alumni Association of The National Tainan Girls Senior High School 2016-18	Chief Strategy Officer of Chieftek Precision CO., Ltd., Chairman of Deneng Sunshine Investment Co., Ltd, Chairman of Deyuan Management Consulting Co., Ltd, Chairman of Zhenshammeihui Investment Co., Ltd, Chairman of Gueirendefu Investment Co., Ltd, Chairman of Yijihde Management Consulting Co., Ltd, Chairman of Sunshine Bio Technology Co., Ltd, Chairman of Situjia Food Co., Ltd., Chairman of The Allied Association for Science Park Industries, Standing Director of Academia-Industry Consortium for Southern Taiwan Science Park, Director, Tainan Traditional Chinese Cultural College Foundation, Chairman of 20 th Annual Yizaihui (Note 2)	Board Director, General Manager and R&D Supervisor	HSU MING-CHE	Spouse	Note 4

March 31, 2021

Job Title	Nationality or place of registry	Name	Gender / Age	Date of Election	Tenure of First office	Date of First Election	Shareholdings during election		Present Shareholdings		Present Shareholdings of the Spouse and Minor Children		Shareholdings of Others		Main Experience/ Education Background	Post concurrently occupied in the company and other companies at present	Other directors, board directors or supervisors with the relationship of spouse or that within the second degree of kinship			Note
							Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Job Title	Name	Relation	
Board Director, General Manager and R&D Supervisor	The Republic of China	HSU MING-CHE	Male (61-65)	June 8, 2020	3 years	October 14, 1998	5,579,338	6.87%	5,579,338	6.87%	3,653,107	4.50%	0	0	Master of Mechanical Engineering of Universität Stuttgart General Manager and R&D Supervisor of Chieftek Precision Co., Ltd.	General Manager and R&D Supervisor of Chieftek Precision Co., Ltd.	Board Chairman and Chief Strategy Officer	CHEN LI-FEN	Spouse	Note 4
Board Director	The Republic of China	LI AN	Female (71-75)	June 8, 2020	3 years	June 16, 2016	1,075,290	1.32%	1,075,290	1.32%	0	0	0	0	Bachelor of Nutrition, Fu Jen Catholic University; Master of Nutrition, New York University; Master of Computer, University of Denver; Computer Engineer of NREL; Senior Computer Engineer of US West Inc.; Information Chief of Motech Industries Inc.	Nil	Nil	Nil	Nil	
Board Director	The Republic of China	WAN CHEN-PI-HSIA	Female (75-80)	June 8, 2020	3 years	December 30, 2004	557,355	0.69%	557,335	0.69%	55,333	0.07%	0	0	Provincial Tainan Girls' Senior High School Chairman of Yucheng Starch Co., Ltd. Director of Deyuan Management Consulting Co., Ltd. Supervisor of ST&T Electric Corp.	Chairman of Yucheng Starch Co., Ltd., Supervisor of ST&T Electric Corp.	Nil	Nil	Nil	
Board Director	The Republic of China	CHEN SHEN-G-FEN	Male (61-65)	June 8, 2020	3 years	December 30, 2004	554,736	0.68%	554,736	0.68%	723,569	0.89%	0	0	Master of Mechanical Engineering of National Taiwan University, Assistant Manager of Jianxing Electronics Co., Ltd and Vice-General Manager of A-OPTRONICS Co., Ltd.	Nil	Nil	Nil	Nil	

Job Title	Nationality or place of registry	Name	Gender / Age	Date of Election	Tenure of First office	Date of First Election	Shareholdings during election		Present Shareholdings		Present Shareholdings of the Spouse and Minor Children		Shareholdings of Others		Main Experience/ Education Background	Post concurrently occupied in the company and other companies at present	Other directors, board directors or supervisors with the relationship of spouse or that within the second degree of kinship			Note
							Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Job Title	Name	Relation	
Independent Director	The Republic of China	HO MING-ZIH	Male (55-59)	June 8, 2020	3 years	June 22, 2017	0	0	0	0	0	0	0	0	Bachelor of Engineering, National Cheng Kung University Master of Electrical Engineering, Texas A&M University Doctor of Electrical Engineering, Texas A&M University Researcher of headquarters, Ritek Corporation Assistant Professor of Engineering, National Cheng Kung University Associate Professor of Engineering, National Cheng Kung University	Associate professor of Engineering, National Cheng Kung University	Nil	Nil	Nil	
Independent Director	The Republic of China	WEI NAI-CHANG	Male (65-69)	June 8, 2020	3 years	June 17, 2011	0	0	0	0	0	0	0	0	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	Nil	Nil	Nil	Nil	

Job Title	Nationality or place of registry	Name	Gender / Age	Date of Election	Tenure of First office	Date of First Election	Shareholdings during election		Present Shareholdings		Present Shareholdings of the Spouse and Minor Children		Shareholdings of Others		Main Experience/ Education Background	Post concurrently occupied in the company and other companies at present	Other directors, board directors or supervisors with the relationship of spouse or that within the second degree of kinship			Note
							Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Job Title	Name	Relation	
Independent Director	The Republic of China	WU CHU NG-JEN	Male (55-59)	June 8, 2020	3 years	June 17, 2011	29,403	0.04%	29,403	0.04%	0	0	0	0	0	0	0	Nil	Nil	Nil

Note 1: Board directors and supervisors of the company did not take office in CPA Firm or its affiliated enterprise during the past year.

Note 2: Posts concurrently occupied in the company and other companies at present by Chairman CHEN LI-FEN include: Board Director of subsidiary corporations like CHIEFTEK

PRECISION HOLDING CO., LTD., CPC Europa GmbH, Chieftek Precision (Hong Kong) Co., Limited, CHIEFTEK PRECISION USA CO., LTD, CHIEFTEK Machinery (Kunshan) Co., Ltd., Chieftek Machinery Kunshan Co., Ltd., CSM Maschinen GmbH and Chieftek Precision International LLC.

Note 3: First time as company director or supervisor, with no interruptions.

Note 4: Relevant Information if the company chairman and general manager or a similar position (superior manager) are the same person, spouses, or relatives of the first degree, reasoning, rationality, necessity, and countermeasures (such as if independent directors were added, over half of the directors should not hold a concurrent post as employee or manager)

Director Chen, Li-Fen and General Manager Hsu, Ming-Che are spouses, and founded Chieftek Precision Co., Ltd. together, and not only do they have expertise of their own, they achieve their common life goals by establishing the company, helping Chieftek Precision Co., Ltd gradually grow stronger, and the husband and wife each has their specializations,

their knowledge of the industry and operations is beneficial to the increase of the company's operating efficiency, creating maximum interest for the shareholders. In light of these matters, Chiefek Precision has taken the following steps to strengthen the board's supervising functions:

- (1) Three supervisors have been elected by the shareholders' meeting on June 17, 2011, more than two Independent Directors which is required by law, with independent director Mr. Wei, Nai-Chang meeting the qualifications as" accounting or financial professional".
- (2) Over half of the fifth, sixth, and seventh board do not hold concurrent positions as employees or managers.
- (3) Elected three independent directors on June 8 2020, at the 2020 regular shareholders' meeting, and establish an audit committee.
- (4) Planned to increase to four independent directors by the end of 2023 in accordance with regulations, to strengthen the audit committee's supervising functions.

(1) Principal shareholder of corporate shareholder: no such situation.

(2) As to that principal shareholder of corporate shareholder is legal person, its principal shareholders: No such situation.

2. Specialized knowledge and independence situation of board directors and supervisors:

March 30, 2022

Condition Name	Professional qualifications and experiences	Independence situation	Post concurrently occupied in the company and other companies at present
CHEN LI-FEN	<p>Has work experience required to deal with business matters, legal matters, financial matters and management skills.</p> <p>Chairperson and 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 Gueirendefu Investment Co., Ltd, Chairman of Yijihide Management Consulting Co., Ltd, Chairman of Sunshine Bio Technology Co., Ltd, Chairman of Situjia Food Co., Ltd., Vice Chairman of The Allied Association for Science Park Industries, Standing Director of Academia-Industry Consortium for Southern Taiwan Science Park</p> <p>None of the provisions of Article 30 of the Company Act apply.</p>	Not an independent director; not applicable	Nil
HSU MING-CHE	<p>Has work experience required to deal with business matters, legal matters, financial matters and management skills.</p> <p>Director of Chieftek Precision Co., Ltd. General Manager and R&D Supervisor of Chieftek Precision Co., Ltd.</p> <p>None of the provisions of Article 30 of the Company Act apply.</p>	Not an independent director; not applicable	Nil
LI AN	<p>Has work experience required to deal with business matters, legal matters, financial matters and management skills.</p> <p>Computer Engineer of NREL; Senior Computer Engineer of US West Inc. ; Information Chief of Motech Industries Inc.</p> <p>None of the provisions of Article 30 of the Company Act apply.</p>	Not an independent director; not applicable	Nil

Condition Name	Professional qualifications and experiences	Independence situation	Post concurrently occupied in the company and other companies at present
WANG CHEN PI-HSIA	<p>Has work experience required to deal with business matters, legal matters, financial matters and management skills.</p> <p>Provincial Tainan Girls' Senior High School Chairman of Yucheng Starch Co., Ltd. Director of Deyuan Management Consulting Co., Ltd, Supervisor of ST&T Electric Corp None of the provisions of Article 30 of the Company Act apply.</p>	Not an independent director; not applicable	Nil
CHENG SHENG-FEN	<p>Has work experience required to deal with business matters, legal matters, financial matters and management skills.</p> <p>Master of Mechanical Engineering of National Taiwan University, Assistant Manager of Jianxing Electronics Co., Ltd and Vice-General Manager of A-OPTRONICS Co., Ltd. None of the provisions of Article 30 of the Company Act apply.</p>	Not an independent director; not applicable	Nil
HO MING-ZIH	<p>Doctor of Electrical Engineering, Texas A&M University Researcher of Research headquarters, Ritek Corporation Assistant Professor of Engineering, National Cheng Kung University Associate Professor of Engineering, National Cheng Kung University None of the provisions of Article 30 of the Company Act apply.</p>	An independent director and meets the conditions of independence, including but not limited to himself, his spouse, relatives within the second degree of kinship. Not serving as a director, supervisor or employee of the Company or its affiliated companies; not holding shares of the Company; Not acting as a director, supervisor or employee of a specific affiliated company; not recipient of the amount of remuneration obtained from providing business, legal, financial, accounting and other services to the company or its affiliated companies in the last 2 years.	Nil
WEI NAI-CHANG	<p>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 of the provisions of Article 30 of the Company Act apply.</p>	An independent director and meets the conditions of independence, including but not limited to himself, his spouse, relatives within the second degree of kinship. Not serving as a director, supervisor or employee of the Company or its affiliated companies; not holding shares of the Company; Not acting as a director, supervisor or employee of a specific affiliated company; not recipient of the amount of remuneration obtained from providing business, legal, financial, accounting and other services to the company or its affiliated companies in the last 2 years.	Nil

Condition Name	Professional qualifications and experiences	Independence situation	Post concurrently occupied in the company and other companies at present
WU CHUNG- JEN	Doctor of Chemical Engineering of National Cheng Kung University 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, ChungHwa Picture Tubes, LTD. Chairman of SUPLA Co., Ltd. Chairman of SUPLA Bioplastics Co., Ltd. None of the provisions of Article 30 of the Company Act apply.	An independent director and meets the conditions of independence, including but not limited to himself, his spouse, relatives within the second degree of kinship. Not serving as a director, supervisor or employee of the Company or its affiliated companies; holds 29,403 shares of the Company, shareholding ratio 0.04%; Not acting as a director, supervisor or employee of a specific affiliated company; not recipient of the amount of remuneration obtained from providing business, legal, financial, accounting and other services to the company or its affiliated companies in the last 2 years.	Nil

(2) Diversity and independence of the Board of Directors:

1. Diversity of the board of directors:

The Company has set up 8 directors (including 3 independent directors) according to the current operation scale and development needs. The professional backgrounds cover the fields of industry, law, management and other fields to implement the policy of diversifying the composition of the Board of Directors. Key policy objectives include:

- (1) The composition of the board of directors should consider diversity, and formulate an appropriate diversity policy according to its own operations, operation type and development needs, which should include but not limited to the following standards:
 - A. Basic conditions and values: gender, age, nationality and culture, etc.
 - B. Professional knowledge and skills: professional background (e.g., law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc.
- (2) The members of the Board of Directors of the Company should generally have the knowledge, skills and qualities necessary to perform their duties, and their overall capabilities should be as follows:
 - A. Operational judgment.
 - B. Accounting and financial analysis skills.
 - C. Management ability.
 - D. Crisis handling ability.
 - E. Industry knowledge.
 - F. International Market View.
 - G. Leadership ability.
 - H. Decision-making ability.

2. Independence of the Board of Directors:

- (1) Independent directors account for 37.5% of the company's board members, and directors with employee status account for 25%; the current term of three independent directors is 6 years and below, and the term of office of two independent directors is 10 to 12 years.
 - A. In order to achieve gender equality in the composition of directors, the goal is to have at least two female directors. The future goal is still to elect independent directors for each term, with a consecutive term of no more than 9 years and at least two female directors.
 - B. On June 8, 2020, three independent directors were elected at the general meeting of shareholders, and an audit committee was established.

C. The chairperson of the Company, Chen Li-Fen, and the general manager, Hsu Ming-Che, are spouses, and jointly established **cpc**. They not only have their skills, but also through the establishment of the company to achieve a common life goal, also let **cpc** continue to grow and expand, and the husband and wife have their own expertise. They are very familiar with the industry and operations, which is beneficial to the improvement of the Company's operating efficiency and maximizes the interests of shareholders. In response to the above situation, **cpc** plans to increase the number of independent directors to 4 by the end of 2023 to strengthen the supervision function of the Board of Directors and the Audit Committee.

(2) The independence situations of the Board of Directors

Title	Name	Gender	Operation judgment	Accounting and financial analysis	Management	Crisis handling	Industry knowledge	International market view	Leadership capability	Decision-making ability
Chairperson	CHEN LI-FEN	Female	✓	✓	✓	✓	✓	✓	✓	✓
Director	HSU MING-CHE	Male	✓	✓	✓	✓	✓	✓	✓	✓
Director	LI AN	Female	✓	✓	✓	✓	✓	✓	✓	✓
Director	WANG CHEN PI-HSIA	Female	✓	✓	✓	✓	✓	✓	✓	✓
Director	CHENG SHENG-FEN	Male	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director	HO MING-ZIH	Male	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director	WEI NAI-CHANG	Male	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director	WU CHUNG-JEN	Male	✓	✓	✓	✓	✓	✓	✓	✓

(III) Information on General Manager, Vice-General Manager, Assistant General Manager and Heads of Each Department and Each Branch

March 31, 2022

Job Title	Nationality	Name	Gender	Date of Election	Shareholdings		Shareholdings of the Spouse and Minor Children		Shareholdings in the Name of Others		Main Experience/Education Background	Post concurrently occupied in other companies at present	Manager with the relationship of spouse or that within the second degree of kinship			Note
					Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Job Title	Name	Relation	
Chief Strategy Officer	The Republic of China	CHEN LI-FEN	Female	October 19, 1998	3,653,107	4.50%	5,579,338	6.87%	0	0	Art History of Universität Stuttgart, Founding President of National Cheng Kung University, Alumni Association of The National Tainan Girls 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, Board Director of Ever Advanced Precision Technologies Co., Ltd., Chairman of Zhenshanmeihui Investment Co., Ltd, Board Director of Sunshine Bio Technology Co., Ltd, Chairman of Situjia Food Co., Ltd., Chairman of Gueirendefu Investment Co., Ltd, Chairman of Yijihide Management Consulting 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, Founding President of National Cheng Kung University Innovation & Incubation Tainan Traditional Chinese Cultural College Foundation, Chairperson of Yizaihui (Note 2)	General Manager and R&D Supervisor	HSU MING-CHE	Spouse	Note 3
General Manager and R&D Supervisor	The Republic of China	HSU MING-CHE	Male	October 19, 1998	5,579,338	6.87%	3,653,107	4.50%	0	0	Master of Mechanical Engineering of Universität Stuttgart	Director of CHIEFTEK PRECISION CO., LTD.	Chairman and Chief Strategy Officer	CHEN LI-FEN	Spouse	Note 3
Vice-General Manager of Domestic Business Department	The Republic of China	CHEN MIN-CHANG	Male	February 5, 2021	7,816	0.01%	0	0	0	0	WYGL Textile Machinery Department	General Manager of CHIEFTEK Machinery (Kunshan) Co., Ltd	Nil	Nil	Nil	
Assistant Manager of International Sales Department	The Republic of China	PENG CHIUNG-YIN	Female	December 17, 2010	510,037	0.63%	0	0	0	0	German Department of Universität Trier Assistant Business Manager of CPC Europa GmbH	Nil	Nil	Nil	Nil	
Chief Financial Officer	The Republic of China	LI PAI-TSANG	Male	June 8, 2012	2,219	0%	0	0	0	0	NCKU Department of Accountancy; Financial Manager of Univacco Technology Inc.	Supervisor of CHIEFTEK Machinery (Kunshan) Co., Ltd	Nil	Nil	Nil	

Job Title	Nationality	Name	Gender	Date of Election	Shareholdings		Shareholdings of the Spouse and Minor Children		Shareholdings in the Name of Others		Main Experience/Education Background	Post concurrently occupied in other companies at present	Manager with the relationship of spouse or that within the second degree of kinship			Note
					Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Job Title	Name	Relation	
HR manager	The Republic of China	YEH CHING-CHING	Female	July 7, 2011	483,889	0.60%	0	0	0	0	German Language Teaching Department of Universität Trier	Nil	Nil	Nil	Nil	
Manager of Linear Motor Product	The Republic of China	WU HSUAN-CHUN	Male	March 31, 2015	0	0%	0	0	0	0	National Cheng Kung University, Department of Mechanical Engineering	Nil	Nil	Nil	Nil	
Manager of Domestic Business Department	The Republic of China	SHEN DONG-YI	Male	August 03, 2011	580	0%	0	0	0	0	Department of Business Administration, Far East University	Nil	Nil	Nil	Nil	
Technical Manager of Software Development Department	The Republic of China	LI YI-RU	Male	September 24, 2021	0	0%	0	0	0	0	Master of Electric Engineering, National Cheng Kung University	Nil	Nil	Nil	Nil	
Assistant Manager of Health Division	The Republic of China	CHU YU-KU	Male	February 18, 2022	0	0%	0	0	0	0	Bachelor of Department of Information Management, Southern Taiwan University of Science and Technology;	Nil	Nil	Nil	Nil	
Deputy Manager of Equipment Maintenance Division and Factory Affairs Division	The Republic of China	HUANG KUN-WEI	Male	February 18, 2022	0	0%	0	0	0	0	Bachelor of Department of Automation Engineering, National Formosa University;	Nil	Nil	Nil	Nil	
Manager of Accounting Department	The Republic of China	WU CHIA-YUNG	Female	January 01, 2019	0	0%	0	0	0	0	Bachelor of Department of Accounting Information, Shih Chien University Assistant manager of Deloitte Touche Union Accountants firm	Nil	Nil	Nil	Nil	
Audit Supervisor	The Republic of China	LIN SHU-SING	Female	February 5, 2021	0	0%	0	0	0	0	Master in Accounting, National Chung Cheng University Auditor of C.T.I. Ltd. Cashier, FU LUONG Hi-Tech co. Ltd	Nil	Nil	Nil	Nil	

Note 1: General Manager, Vice-General Manager, Assistant General Manager and Heads of Each Department and Each Branch of the company didn't take office in CPA Firm or its affiliated enterprise during the past year.

Note 2: Posts concurrently occupied in the company and other companies at present by Chairman CHEN LI-FEN include: Board Director of subsidiary corporations like CHIEFTEK PRECISION HOLDING CO., LTD., CPC Europa GmbH, Chieftek Precision (Hong Kong) Co., Limited, CHIEFTEK PRECISION USA CO., LTD, CHIEFTEK Machinery (Kunshan) Co., Ltd and Chieftek Precision International LLC, etc.

Note 3: Company chairman Chen,Li-Fen and general manager Hsu,Ming-Che are spouses or relatives within the first degree, its reasoning, rationality, and countermeasures, please view the details in 2. Information of Directors, Supervisors, General Manager, Deputy General Manager, Assistant-General Manager and Heads of Each Department and Each Branch: (1) Board directors and supervisors: 1. Data of board directors and supervisors: Note 4.

(III) Remuneration paid to Director (including Independent Director), Supervisor, General Manager and Vice-General Manager in the Most Recent Fiscal Year Remuneration paid to Director (including Independent Director)

Unit: NT\$ thousand dollar/share in thousand

Job Title	Name	Director's remuneration						Proportion of total amount of A, B, C and D in profit after tax (%)		Remuneration received by employee concurrently served				Proportion of total amount of the first seven items (A, B, C, D, E, F and G) in profit after tax (%)		Whether receiving the remuneration from re-investment career beyond the subsidiary company			
		Remuneration (A)		Resignation retirement pay (B)		Director's remuneration (C)		Business execution cost (D)		Salary, bonus, extraneous charges, etc. (E)	Resignation retirement pay (F)	Employee rewards (G)		The company	The company		All companies in the financial reports		
		The company any financial reports	All companies in the financial reports	The company any financial reports	All companies in the financial reports	The company any financial reports	All companies in the financial reports	Cash Amount	Stock Amount			Cash Amount	Stock Amount						
Chairman and Chief Strategy Officer	CHEN LI-FEN	0	0	0	0	3,500	3,500	90	90	1.16%	1.16%	10,719	0	0	3,872	0	5.89%	5.89%	Nil
Board Director, General Manager and R&D Supervisor	HSU MING-CHE																		
Board Director	LI AN																		
Board Director	WANG CHEN PI-HSIA																		
Board Director	CHENG SHENG-FEN																		
Independent Director	HO MING-ZIH																		
Independent Director	WEI NAI-CHANG	420	0	0	0	1,500	1,500	102	102	0.66%	0.66%	0	0	0	0	0	0.66%	0.66%	Nil
Independent Director	WU CHUNG-JEN																		

Note 1: Please state the policy, system, standards and structure of independent directors' remuneration payment, and describe the relevance to the amount of remuneration according to the

responsibilities, risks and time invested:

(1) According to the provisions of one of Articles 16, 19 and 21 of the company's articles of association, the board of directors shall agree on the degree of participation and contribution of the directors and supervisors to the company's operations, and refer to industry standards.

(2) Distribute directors and supervisors for compensation at a profit not less than 3% in the current year

Note 2: It refers to subscribed shares (excluding the executed part) on employee stock option certificates that board directors with additional post of employees (including general manager, deputy general manager, other managers and employees) gain as of the date of annual report print.

Note 3: The Company provides a vehicle to CHEN LJ-FEN, Chairman and Chief Strategy Officer, Annual rental cost paid in 2021 is NT\$621 thousands, fuel expense is around NT\$31 thousands.

Note 4: The Company provides a vehicle to HSU MING-CHE, Board Director and concurrently occupied of General Manager and R&D supervisor. Annual rental cost paid in 2021 is NT\$707 thousands, fuel expense is around NT\$16 thousands.

Note 5: Proposed employee rewards and directors' remuneration in 2021 have been adopted by the decision of the Remuneration Committee and board of directors' meeting.

Note 6: Remuneration and salary are calculated by salary and meal allowance.

Note 7: Business execution fee means traffic allowance.

Remuneration Interval Table

1-1 Board Directors:

Interval of remuneration paid to each board directors of the company	Names of board directors			
	The amount of remuneration of the first four items (A+B+C+D)		The amount of remuneration of the first four items (A+B+C+D)	
	The company	All companies in the financial reports	The company	All companies in the financial reports
<NT\$1,000,000 dollars	LIAN, WANG CHEN PI-HSIA, CHENG SHENG-FEN	LIAN, WANG CHEN PI-HSIA, CHENG SHENG-FEN	LIAN, WANG CHEN PI-HSIA, CHENG SHENG-FEN	LIAN, WANG CHEN PI-HSIA, CHENG SHENG-FEN
NT\$1,000,000 dollars (included) ~ NT\$2,000,000 dollars (excluding)	CHEN LI-FEN, HSU MING-CHE	CHEN LI-FEN, HSU MING-CHE	0	0
NT\$2,000,000 dollars (included) ~ NT\$3,500,000 dollars (excluding)	0	0	0	0
NT\$3,500,000 dollars (included) ~ NT\$5,000,000 dollars (excluding)	0	0	0	0
NT\$5,000,000 dollars (included) ~ NT\$10,000,000 dollars (excluding)	0	0	CHEN LI-FEN, HSU MING-CHE	CHEN LI-FEN, HSU MING-CHE
NT\$10,000,000 dollars (included) ~ NT\$15,000,000 dollars (excluding)	0	0	0	0
NT\$15,000,000 dollars (included) ~ NT\$30,000,000 dollars (excluding)	0	0	0	0
NT\$30,000,000 dollars (included) ~ NT\$50,000,000 dollars (excluding)	0	0	0	0
NT\$50,000,000 dollars (included) ~ NT\$100,000,000 dollars (excluding)	0	0	0	0
>NT\$100,000,000 dollars	0	0	0	0
In total	5 persons	5 persons	5 persons	5 persons

1-2 Independent Directors

Interval of remuneration paid to each board directors of the company	Names of board directors			
	The amount of remuneration of the first four items (A+B+C+D)		The amount of remuneration of the first four items (A+B+C+D)	
	The company	All companies in the financial reports	The company	All companies in the financial reports
<NT\$1,000,000 dollars	HO MING-ZIH, WEI NAI-CHANG, WU CHUNG-JEN	HO MING-ZIH, WEI NAI-CHANG, WU CHUNG-JEN	HO MING-ZIH, WEI NAI-CHANG, WU CHUNG-JEN	HO MING-ZIH, WEI NAI-CHANG, WU CHUNG-JEN
NT\$1,000,000 dollars (included) ~ ~NT\$2,000,000 dollars (excluding)	0	0	0	0
NT\$2,000,000 dollars (included) ~ ~NT\$3,500,000 dollars (excluding)	0	0	0	0
NT\$3,500,000 dollars (included) ~ ~NT\$5,000,000 dollars (excluding)	0	0	0	0
NT\$5,000,000 dollars (included) ~ ~NT\$10,000,000 dollars (excluding)	0	0	0	0
NT\$10,000,000 dollars (included) ~ ~NT\$15,000,000 dollars (excluding)	0	0	0	0
NT\$15,000,000 dollars (included) ~ ~NT\$30,000,000 dollars (excluding)	0	0	0	0
NT\$30,000,000 dollars (included) ~ ~NT\$50,000,000 dollars (excluding)	0	0	0	0
NT\$50,000,000 dollars (included) ~ ~NT\$100,000,000 dollars (excluding)	0	0	0	0
>NT\$100,000,000 dollars	0	0	0	0
In total	3 persons	3 persons	3 persons	3 persons

1-3 Remuneration of General Managers and Deputy General Managers

Unit: NT\$ in thousands

Job Title	Name	Salary (A)		Resignation retirement pay (B)		Bonus, extraneous charges, etc. (C)		Employee rewards (D)				Proportion of total amount of the first four items (A, B, C, D) in profit after tax (%)		Remuneration received from non-subsidiary reinvestment business or parent company	
		The company	All companies in the financial reports	The company	All companies in the financial reports	The company	All companies in the financial reports	The company	All companies in the financial reports	The company	All companies in the financial reports	The company	All companies in the financial reports		
General manager	HSU MING-CHE														
Vice-General Manager of Domestic Business Department (Note 1, 2 and 3)	CHEN MIN-CHANG	6,449	7,176	0	0	1,094	1,105	3,080	0	3,080	0	3.44%	3.68%		Nil

Note 1: Chieftek Machinery Kunshan Co., Ltd., the Company's owned company in China, provides a vehicle to CHEN MIN-CHANG, Vice-General Manager of Domestic Business Department in 2015 with the cost of RMB226 thousands.

Note 2: CHEN MIN-CHANG, was approved by the board of directors to be promoted from Vice-General Manager of Domestic Business Department to Vice-General Manager of Business Department on 5 of February, 2021.

Note 3: The Company provides a vehicle to CHEN MIN-CHANG, Vice-General Manager of Business Department. Annual rental cost paid in 2021 is NT\$257 thousands (no fuel expenses).

Remuneration Interval Table

Interval of remuneration paid to each general manager and deputy general manager of the company	Names of general managers and vice-general managers	
	The company	All the companies in the Financial reports (E)
<NT\$1,000,000 dollars	0	0
NT\$1,000,000 dollars (included) ~ NT\$2,000,000 dollars (excluding)	0	0
NT\$2,000,000 dollars (included) ~ NT\$3,500,000 dollars (excluding)	0	0
NT\$3,500,000 dollars (included) ~ NT\$5,000,000 dollars (excluding)	CHEN MIN-CHANG	CHEN MIN-CHANG
NT\$5,000,000 dollars (included) ~ 10,000,000 dollars (excluding)	HSU MING-CHE	HSU MING-CHE
NT\$10,000,000 dollars (included) ~ 15,000,000 dollars (excluding)	0	0
NT\$15,000,000 dollars (included) ~ 30,000,000 dollars (excluding)	0	0
NT\$30,000,000 dollars (included) ~ 50,000,000 dollars (excluding)	0	0
NT\$50,000,000 dollars (included) ~ 100,000,000 dollars (excluding)	0	0
NT\$100,000,000 dollars or above	0	0
In Total	2 persons	2 persons

1-4 Name and Distributed Status of the Manager Who Distributed the Employee's Remuneration

March 31, 2022; Unit: NT\$ in thousands

	Job Title	Name	Stock amount	Cash amount	Total	Proportion of total amount in profit after tax(%)
Manager	Chief Strategy Officer	CHEN LI-FEN	0	6,600	6,600	2.14%
	General Manager and R&D Supervisor	HSU MING-CHE				
	Vice-General Manager of Business Department (Note 1)	CHEN MIN-CHANG				
	Assistant Manager of International Sales Department	PENG CHIUNG-YIN				
	Chief Financial Officer (Financial and Accounting Manager)	LI PAI-TSANG				

Note 1: CHEN MIN-CHANG, was approved by the board of directors to be promoted from Vice-General Manager of Domestic Business Department to Vice-General Manager of Business Department on 5 of February, 2021.

Note 2: The proposed distribution of annual employee remuneration for 2021 has not yet been approved by the Remuneration and Remuneration Committee, the Audit Committee and the Board of Directors.

(IV) Compare and explain the analysis of the ratio of the total remuneration of the company and all companies in the consolidated statements to the directors, supervisors, general managers and deputy general managers of the company in the net profit after tax of the individual or individual financial reports, and explain the policy of remuneration, standards and portfolios, remuneration procedures and the relationship between operating performance and future risks:

1. Analysis of the ratio of the total remuneration paid by the company and all companies in the consolidated reports to the directors, independent directors, supervisors, general managers and deputy general managers of the company to the net profit after tax of the individual financial reports in the last two years:

Summary	2021		2020	
	Proportion in profit after tax (%)		Proportion in profit after tax (%)	
	The company	All companies in the Financial reports	The company	All companies in the Financial reports
Board Director	5.89%	5.89%	1.53%	7.91%
Independent Director	0.66%	0.66%	0.93%	0.93%
General Manager and Vice-general Manager	5.00%	5.36%	5.00%	5.36%

2. Remuneration policies, standards and portfolios, the procedure for determining remuneration of the company, and its linkage to operating performance and future risk exposure:

(1) Remuneration policy of board directors, independent directors, supervisors, general manager and deputy general manager of the company:

Implemented in accordance with Articles 16, 19, and 21-1 of the Articles of Association, the details are below:

Article 16: The directors and supervisors of the company are allowed to receive remuneration such as transportation fees and salaries. The remuneration of the board of directors authorizes the board of directors and supervisors to agree on the degree of participation and contribution of the directors and

supervisors to the operation of the company, and to negotiate in accordance with industry standards

Article 19: The company may have a manager, and its appointment, termination and remuneration shall be handled in accordance with the provisions of Article 29 of the Company Act

Article 21-1: The company shall distribute the employees' remuneration from 3% to 15% of the current year's profit status and the directors and supervisors from the current year's profit status of not more than 3%. But the company should make up for the accumulated losses

Employee compensation can be paid in cash or stock, and the recipients of cash or stock can include employees of subordinate companies that meet certain conditions, which are determined by the board of directors.

The profit status of the year refers to the current year's pre-tax benefits before deducting the distribution of employees' compensation and the benefits of directors and supervisors' compensation.

(2) Remuneration standards and portfolios for board directors, independent directors, general managers, and deputy general managers

(1) Remuneration standards and structure for board directors and supervisors	
Remuneration of directors and supervisors	Distribute remuneration for directors and supervisors by no more than 3% of the fiscal year's profitability
Salary	1. Normal directors and supervisors do not have monthly salaries 2. Independent directors have a monthly salary of NT\$ 10,000
Transportation Fee	1. Receive a transportation fee of NT\$6,000 from each board meeting attendance
(2) Remuneration System, Standards and Structure for Managers	
Basic Monthly Salary	Refer to the company's salary and remuneration for the same position in recent years
Monthly Manager Bonus	Standard payment according to the company position's compensation
Year-End Bonus	According to the company's annual surplus status assessment, the payment is calculated based on the base of salary in accordance to the method for other employees
Employee Remuneration	If the company has a profit for the year, it should reserve the loss in advance, and the employee should be paid 3% to 15% of the profit of the current year from the balance.
Pension	The method of accounting for the total pension benefits in accordance with the provisions of the Pension Management Committee

(3) Remuneration payment determination procedure for directors, supervisors, general managers and deputy general managers:

- A. The Remuneration Committee considers and approves the proposal for the remuneration policy and system for directors, supervisors, general managers and deputy general managers, and submits to the board of directors for resolution and implementation
- B. The Remuneration Committee reviews and approves the performance evaluation system for directors, supervisors, general managers and deputy general managers, and

regularly assesses and evaluates individual business performance as a reference for remuneration

- (4) Relevance of directors, independent directors, supervisors, general managers and deputy general managers' remuneration to operating performance and future risks
- A. Remuneration payment varies according to the degree of participation and contribution value of each director, independent director, supervisor, general manager and deputy general manager to the company
 - B. The remuneration of directors and supervisors and employees in the remuneration structure are directly related to operating performance
 - C. Before the start of the operating year, propose the remuneration of directors and supervisors and employees according to profitability, submit to the general manager and chairman to approve a fixed amount. After the end of the year, the individual distribution amount is determined according to the degree of personal participation in the company's operation and contribution value, and the achievement rate of performance goals.

IV. Status of the Company's implementation of corporate governance

(I) Information of operation and situation of the board of directors:

1. 5 meetings (A) were held by the 8th board of directors in 2021, and the attendance situation of board directors and supervisors is as follows:

Job Title	Name	Actual attendance time (B)	Entrusted attendance time	Actual attendance ratio (%) (B/A)	Remark
Chairman	CHEN LI-FEN	5	0	100.00%	
Director	HSU MING-CHE	5	0	100.00%	
Director	LI AN	5	0	100.00%	
Director	WANG CHEN PI-HSIA	5	0	100.00%	
Director	CHENG SHENG-FEN	5	0	100.00%	
Independent Director	HO MING-ZIH	5	0	100.00%	
Independent Director	WEI NAI-CHANG	4	1	80.00%	
Independent Director	WU CHUNG-JEN	4	1	80.00%	

Other Essential Matters:

I. Should the following situations occur in the board's operations, the board meeting's date, period, motion contents, the independent directors' opinions and the board's response:

(I) Items listed under Item 3, Article 14 of Securities Exchange Act:

1. On February 5, 2021, the Board of Directors discussed the "proposal for 2020 fiscal year-end bonus distribution of managers reviewed by the Compensation Committee". Except for the directors of CHEN LI-FEN and HSU MING-CHE who did not participate in the discussion and voting due to involving their own interests, the rest of the directors (including independent directors) agreed and passed the proposal without any dissent.
2. On February 5, 2021, the Board of Directors discussed the "proposal for 2020 fiscal year Remuneration Projects and Related Regulations of Managers". Except for the

directors of CHEN LI-FEN and HSU MING-CHE who did not participate in the discussion and voting due to involving their own interests, the rest of the directors (including independent directors) agreed and passed the proposal without any dissent.

3. On August 4, 2021, the Board of Directors discussed the “proposal for Directors and Supervisors' Remuneration of 2020 fiscal year reviewed by the Compensation Committee”. Except for the directors of CHEN LI-FEN and HSU MING-CHE who did not participate in the discussion and voting due to involving their own interests, the rest of the directors (including independent directors) agreed and passed the proposal without any dissent.
4. On August 4, 2021, the Board of Directors discussed the “proposal for manager's allotment of the employees' remuneration of 2020 fiscal year reviewed by the Compensation Committee”. Except for the directors of CHEN LI-FEN and HSU MING-CHE who did not participate in the discussion and voting due to involving their own interests, the rest of the directors (including independent directors) agreed and passed the proposal without any dissent.
5. On August 4, 2021, the Board of Directors discussed the “proposal for 2020 fiscal year Remuneration Projects and Related Regulations of Managers”. Except for the directors of CHEN LI-FEN and HSU MING-CHE who did not participate in the discussion and voting due to involving their own interests, the rest of the directors (including independent directors) agreed and passed the proposal without any dissent.

(II) Other resolution matters of the board of directors that independent directors hold the objection or reservations and have related record or written statement:

The decisions of the independent directors at the 2021 Board of Directors are summarized as follows (For details, please refer to (11) Important Resolutions of the Shareholders' Meeting and the Board of Directors for the recent fiscal year and as of the date of publication of the annual report):

1. Independent director's opinion: Nil.
2. The company's handling of the opinions of independent directors: Nil.
3. Results of the resolution: All attending the independent directors agreed to pass

II. As for implementation situation that board directors avoid the proposal in which they have a stake, items like director's name, motion content, reasoning for avoidance and voting participation situation shall be detailed:

- (1) Except for the items listed in Article 14-3 of the (1) Securities and Exchange Act above, all directors present agreed to pass
- (2) It shall refer to sub item 1 of the first item.

III. Public companies should disclose information such as the board's self (and peer) evaluation's assessment cycle and period, range, method, and content.

The Company has established the Board Assessment Scheme on 9 February 2018 through the Board Meeting. The Scheme includes an annual assessment cycle and the method of self-assessment questionnaire for the Board Directors. The assessment report reviewed by the Board would be released on the Company's website. The self-assessment questionnaires for 2021 have been completed in January 2022 and would be released after review by the Board Meeting on 26 of January 2022.

Assessment Cycle	Assessment Period	Assessment Range	Assessment Method	Assessment Content
Once every year	January 1, 2021 to December 31, 2021	The Board	The Board's Internal Assessment	<ol style="list-style-type: none"> 1. The level of participation in the company's operations 2. The quality of the board's decisions 3. The composition and structure of the board 4. The selection and continuous training of directors 5. Internal control
		Individual Board Members	Board Members' Self Evaluation (or peers) Assessment	<ol style="list-style-type: none"> 1. The company's objectives and tasks 2. The recognition of directors' responsibilities 3. The degree of participation in the company's operations 4. Internal relationship management and communication 5. The professional and continuous training of directors 6. Internal control, etc.

IV. Objectives to enhance the function of the board of directors (such as setting audit committee and promoting information transparency) in the current year and in the most recent fiscal year and related execution situation evaluation:

- (I) The Company has set the Remuneration Committee to assist in its responsibility execution of the board of directors;
- (II) Article 13 of the Articles of Association stipulates: the company shall set an Audit Committee in accordance with the regulations of Securities Exchange Act; the Audit Committee shall be composed of the whole independent directors, whose number shall be not less than 3, and at least 1 person should have accounting or financial expertise; function and power execution, organizational rules and other observable matters of the Audit Committee shall be handled according to relevant statutes or the company regulations; the company is due to establish a Audit Committee after the re-election of the 2020 Board of Directors to strength the board's functions, and further set various functional committees in accordance with Articles of Association, so as to perfect the decision-making function and strengthen the management mechanism.
- (III) According to the annual audit plan, the audit supervisor performs internal control audit operations on the financial and business conditions, and submits a summary report of the last month's verification of missing deficiencies and improvements and tracking to the three independent directors and supervisors in writing before the end of the next month. Independent directors and supervisors can also direct case audit reports based on the need for missing circumstances
- (IV) The communication between the independent directors and the internal audit supervisors or accountants (such as the methods, matters and results on the Company's financial reports and financial and business conditions) is disclosed on the Company's website
 1. The internal audit supervisor of the Company regularly reports the internal audit report to the independent directors, and the independent directors have no dissent.
 2. The internal audit supervisor is present at the board of directors and reports the auditing results of the internal audit to the independent directors. The supervisors have no dissent.
 3. When an independent director attends the board of directors, he or she will directly consult with the accountant. If necessary, he or she must contact the accountant directly to communicate with the financial condition.
 4. Disclosed on the Company's website in due course.

- (V) Improvement of information transparency
After each director board meeting is held, important resolutions of the board of directors shall be handled for announcement and regularly updated on the company website according to relevant regulations.
- (VI) In order to increase the protection of directors, the directors and supervisors' responsibilities are rationalized through the insurance of directors and supervisors' liability insurance. The company has insured liability insurance for directors, supervisors and important staff, with an insurance amount of USD1 million; the insurance period is from September 26, 2021 to September 26, 2022, and submit the report of the board of directors on November 5, 2021.
- (VII) Provided relevant executive education courses for the directors and supervisors to enhance the function of the board of directors. The total hours of course taken in 2021 was 48 with 8 members of the Board.
- (VIII) As requested by the relevant laws and regulations, the Company has approved the amendments to some provisions in the "Corporate Governance Code" in the Board Member Meeting held on June 12, 2019.

V. Communication between the independent directors, internal audit supervisors, and accountants (should include items, methods, and results of communication regarding the company's finance and operation)

(1) Communication between the independent directors and audit supervisors:

1. In accordance with the annual audit plan, the audit supervisor performs internal control audit operations on the financial and business conditions, and submits a summary report of the last month's inspections of missing deficiencies and improvements and tracking to the three independent directors for review before the end of the following month, independent directors can also direct case audit reports according to the need of deficiencies
2. The audit supervisor regularly reports the implementation of the newest audit plans to the board, the major items of communication are listed in the form below:

Date	Communication Points	Opinions of opposition or reservation from the board
February 5, 2021	Audit Business Implementation and Deficiency Improvement Tracking Report of November and December 2020 (summary of internal audit report)	None
February 25, 2021	Audit Business Implementation and Deficiency Improvement Tracking Report of January 2021 (summary of internal audit report)	None
May 5, 2021	Audit Business Implementation and Deficiency Improvement Tracking Report of February and March 2021 (summary of internal audit report)	None
August 4, 2020	Audit Business Implementation and Deficiency Improvement Tracking Report of April and May 2021 (summary of internal audit report)	None
November 5, 2021	Audit Business Implementation and Deficiency Improvement Tracking Report of June, July, August, September 2021 (summary of internal audit report)	None
January 26, 2022	Audit Business Implementation and Deficiency Improvement Tracking Report of October, November 2021 (summary of internal audit report)	None
March 2, 2022	Audit Business Implementation and Deficiency Improvement Tracking Report of December 2021 and January 2022 (summary of internal audit report)	None

(2) The company's board of directors and supervisors (including independent directors) and the CPA have a smooth communication channel. In addition to the communication letter with the governance unit when the annual review plan is completed, the CPA holds a face-to-face seminar after the regular quarterly financial report review (reading) to communicate matters including the significant deficiencies of internal control recognized during the verification process, other communication items required by relevant laws and regulations, and the sharing of the latest laws and regulations.

In 2021, up to the date of publication of the annual report, the main communication issues with the accountants through the forum are excerpted as follows:

Date	Communication Points	Opinions of opposition or reservation from the board
February 25, 2021	1. Audit Business Implementation and Deficiency Improvement Tracking Report of Quarter 4 of 2020 (summary of internal audit report) 2. Financial and operation situation of the company 3. Latest legal and regulations development	Good communication with mutual exchange.
May 5, 2021	1. Audit Business Implementation and Deficiency Improvement Tracking Report of Quarter 1 of 2021 (summary of internal audit report) 2. Financial and operation situation of the company 3. Latest legal and regulations development	Good communication with mutual exchange.
August 4, 2021	1. Audit Business Implementation and Deficiency Improvement Tracking Report of Quarter 2 of 2021 (summary of internal audit report) 2. Financial and operation situation of the company 3. Latest legal and regulations development	Good communication with mutual exchange.
November 5, 2021	1. Audit Business Implementation and Deficiency Improvement Tracking Report of Quarter 3 of 2021 (summary of internal audit report) 2. Financial and operation situation of the company 3. Latest legal and regulations development	Good communication with mutual exchange.
March 2, 2022	1. Audit Business Implementation and Deficiency Improvement Tracking Report of Quarter 4 of 2021 (summary of internal audit report) 2. Financial and operation situation of the company 3. Latest legal and regulations development	Good communication with mutual exchange.

(II) Operation situation of audit committee or operation situation of supervisors' participating in the board of directors:

1. Operation situation of audit committee: It is stipulated in the Articles of Association that the company shall set the audit committee; the audit committee shall be composed of the whole

independent directors, whose number shall be not less than 3, besides, at least 1 person shall have the accounting or financial expertise; the company formally established the audit committee on June 8, 2020 after the regular shareholders' meeting elects the independent directors, and further set various functional committees in accordance with the Articles of Association, so as to perfect the decision-making function and strengthen the management mechanism.

2. The operation of Auditing Commission :

By the date of printing the annual report 5(A) meetings were held by the board of directors in 202, and attendance of independent directors is as follows:

Job Title	Name	Actual attendance time (B)	Entrusted attendance time	Actual attendance ratio (%) (B/A)	Remark
Independent Director	HO MING-ZIH	5	—	100%	
Independent Director	WEI NAI-CHANG	4	1	80%	
Independent Director	WU CHUNG-JEN	4	1	80%	

Other Essential Matters:

1. Shall the Audit Committee has anyone of the following circumstances in its operation, the Committee shall list the date, period, resolution of the proposal, the resolution of the audit committee, and the company's handling of the audit committee's opinions should be stated: please refer to Appendix 1 on page 88.
 - (1) Matters listed in Article 14-5 of the Securities Exchange Law.
 - (2) In addition to the previous matters, other matters that have not been approved by the Audit Committee but been approved by more than two-thirds of all directors.
2. The implementation of independent directors' avoidance of conflict of interest shall be stated with the name of the independent director, the content of the proposal, the reason for the avoidance of interest, and the voting status: None.
3. The communication between independent directors and internal audit supervisors and external accountants (should include, methods and results of communication on the company's major financial and business conditions, etc.):
 - (1) The internal audit of the Company regularly communicates with the independent directors about the results of audit reports, and if there are special circumstances, they will also report to independent directors in a timely manner. There was no such special situation in the last fiscal year.
 - (2) The Company provides independent directors with the contact information of the external accountants to communicate with each other when necessary. The independent directors can meet and communicate with the accountants at the shareholders meeting or the meeting of the board of directors. Independent directors have met and communicated with accountants at the shareholders meeting and the board of directors in the last fiscal year.
 - (3) Please refer to the description in the previous section for the company's instructions and independent directors and accountants.

(III) Operation situation of corporate governance and situation and causes of its difference with Corporate Governance Best Practice Principles for Listed Companies

Item evaluated	Operation situation (Note)			Situation and causes of its difference with Corporate Governance Best Practice Principles for Listed Companies
	YES	NO	Summary documentation	
I. Does the company formulate and discloses the Corporate Governance Best Practice based on “Corporate Governance Best Practice Principles for Listed Companies”?	✓		The company has formulated the “Corporate Governance Codes” according to “Corporate Governance Best Practice Principles for Listed Companies”, including the provisions of guaranteeing the shareholder’s equity, enhancing of functions of the Board, taking advantages of supervisor’s functions, respecting stakeholder’s rights and benefits, and improving information transparency. For more details, please visit the corporate website (www.chieftek.com).	Meet the regulations of Corporate Governance Best Practice Principles for Listed Companies
II. Corporate equity structure and shareholders’ equity (I) Does the company formulate the internal operation procedure to handle shareholder proposal, doubt, dispute and litigation and implements it in accordance with the procedure?	✓		i. The company has formulated related internal operation procedures such as the “Corporate Governance Code”, “Integrity Management Code”, “Prevention of Insider Transaction Management Measures” and “Code of Ethical Conduct” to handle the shareholders related matters. There are also spokesperson and agent spokesperson system, and the Chairman’s Office and the Financial Department are in charge of the related matters, so as to guarantee the timely and proper information disclosure. In addition, the special mailbox is set up to handle shareholder’s proposal, doubt, dispute and litigation affairs.	Meet the regulations of Corporate Governance Best Practice Principles for Listed Companies
(II) Does the company master the principal shareholders actually controlling the company and the final controller list of principal shareholders?	✓		ii. The company has stock contractors responsible for handling related matters, and is assisted by a professional stock agency “Fubon Securities Co., Ltd.”, which can master the main shareholders and the final list of main shareholders and maintain good contact with them Relationship, and change situation of stock rights held by insiders including board directors, supervisors, managers and major shareholders holding 10% of shares is declared in MOPS as required by the competent authority in accordance with codes and regulations.	Meet the regulations of Corporate Governance Best Practice Principles for Listed Companies
(III) Does the company establish and executes the risk control and firewall mechanism with the affiliated enterprise?	✓		iii. The company’s internal control system covers enterprise-level risk management and operation-level operational activities, and has “Subsidiary Management	Meet the regulations of Corporate Governance Best Practice Principles for Listed Companies

Item evaluated	Operation situation (Note)			Situation and causes of its difference with Corporate Governance Best Practice Principles for Listed Companies
	YES	NO	Summary documentation	
(IV) Does the company formulate the internal specification to prohibit the corporate insiders to buy or sell negotiable securities by using the information undisclosed in market?	✓		<p>Measures” to implement the risk control and firewall mechanism for subsidiaries</p> <p>Assets, finance and accounting of the Company and affiliated enterprise are operated independently, and the company formulates “Management on Transactions with Related Parties” handling related matters according to the regulations of the internal control system of the Company, and shall be able to really execute the risk control and firewall mechanism.</p> <p>iv. The company formulates “Management Method to Prevent Insider Trading”, “Ethics Codes” and other internal control methods to standardize all employees, managers, board directors, supervisors and all people knowing about the company information based on occupation or control relation and prohibit any behavior involving insider trading and irregularly makes internal training education and advocacy.</p>	Meet the regulations of Corporate Governance Best Practice Principles for Listed Companies
<p>III. Composition and duties of the board of directors</p> <p>(I) Does the board of directors draft the diversification policy and implements it in terms of the member composition?</p>	✓		<p>(1) The company has a board member diversity policy in the “Corporate Governance Code”</p> <ol style="list-style-type: none"> 1. The “Corporate Governance Codes” is carried out practically. 2. Currently, all board members are specialists in various fields or personnel experienced in corporate businesses. It shall meet the diversification policy of composition of the Board and implement it in practice. 3. As required in Article 20 of the “Corporate Governance Codes”: The Board of the Company shall provide instruction for the corporate strategic, and supervision management level, which shall report to the Company and the shareholder’s meeting. In terms of various operations and arrangements related to corporate governance system, it shall ensure the Board to exercise rights based on the applicable laws, the regulations of the Articles of Association or the resolution of the shareholder’s meeting. As for the structure of the Board, it 	Meet the regulations of Corporate Governance Best Practice Principles for Listed Companies

Item evaluated	Operation situation (Note)		Summary documentation	Situation and causes of its difference with Corporate Governance Best Practice Principles for Listed Companies
	YES	NO		
			<p>shall consider the business development scale of the company and the shareholding of the major shareholders, as well as the practical demands of operation, which shall determine the appropriate number of members more than 5.</p> <p>The composition of the Board shall consider diversification. The number of directors concurrently serving as the manager shall not exceed one third of the total number. Moreover, it shall formulate appropriate diversification policies based on the business, operation pattern and development demands, including but not limited to the standards of the following two dimensions:</p> <p>(1) Basic conditions and values: gender, age, nationality, culture, and etc.</p> <p>(2) Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industrial experience.</p> <p>The members of the Board shall acquire the knowledge, skills and character required to exercise the rights. To achieve the ideal goal of corporate governance, the overall Board shall possess the abilities as listed below:</p> <p>(1) Operating adjustment. (2) Accounting and financial analysis (3) Business management (4) Crisis handling (5) Industrial knowledge (6) International market view (7) Leadership (8) Decision-making</p> <p>The diversification policies of the board composition are disclosed on the official website of the Company and MOPS.</p> <p>4. The company amended articles of association through pass the board director meeting discussion on May 9th, 2017: Since the company listed electronic method as one of voting execution, the candidate election of board director and supervisor perform through nomination election from candidate list by board of director.</p>	

Item evaluated	Operation situation (Note)			Situation and causes of its difference with Corporate Governance Best Practice Principles for Listed Companies
	YES	NO	Summary documentation	
(II) Does the company voluntarily set other functional committees apart from the Remuneration committee and Audit Committee?	✓		<p>5. Assessing the members of the 8th board of directors of the company. The current board of directors of the company is composed of 8 directors, including 5 directors and 3 independent directors. The members have extensive experience and expertise in the fields of finance, business and management. In addition, the company also pays attention to the gender equality of the members of the board of directors. The female director ratio target is more than 25%. At present, 8 directors, including 3 female directors, have a ratio of 37.5%. Please refer to the description of nine in this section for relevant implementation situations</p> <p>(II) In order to improve the decision-making function and strengthen the management mechanism, the company has set up various functional committees in the charter, and the organizational rules of each committee are determined by the board meeting. In addition to the establishment of a remuneration committee in accordance with the law and an audit committee after the 2020 regular shareholders meeting, the company will also set up other functional committees at an appropriate time.</p>	Meet the regulations of Corporate Governance Best Practice Principles for Listed Companies
(III) Does the company formulate the performance evaluation method and evaluation way of the board of directors, and regularly carries out performance evaluation each year?	✓		<p>(III) In order to implement corporate governance and enhance the functions of the company's board of directors, establish performance targets to enhance the efficiency of the board's operation, the company discussed and adopted the "Board Performance Evaluation Method" after discussion by the board of directors on February 9, 2018.</p> <p>1. 2021's performance evaluation method adopts questionnaire self-evaluation method to conduct overall internal evaluation of the board of directors and self-evaluation of individual directors:</p> <p>(1) The measurement items of the board performance evaluation include: participation in the company's operations, improving the quality of the board's decision-making, composition and structure of</p>	Meet the regulations of Corporate Governance Best Practice Principles for Listed Companies

Item evaluated	Operation situation (Note)			Situation and causes of its difference with Corporate Governance Best Practice Principles for Listed Companies
	YES	NO	Summary documentation	
			<p>the board, selection and continuous training of directors, and internal control.</p> <p>(2) The measurement items of the director members' self-performance evaluation include: mastering the company's goals and tasks, director's responsibilities, participation in the company's operations, internal relationship management and communication, professional and continuous training of directors and internal control.</p> <p>2. Internal evaluation steps: In the first stage of internal board performance evaluation, individual directors self-assessed by questionnaire, and then submitted to the chairman for the second stage evaluation and overall board self-evaluation.</p> <p>3. 2021 Internal board performance self-assessment results:</p> <p>(1) Comprehensive comments on overall board performance evaluation: The overall operation of the board of directors is mostly in line with the spirit of corporate governance.</p> <p>(2) Self-assessment score results of directors: The self-assessment results of the director's questionnaire are between "agree" and "very agree". The average result is nearly full marks, which shows that the board is functioning well and will continue to strengthen the effectiveness of the board</p> <p>(3) Application of evaluation results: According to the company's "Board Self-assessment or Peer Evaluation Operation Method", the company will use the performance evaluation results of the board of directors as the reference basis for selecting or nominating directors; and the performance evaluation results of individual directors are used as the reference basis for determining their individual salary and remuneration.</p>	

Item evaluated	Operation situation (Note)			Situation and causes of its difference with Corporate Governance Best Practice Principles for Listed Companies												
	YES	NO	Summary documentation													
(IV) Does the company regularly evaluate the independence of certified public accountant?	✓		<p>In the future, the performance evaluation of the internal board of directors should be performed at least once a year, and an external professional independent institution or a team of external experts and scholars should perform the performance evaluation once every three years.</p> <p>(IV) The company’s accounting department assesses the independence of CPAs regularly on a yearly basis, and reports the evaluation results to the board of directors after obtaining the CPAs’ “transcendental independence statement.” Only after the company confirms that the accountant and the company have no other financial interests and business relationships except for certification and taxation expenses, and members of the accountant family do not violate the independence requirements, the accountant's appointment will be reviewed.</p> <ol style="list-style-type: none"> To regulate the review of CPA appointment of the Company and build good corporate governance system, Article 29 of the “Corporate Governance Codes” of the Company shall be based to evaluate the independence of CPA and handle, enhance and promote financial report quality. The company proceeds with the review and evaluation on independence elements, independence operation, competence and so on related to CPA LIN YONG-ZHI and CPA TIEN ZHONG-YU. All CPAs are appointed upon the resolution by the Board on January 26, 2022. The CPA review and evaluation content are listed as below: <table border="1"> <thead> <tr> <th colspan="2">I. Review of independence elements</th> <th>YES</th> <th>NO</th> </tr> </thead> <tbody> <tr> <td>01</td> <td>The CPA, or the spouse or a minor child thereof, has invested in the Company, or shares in financial gains therewith.</td> <td>✓</td> <td></td> </tr> <tr> <td>02</td> <td>The CPA, or the spouse or a minor child thereof, has lent or borrowed funds to or</td> <td>✓</td> <td></td> </tr> </tbody> </table> 	I. Review of independence elements		YES	NO	01	The CPA, or the spouse or a minor child thereof, has invested in the Company, or shares in financial gains therewith.	✓		02	The CPA, or the spouse or a minor child thereof, has lent or borrowed funds to or	✓		Meet the regulations of Corporate Governance Best Practice Principles for Listed Companies
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	YES	NO	Summary documentation	
			<p>or shareholders of corporate accounting firms, accounting firms, and any of affiliates, and network firms, must be always independence with the Company.</p>	
			<p>04 The CPA shall provide professional service based on straightforward and prudent attitude.</p>	✓
			<p>05 When providing professional service, the CPA shall be unbiased and objective, and avoid bias, conflict of interest or stakes to override professional or business judgments.</p>	✓
			<p>06 The CPA shall be always honest, unbiased and objective which shall not be influenced due to the lack of independence.</p>	✓
			<p>III. Review of competence</p>	
			<p>01 The CPA has no disciplinary records of the Disciplinary Commission of the CPA in the last two years.</p>	✓
			<p>02 The Accounting Firm has adequate scale, resources and coverage for handling enterprise audit service.</p>	✓
			<p>03 The Accounting Firm has clear quality control procedure, which shall cover the levels and key points of audit procedures, the method of handling audit issues and judgment, independent quality control review and risk management.</p>	✓
			<p>04 The Accounting Firm shall timely notify the Board (the Audit Committee) of the significant issues and development in terms of the risk management, corporate</p>	✓

Item evaluated	Operation situation (Note)			Situation and causes of its difference with Corporate Governance Best Practice Principles for Listed Companies
	YES	NO	Summary documentation	
			governance, financial & accounting and the related risk control.	
IV. Does the publicly listed company set up special (concurrent) unit or personnel responsible for the corporate governance related affairs (including not limited to providing the data required by the directors and supervisors to implement business, dealing with the matters related to the board meeting and shareholders' meeting, handling the corporate registration and change registration, making minutes of board meeting and shareholders' meeting)?	✓		<p>On March 23, 2017, the board of directors discussed and approved the use of the Ministry of Finance as a full-time (part-time) unit for corporate governance. On May 2, 2019, the board of directors discussed and approved that CFO Lee, Bo-Tsang is the director of corporate governance, responsible for corporate governance-related matters, while cooperating with the chairman's office and various departments provide necessary assistance to protect shareholders' rights and strengthen the functions of the board of directors. Chief Financial Officer Lee, Bo-Tsang has more than three years of experience in the management of legal affairs and other public offering companies. The main responsibility of corporate governance personnel is to provide directors and supervisors with information required to execute business, assist directors and supervisors to comply with laws and regulations, and handle matters related to board of directors and shareholders' meetings in accordance with law.</p> <p>The business performance in 2021 is as follows:</p> <ol style="list-style-type: none"> 1. Assist independent directors and general directors to perform their duties, provide necessary information and arrange directors' further training: <ol style="list-style-type: none"> (1) Regularly notify the members of the board of directors regarding the revision and development of the latest laws and regulations related to the company's business field and corporate governance. (2) Review the level of relevant information confidentiality and provide company information required by directors to maintain smooth communication and communication between directors and business executives. (3) In accordance with the Corporate Governance Code of Conduct, independent directors meet with internal audit supervisors or visa accountants individually to understand the company's financial business needs and assist in arranging related meetings. (4) Assist independent directors and 	Meet the regulations of Corporate Governance Best Practice Principles for Listed Companies

Item evaluated	Operation situation (Note)			Situation and causes of its difference with Corporate Governance Best Practice Principles for Listed Companies
	YES	NO	Summary documentation	
			<p>general directors in formulating annual refresher plans and arranging courses in accordance with the company's industrial characteristics, directors' academic and experience background.</p> <p>2. Assist the board of directors and shareholders in meeting procedures and resolution compliance matters:</p> <p>(1) Report to the board of directors, independent directors, and supervisors on the company's corporate governance operations and confirm whether the company's shareholders' meeting and directors' meeting comply with relevant laws and corporate governance codes.</p> <p>(2) Assist and remind the directors of the laws and regulations that should be observed when performing business or making a formal resolution of the board of directors, and make suggestions when the board of directors will make a illegal resolution.</p> <p>(3) After the meeting, it is responsible for reviewing the important information release matters of important resolutions of the board of directors, ensuring the legality and correctness of the content of the important information, so as to protect the investor's transaction information equivalence.</p> <p>3. Maintain investor relations: Arrange exchanges and communication between directors and major shareholders, institutional investors or general shareholders as necessary, so that investors can obtain sufficient information to evaluate and determine the reasonable capital market value of the enterprise, and protect shareholders' rights and interests.</p> <p>4. To draw up the agenda of the board of directors, notify the directors seven days ago, convene the meeting and provide meeting materials, and give advance reminders if the topic needs to be avoided, and complete the minutes of the board meeting within seven days after the meeting.</p> <p>5. Handle pre-registration of shareholders' meeting date in accordance with the law, prepare meeting notices, discussion manuals, and minutes of proceedings within the</p>	

Item evaluated	Operation situation (Note)			Situation and causes of its difference with Corporate Governance Best Practice Principles for Listed Companies
	YES	NO	Summary documentation	
			<p>statutory time limit, and handle changes in registration by revising the articles of association or re-election of directors</p> <p>6. In order to implement corporate governance, regularly conduct the performance evaluation of directors and the overall board of directors.</p> <p>7. Added “Operating Procedures for Dealing with Directors’ Requests”</p>	
V. Does the company establish the communication channel with the interested parties (including but not limited to the shareholders, employees, customers and suppliers), sets the interested party zone on the corporate website, and properly responds the corporate social responsibility issues concerned by the interested parties?	✓		<p>The company establishes a spokesperson, agent spokesperson and investor relations liaison in accordance with the law, and sets up a stakeholder area on the company’s website to expose the channel information and contact information of complaints other than investors and properly respond to the concerns of stakeholders CSR issues.</p> <p>The company’s operations on issues of concern to stakeholders:</p> <p>1. Cr editors: In addition to regularly providing sufficient financial information to the correspondent banks, and having someone in charge of communication and communication, the company’s operating and financial status will be fully and transparently disclosed.</p> <p>2. Cu stomers: Frequent interactions with customers, in addition to regular visits by dedicated business leaders, and dedicated lines and the Internet to establish a customer relationship management system.</p> <p>3. Su pplier: Committed to maintaining a harmonious relationship with third-party manufacturers, and achieving mutual benefit in the process of mutual learning and growth</p> <p>4. Inv estors: The company immediately publishes the information on the public information observatory and the company’s website, and has a spokesperson and agent spokesperson mechanism. Investors who still feel insufficient about the information provided by the company or need more detailed understanding can use the dedicated line or e-mail contact.</p> <p>5. Go</p>	Meet the regulations of Corporate Governance Best Practice Principles for Listed Companies

Item evaluated	Operation situation (Note)			Situation and causes of its difference with Corporate Governance Best Practice Principles for Listed Companies
	YES	NO	Summary documentation	
			vernment: Follow the laws and regulations, continue to operate, and actively give back to the society.	
			6. Em ployees: The company maintains close relations with employees through communication channels such as labor-management meetings and grievance systems. Through good corporate culture, retain outstanding talents and work hard with employees.	
VI.Does the company entrust the professional stock service agent to handle the affairs of shareholder meeting?	✓		The company has entrusted the professional service agent- Fubon Securities Co., Ltd to handle the shareholders' meeting affairs and various share affairs of the company.	Meet the regulations of Corporate Governance Best Practice Principles for Listed Companies
VII.Information disclosure (I) Does the company set up the website, discloses the financial business and corporate governance information? (II) Does the company implement other forms of information disclosure (for instance, setting English website, assigning special person to take charge of collection and disclosure of corporate information, implementing spokesperson system, placing the corporate explanation meeting on the corporate website)? (III)Does the Company publish and release its annual financial report within two months since the end of fiscal year and announce and submit its financial reports of the first three quarters of the year and the review of operation in each month?	✓ ✓ ✓		(I) The company has set website (www.chieftek.com) to introduce the company, related financial business and corporate governance information. (II) The company's website has Chinese, English, and Japanese pages, as well as a spokesperson, agent spokesperson, and investor relations liaison, and a person is assigned to collect information about the company's finances, business, and corporate governance. It is detailed, correct, and timely Disclosure of the company's operating performance, operating conditions and major information, and the spokesperson and acting spokesperson will make a unified external statement and expose the information on the company's website for the convenience of inquiries (III) The Company has announced and submitted the annual financial report two months after the end of accounting fiscal year on 25 February, 2021. The Company has also released the report of the first 3 quarters of 2021 and the operation report for each month. In addition, the announcement and filing of the 2021 annual financial report was completed on March 2, 2022, two days past the requirement to announce and file the annual financial report within two months	Meet the regulations of Corporate Governance Best Practice Principles for Listed Companies Meet the regulations of Corporate Governance Best Practice Principles for Listed Companies Meet the regulations of Corporate Governance Best Practice Principles for Listed Companies

Item evaluated	Operation situation (Note)			Situation and causes of its difference with Corporate Governance Best Practice Principles for Listed Companies
	YES	NO	Summary documentation	
			after the end of the fiscal year. In the future, the Company will strive to make improvements to meet the deadline.	
VIII. Does the company has other important information to help understand the corporate governance operation situation (including but not limited to rights and interests of employees, employee caring, investor relations, supplier relationship, right of interested party, study situation of board directors and supervisors, execution situation of risk management policy and risk measurement standard, execution situation of customer policy, situation of liability insurance purchased by the company for board directors and supervisors)?	✓		<p>(I) Rights and interests of employees: with the establishment of healthy and safe work environment as the duty, the company abides by the corporate social responsibility policy and environmental and occupational health and safety regulations, implements emission reduction and energy saving, guarantees employee benefit and operation safety, and safeguards legitimate interest of employees according to the Labor Standard Law.</p> <p>(II) Employee caring: Measures like tidying work environment, guaranteeing personal safety, regularly implementing employees' health examination, arranging consultation of occupational physician are adopted, besides, employee life is enriched by welfare system and excellent educational training system, finally establishing a good relation with mutual trust and interdependence.</p> <p>(III) Investor relations: The company honestly discloses the company information according to the related regulations to ensure basic rights and interests of investors, fulfills its duty to shareholders, handles the suggestions of shareholders through the company spokesperson and agent spokesperson, sets "investors zone" on the company website to help investors understand the financial and business situation of the company, replies the questions of shareholders in detail, increases the communication with investors of professional institutes and promotes transparency of the company operation.</p> <p>(IV) Supplier relationships: The company exchanges experience with suppliers concerning environment, health, safety, enterprise social responsibility and other related issues, and maintain a smooth communication channel and good relationship with suppliers.</p> <p>(V) Rights of interested parties: The company discloses the company financial and business information</p>	Meet the regulations of Corporate Governance Best Practice Principles for Listed Companies

Item evaluated	Operation situation (Note)			Situation and causes of its difference with Corporate Governance Best Practice Principles for Listed Companies
	YES	NO	Summary documentation	
			<p>according to regulations besides, correspondent banks, creditors, employees, shareholders and other interested parties may understand the company operation situation through the company spokesperson and agent spokesperson. Moreover, it sets the “interested party zone” on the official website to disclose the channel and contact information for complaints made by others rather than the investors, and properly responds the enterprise social responsibility issues concerned by the interested parties.</p> <p>(VI) Study situation of board directors and supervisors: To implement the corporate governance system, the company actively notices board directors and supervisors of corporate governance information and study message, besides, the 6th session of board directors and supervisors have studied in accordance with “Practicable Main Points for Board Directors and Supervisors of Listed Companies”; please see the following table for detail.</p> <p>(VII) Execution situation of risk management policy and risk measurement standard:</p> <p>(1) The company’s major operational policies, investment cases, acquisition or disposal of assets, endorsement guarantees, capital loans and other matters are evaluated and analyzed by the relevant authority and can only be implemented after the resolution of the board of directors is passed.</p> <p>(2) The Audit Office draws up and implements an annual audit plan based on the results of the risk assessment, and implements the supervision mechanism and controls various risks.</p> <p>(VIII) Execution situation of customer policy: The company maintains a stable and good relation with clients, attaches great importance to the customer satisfaction and takes the promotion of client value and competitive power as target. Apart from mastering and checking the delivery situation at any time and conducting real-time improvement, the company also</p>	

Item evaluated	Operation situation (Note)			Situation and causes of its difference with Corporate Governance Best Practice Principles for Listed Companies
	YES	NO	Summary documentation	
			regularly conducts the satisfaction survey for clients, striving to become the long-term partner of clients' career and creating a win-win result.	
			(IX) The company purchased liability insurance for directors and supervisors: The company has purchased liability insurance for directors, supervisors and managers, and submitted a report of the board of directors on November 5, 2021.	

10. The directors, supervisors and managers of the company participated in the training in 2021, and all the directors and supervisors have obtained the 6-hour training certificate. The training situation is as follows:

Job Title	Name Sponsor	Sponsor	Refresher course	Study hours
Board Director	CHEN LI-FEN	Taiwan Corporate Governance Association	Practical Issues of Unconventional Transactions that Directors and Supervisors Should Pay Attention to	3
			How companies and directors and supervisors can avoid mistakenly stepping on insider trading	3
Board Director	HSU MING-CHE	Taiwan Corporate Governance Association	Practical Issues of Unconventional Transactions that Directors and Supervisors Should Pay Attention to	3
			How companies and directors and supervisors can avoid mistakenly stepping on insider trading	3
Board Director	LI AN	Taiwan Corporate Governance Association	Practical Issues of Unconventional Transactions that Directors and Supervisors Should Pay Attention to	3
			How companies and directors and supervisors can avoid mistakenly stepping on insider trading	3
Board Director	WANG CHEN PI-HSIA	Taiwan Corporate Governance Association	Practical Issues of Unconventional Transactions that Directors and Supervisors Should Pay Attention to	3
			How companies and directors and supervisors can avoid mistakenly stepping on insider trading	3
Board Director	CHENG SHENG-FEN	Taiwan Corporate Governance Association	Practical Issues of Unconventional Transactions that Directors and Supervisors Should Pay Attention to	3
			How companies and directors and supervisors can avoid mistakenly stepping on insider trading	3
Independent Director	HO MING-ZIH	Taiwan Corporate Governance Association	Practical Issues of Unconventional Transactions that Directors and Supervisors Should Pay Attention to	3
			How companies and directors and supervisors can avoid mistakenly stepping on insider trading	3
Independent Director	WEI NAI-CHANG	Taiwan Corporate Governance Association	Practical Issues of Unconventional Transactions that Directors and Supervisors Should Pay Attention to	3
			How companies and directors and supervisors can avoid mistakenly stepping on insider trading	3
Independent Director	WU CHUNG-JEN	Taiwan Corporate Governance Association	Practical Issues of Unconventional Transactions that Directors and Supervisors Should Pay Attention to	3
			How companies and directors and supervisors can avoid mistakenly stepping on insider trading	3

Item evaluated		Operation situation (Note)			Situation and causes of its difference with Corporate Governance Best Practice Principles for Listed Companies
		YES	NO	Summary documentation	
Chief Financial Officer	LI PAI-TSANG	National Cheng Kung University		Corporate Governance Sustainability Blueprint and Fiscal and Tax Law Update	3
		National Cheng Kung University		Case Studies of Corporate Governance and Regulatory Compliance	3
		National Cheng Kung University		ESG investment and latest trends	3
		National Cheng Kung University		Enterprise risk management issues in the post-epidemic era	3
Audit Manager	LIN SHU-SING	Taiwan Corporate Governance Association		Practical Issues of Unconventional Transactions that Directors and Supervisors Should Pay Attention to	3
		Taiwan Corporate Governance Association		How companies and directors and supervisors can avoid mistakenly stepping on insider trading	3
		Taiwan Internal Auditing Association		Analysis of latest domestic corporate governance trends and implementation of control environment	6
		Taiwan Internal Auditing Association		Sales collection and purchase payment cycle auditing practice	6
Chief Officer in Corporate Governance	LI PAI-TSANG	Financial Supervisory Commission		The 13th Taipei Corporate Governance Forum (Morning)	3
		Financial Supervisory Commission		The 13th Taipei Corporate Governance Forum (Afternoon)	3
		Taiwan Corporate Governance Association		Practical Issues of Unconventional Transactions that Directors and Supervisors Should Pay Attention to	3
		Taiwan Corporate Governance Association		How companies and directors and supervisors can avoid mistakenly stepping on insider trading	3
		Taiwan Securities and Futures Institute		Listed OTC Company - Seminar on How to Use Futures Commodity Hedge Trading and Corporate Sustainability	3

IX. Detail the improvement based on the corporate governance assessment result announced by the TWSE Corporate Governance Center in the latest year; propose the urgent matters and actions for the items not improved:

The Taiwan Stock Exchange Co., Ltd. Corporate Governance Center's third corporate governance evaluation results were specially awarded with the "Progress Award" for encouragement, and were ranked in the fourth, fifth and sixth corporate governance evaluation results. The distances are in the range of 6% to 20%. It can be seen that the company continues to work hard in the field of corporate governance, not only receiving the affirmation of the evaluation system, but also not receiving the items or measures that should be improved or should be prioritized.

In addition, the company switched the trading market to the Taiwan Stock Exchange on December 23, 2020. The ranking of listed companies in the 7th Corporate Governance Evaluation is 21%~35%. The company has begun to study the improvement or priority enhancement items and measures for the evaluation indicators that have not been scored in the 7th Corporate Governance Evaluation as follows:

Unscored evaluation index	Improved or prioritized enhancements and measures
Will the company hold a general meeting of shareholders before the end of May?	The 2022 Annual General Meeting of Shareholders is scheduled to be held on May 27, 2022.
Does the company have a corporate governance supervisor to be responsible for corporate governance-related affairs, and to explain the terms of reference, the current year's business execution priorities, and the training situation on the company's website and annual report? [If the	A corporate governance supervisor has been set up to be responsible for corporate governance-related affairs, and explain the terms of reference, the current year's business execution priorities and the training situation on the company's website and annual report.

Item evaluated	Operation situation (Note)			Situation and causes of its difference with Corporate Governance Best Practice Principles for Listed Companies
	YES	NO	Summary documentation	
corporate governance director is not held by someone who has a concurrent role in the company, one additional point will be added to the total score.]		In the future, there are plans to install a full-time Head of Corporate Governance.		
Unscored evaluation index		Improved or prioritized enhancements and measures		
Does the company build an information security risk management framework, formulate information security policies and specific management plans, and expose them on the company's website or annual report?		Improving		
Does the company release major news in English simultaneously with Chinese news?		Improved		
Does the company disclose the interim financial report in English within two months after the filing deadline for the Chinese version of the interim financial report?		Improved		
Has the company's financial report been approved by the board of directors or submitted to the board of directors 7 days before the announcement period, and has the financial report been announced within 1 day after the approval date or the submission date?		Improved		
Has the company been invited (on its own behalf) to hold at least two corporate briefings, with the interval between the two corporate briefings in the evaluation year being more than three months? [If a corporate briefing session is held at least once a quarter or a corporate briefing session is held for the quarterly operation status, one additional point will be added to the total score.]		Improving		

(IV) If the Remuneration Committee is established, the Company must disclose its composition, duties and operation situation:

To perfect the corporate governance, enhance the remuneration management function of the board of directors, assist in executing and evaluating the remuneration of the company board directors and managers, the company set the Remuneration committee through the resolution of the board resolution on December 22, 2011, and passed the organizational rules of the Remuneration Committee.

Composition, duties and operation situation of the Committee are and follows

1. Information of Members of the Remuneration Committee (4th term)

March 31, 2022

Identity	Conditions Name	Professional qualifications and work experience	Independence situation	Number of independent directors concurrently occupied in other public offering companies
Independent Director	HO, MING-ZIH	Doctor of Electrical Engineering, Texas A&M University Researcher of Research headquarters, Ritek Corporation Assistant Professor of Engineering, National Cheng Kung University Associate Professor of Engineering, National Cheng Kung University	An independent director and meets the conditions of independence, including but not limited to himself, his spouse, relatives within the second degree of kinship. Not serving as a director, supervisor or employee of the Company or its affiliated companies; not holding shares of the Company; Not acting as a director, supervisor or employee of a specific affiliated company; not recipient of the amount of remuneration obtained from providing business, legal, financial, accounting and other services to the company or its affiliated companies in the last 2 years.	0
Independent Director	WEI, NAI-CHANG	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	An independent director and meets the conditions of independence, including but not limited to himself, his spouse, relatives within the second degree of kinship. Not serving as a director, supervisor or employee of the Company or its affiliated companies; not holding shares of the Company; Not acting as a director, supervisor or employee of a specific affiliated company; not recipient of the amount of remuneration obtained from providing business, legal, financial, accounting and other services to the company or its affiliated companies in the last 2 years.	0

Independent Director	WU, CHUNG-JEN	<p>Doctor of Chemical Engineering of National Cheng Kung University 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, ChungHwa Picture Tubes, LTD. Chairman of SUPLA Co., Ltd. Chairman of SUPLA Bioplastics Co., Ltd.</p>	<p>An independent director and meets the conditions of independence, including but not limited to himself, his spouse, relatives within the second degree of kinship. Not serving as a director, supervisor or employee of the Company or its affiliated companies; not holding shares of the Company; Not acting as a director, supervisor or employee of a specific affiliated company; not recipient of the amount of remuneration obtained from providing business, legal, financial, accounting and other services to the company or its affiliated companies in the last 2 years.</p>	0
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2. Information of operation situation of the Remuneration Committee

- (1) Remuneration Committee of the company includes 3 members, who are all independent directors.
- (2) Tenure of this term of members: the 4th term runs from August 5, 2020 to June 7, 2023. In the most recent fiscal year, 2 meetings (A) were held by the Remuneration Committee as of May 31, 2022. Qualifications and attendance situation of the 4th committee members are as follows:

Job Title	Name	Actual attendance time (B)	Entrusted attendance time	Actual attendance ratio (%) (B/A) (Note)	Remark
Convener	WEI NAI-CHANG	1	1	50.00%	
Committee	HO MING-ZIH	2	0	100.00%	
Committee	WU CHUNG-JEN	2	0	100.00%	

Other matters that require reporting:

1. If the Board of Directors does not adopt or amend the suggestions of the Remuneration committee, it shall state the date, term, proposal content, resolution results of the Board of Directors and the Company's handling of the opinions of the Remuneration committee (such as the remuneration approved by the Board of Directors is better than the suggestions of the Remuneration committee, should explain the discrepancy and its reasons): None.
2. As for the resolutions of the Remuneration committee, if any member has objection or reservation and has a record or written statement, it shall state the date, term, proposal content, the opinions of all members and the handling of the members' opinions: None.

(3) Responsibilities of the Remuneration Committee

The function of the Remuneration Committee of the Company is to evaluate the remuneration policies and systems of the Company's directors, supervisors and managers from a professional and objective position. The Remuneration Committee shall hold at least two meetings a year and shall convene meetings when deemed necessary. The Remuneration Committee also makes recommendations for the board of directors to reference in decision-making.

From a professional and objective perspective, the Compensation and Remuneration Committee faithfully performs the following duties:

- (1) To formulate proposals for remuneration of directors, supervisors and managers, as well as regular evaluation reports.
- (2) To formulate and regularly review the performance evaluations of directors, supervisors and managers.
- (3) To formulate and regularly review the company's salary and remuneration policies, systems, standards and structures.
- (4) Other matters to be discussed by the board of directors.

When the Compensation and Remuneration Committee performs its duties, it shall follow the following standards:

- (1) Salary management should be in line with the company's philosophy on salaries.
- (2) The performance evaluation and remuneration of directors, supervisors and managers shall refer to the usual level of payment in the industry, and consider the rationality of the relationship between individual performance and the company's operating performance and future risks.
- (3) Directors and managers should not be led to engage in behaviors that exceed the risks of the company in the pursuit of remuneration.
- (4) The proportion of short-term performance bonuses for directors and senior managers and the timing of payment of certain variable salaries should be determined in consideration of industry characteristics and the nature of the company's business.

Contents of the resolutions of the 1-2nd meetings of the 4th Remuneration Committee

1 st Meeting of 2021-2021.02.05			
Number	Case	Resolution	Implementation/Company's handling of the Remuneration Committee
1	Review managers' remuneration and relevant regulations in 2020	The committee members present unanimously passed after discussions	According to the implementation of the resolution, the proposed board of directors shall be approved by all the directors present.
2	Year-End Bonus Distribution for Managers in 2020	The committee members present unanimously passed after discussions	According to the implementation of the resolution, the proposed board of directors shall be approved by all the directors present.
3	Review directors, supervisors, and employees' remuneration and relevant regulations in 2020	The committee members present unanimously passed after discussions	According to the implementation of the resolution, the proposed board of directors shall be approved by all the directors present.
2 nd Meeting of 2021-2020.08.04			
Number	Case	Resolution	Implementation/Company's handling of the Remuneration Committee
1	Remuneration distribution for managers and employees in 2020	The committee members present unanimously passed after discussions	According to the implementation of the resolution, the proposed board of directors shall be approved by all the directors present.
2	Remuneration distribution for directors and supervisors in 2020	The committee members present unanimously passed after discussions	According to the implementation of the resolution, the proposed board of directors shall be approved by all the directors present.

1 st Meeting of 2022-2022.01.26			
Number	Case	Resolution	Implementation/Company's handling of the Remuneration Committee
1	Year-End Bonus Distribution for Managers in 2021	The committee members present unanimously passed after discussions	According to the implementation of the resolution, the proposed board of directors shall be approved by all the directors present.
2	Review managers' remuneration and relevant regulations in 2020	The committee members present unanimously passed after discussions	According to the implementation of the resolution, the proposed board of directors shall be approved by all the directors present.
3	Remuneration distribution for directors, supervisors, and employees in 2021	The committee members present unanimously passed after discussions	According to the implementation of the resolution, the proposed board of directors shall be approved by all the directors present.

3. If the company has set up a nomination committee, it should disclose its composition, responsibilities and operations: the company has not set up a nomination committee, so it is not applicable.

- (V) The implementation of the promotion of sustainable development and the differences and reasons from the code of practice for sustainable development of listed and OTC companies:

Item Promoted	Implementation situation (note 1)			Differences and reasons from the "Code of Practice for Sustainability of Listed Company"
	Yes	No	Abstract Statement	
(I) Does the company establish a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, which is authorized by the board of directors to handle senior management, and supervised by the board of directors?	✓		The company designates the chairman's office as a part-time unit, and the board of directors supervises the promotion of sustainable development, integrates sustainable development into the company's business strategy, and implements sustainable development in a purposeful, systematic and organized manner; please note 1 for details.	Comply with the Code of Practice for the Sustainable Development of Listed and OTC Companies.
(II) Does the company conduct risk assessments on environmental, social and corporate governance issues related to the company's operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies?	✓		1. The company has developed the Code of Conduct of Enterprise Social Responsibility and Enterprise Social Responsibility Policy based on the Code of Conduct of Social Responsibility of Listed and OTC Companies and Enterprise, which were approved by the board of directors in May 9, 2014 through discussion after submission. Moreover, the amendments of the Code of Conduct of Enterprise Social Responsibility and Enterprise Social Responsibility Policy was passed in the board meeting held on January 20, 2017. The implementation effect of the Policy in 2021 will report on the board meeting on March 3, 2022. 2. The company conducts operation related risk assessment on environmental, social and corporate governance issues in accordance with	Comply with the Code of Practice for the Sustainable Development of Listed and OTC Companies.

		the corporate social responsibilities materiality principle, and stipulate relevant risk management policies or strategies as follows:	
Maj or Issues	Risk Assessment Item	Risk Management Policies or Strategies	
Environmental	Environmental Protection	<p>1. The company passed the ISO14001: 2015 version of the environmental management system. Its system calculates whether the internal and external issues and environmental risks of the company's environment are in compliance with China's regulations, international laws and ISO spirit.</p> <p>2. The company's environmental security policy is as follows:</p> <p>(1) It is necessary to provide a high-quality and maintain a healthy physical and mental working environment to achieve the goal of zero disasters and accidents.</p> <p>(2) To protect the environment, maintain natural ecology, save energy and reduce waste.</p> <p>(3) To comply with laws and regulations, implement risk management, prevent pollution, and implement 6S activities.</p> <p>(4) Environmental protection and safety are uninterrupted activities for all employees.</p> <p>3. Every year, environmental management goals and plans are set, and the progress of each goal is tracked and reviewed regularly to ensure that the goals are achieved.</p> <p>4 The Factory Affairs Division declares energy conservation and carbon reduction measures of the Energy Bureau in order to meet the progress of annual energy conservation requirements</p>	
Social	Occupational Safety	<p>The company has obtained OHSAS18001: 2018 Occupational Health and Safety Management System Certification, and its system is designed to carry out various industrial safety inspections and nuclear inspections of the company, and at the same time use SGS third verifier to check and further implement the occupational safety and health management system; Fire drills and industrial safety education and training and various industrial safety measures are held regularly every year to cultivate employees' emergency response and self-safety and sanitation management capabilities and to improve good and healthy workplaces.</p>	

				<p>Product Safety</p> <p>1. The company upholds a professional and innovative attitude, improves product efficiency and an honest and honest attitude to serve customers, and expects to provide customers with satisfactory products and services. Therefore, the company formulates standard customer complaint procedures, properly judges the responsibility to resolve the problem, and sets preventive measures to prevent similar problems from occurring, and regularly investigates and tracks customer satisfaction to understand customer needs and problems, and the results of the investigation will be used as research improvements Basis of strategy.</p> <p>2. The company's products are mechanical components, and there are relevant international standards. The company follows the relevant laws and international standards and implements the process and raw material management.</p> <p>3. The company's products comply with China's laws and regulations and EU RoHS and REACH regulations, and do not contain harmful environmental substances. If customer needs, also provide customer RoHS, REACH inspection report.</p>	
			<p>Corporate Governance</p> <p>Socioeconomic and legal compliance</p> <p>In order to ensure that the company's owners comply with the laws and regulations, the company's goals are established through the establishment of a governance organization audit process and standard operation procedures (SOP).</p>		
<p>(III) Develop sustainable environment</p> <p>(I) Does the company establish applicable environmental management system based on its industrial characteristics?</p>	✓		<p>(I)1. The Occupational Safety Department of the company shall take charge of environmental management, establishing and controlling environmental management system, setting up safety and health committee and jointly dealing with environmental safety problems.</p> <p>2. Besides observing environmental laws earnestly, the Company passed ISO14001 environmental management system, OHSAS 18001 occupational safety and health management system and CNS15506 Taiwan occupational safety and health management system in September 2014.</p> <p>3. In August 2017, the Company passed ISO 9001:2015 version quality management system, ISO 14001:2015 version environmental management system, OHSAS 18001:2017 version occupational safety and health management system and version renewal certification of CNS15506</p>	<p>Comply with the Code of Practice for the Sustainable Development of Listed and OTC Companies.</p>	

			Taiwan occupational safety and health management system. 4. In August 2020, the Company passed ISO 45001:2018 version occupational safety and health management system and version renewal of CSN 45001:2018 Taiwan occupational safety and health management system.											
(II) Is the company dedicated to improving utilization efficiency of various resources and making use of renewable materials with low environmental load impact?	✓		(II) The company is committed to improving the efficiency of the use of various resources, such as: 1. Recycling pallets, wooden boxes, etc. are used for shipping packaging or inventory management. 2. Perform garbage resource classification and recycling, set up rainwater recycling system and on-site process water recycling, which can not only reduce costs but also reduce environmental impact and impact. 3. Improve the efficiency of resource use and e-standardize documents. 4. Fully turn off the lights during breaks to reduce power consumption.	Comply with the Code of Practice for the Sustainable Development of Listed and OTC Companies.										
(III) Does the company assess the present and future risks and opportunities climate change poses on the company?	✓		(III) With the increasingly severe environmental damage caused by global climate change, Taiwan has faced severe typhoons, flood threats and lack of water, energy and other resources in recent years. In order to effectively grasp the development trend of climate change issues, conduct climate change management and assessment, through climate risk issues, to mitigate the impact of climate change and reduce the harm to the environment. <table border="1" data-bbox="746 1220 1305 2094"> <thead> <tr> <th colspan="2">Climate Change Risk Interval</th> <th rowspan="2">Countermeasures and Results</th> </tr> <tr> <th>Category</th> <th>Item</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Codes and Regulations</td> <td>1.Greenhouse gas inventory investigation and declaration 2.Total Emission Control</td> <td>1. Total control and emissions The Southern Science and Industry Park Administration of the Ministry of Science and Technology investigates companies' greenhouse gas emissions 2. In accordance with the implementation of Taiwan's "Energy Administration Act", carry out energy saving and carbon reduction measures and declaration 3. Obtain ISO 14064-1 greenhouse gas inventory certificate for future planning</td> </tr> <tr> <td>Energy/ Resources</td> <td>Waste recycling Recycling waste into plastics, iron and aluminum cans, paper, general waste, etc. can reduce waste incineration and reduce carbon</td> </tr> </tbody> </table>	Climate Change Risk Interval		Countermeasures and Results	Category	Item	Codes and Regulations	1.Greenhouse gas inventory investigation and declaration 2.Total Emission Control	1. Total control and emissions The Southern Science and Industry Park Administration of the Ministry of Science and Technology investigates companies' greenhouse gas emissions 2. In accordance with the implementation of Taiwan's "Energy Administration Act", carry out energy saving and carbon reduction measures and declaration 3. Obtain ISO 14064-1 greenhouse gas inventory certificate for future planning	Energy/ Resources	Waste recycling Recycling waste into plastics, iron and aluminum cans, paper, general waste, etc. can reduce waste incineration and reduce carbon	Comply with the Code of Practice for the Sustainable Development of Listed and OTC Companies.
Climate Change Risk Interval		Countermeasures and Results												
Category	Item													
Codes and Regulations	1.Greenhouse gas inventory investigation and declaration 2.Total Emission Control	1. Total control and emissions The Southern Science and Industry Park Administration of the Ministry of Science and Technology investigates companies' greenhouse gas emissions 2. In accordance with the implementation of Taiwan's "Energy Administration Act", carry out energy saving and carbon reduction measures and declaration 3. Obtain ISO 14064-1 greenhouse gas inventory certificate for future planning												
	Energy/ Resources	Waste recycling Recycling waste into plastics, iron and aluminum cans, paper, general waste, etc. can reduce waste incineration and reduce carbon												

					emissions	
				Solar energy	The Tree Valley Plant has set up solar energy equipment, which can be used for the basic use of electricity in the plant to achieve green energy supply.	
			Extreme Climate	Extreme climate may cause heavy rainfall events, long periods of drought and rain, floods, and typhoons to directly affect operations.	<ol style="list-style-type: none"> 1. Respond and handle according to emergency preparedness and response management procedures 2. The pump at the discharge port increases the discharge pressure 3. Before and after floods and typhoons, carry out emergency response to reduce damage 	
			Long-Term	Sea level rise	Reducing greenhouse gas emissions can reduce the melting of ice in the South Pole and the Arctic, and ease the rising trend of sea level	
				Impact on employee health	Reduce greenhouse gas emissions, reduce the occurrence of extreme climates, and thereby reduce the impact of extreme climates (such as sandstorms...) on the human body, such as asthma, allergies, etc.	
(IV) Does the company count greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulate policies for energy saving and carbon reduction, greenhouse gas reduction, water use reduction or other waste management?	✓		(IV) In the design of the factory, the company is based on energy saving and carbon reduction, with high design, additional ventilation and heat dissipation external walls, and natural circulation of ventilation and heat dissipation to reduce the temperature in the factory, replace the air conditioning system, and save electricity. <ol style="list-style-type: none"> 1. Energy saving target In accordance with ISO 50001 as the norm, and in accordance with the provisions of Articles 8, 9 and 12 of the Energy Administration Act, if the energy consumption reaches the specified amount, an energy verification system shall be established, and energy conservation goals and implementation plans shall be set to Achieve the annual power saving rate of more than 1%; also, annual carbon reduction is to reduce energy emissions by 1%. 2. Energy saving measures In 2021, the power-saving measures were replaced by the replacement of filter equipment, which reduced power consumption by 32,856 kWh. However, due to the increase in orders, the production capacity was increased, resulting in an annual power saving rate of 	Comply with the Code of Practice for the Sustainable Development of Listed and OTC Companies.		

			<p>about 0.52% and a carbon reduction of about 20,962.218kg.</p> <p>3. Carbon reduction target According to the data of Energy Bureau of the Ministry of Economic Affairs, 0.638 kg CO₂ emission per kWh energy generated. The energy saving in 2020 is 32,856 kilowatt-hours. Therefore, the goal of reducing carbon emissions in 2021 is about 20,962.21 kg.</p> <p>4. Greenhouse gas emissions, water usage, total weight of waste For the company's greenhouse gas emissions, the indirect emission sources are mainly purchased electricity, which were 8,600.2 thousand degrees, 11,536.8 thousand degrees, 9,080.8 thousand degrees, 8,705 thousand degrees, and 9,537.2 thousand degrees from 2017 to 2021 respectively. The company's total greenhouse gas emissions in 2017 were approximately 5,486.928 metric tons of CO₂ e/year, total greenhouse gas emissions in 2018 were approximately 7,360.47 metric tons of CO₂ e/year, total greenhouse gas emissions in 2019 were approximately 5,793.550 metric tons of CO₂ e/year, total greenhouse gas emission in 2020 is about 5,554.045 metric tons CO₂ e/year, and total greenhouse gas emission in 2021 is about 6,084.73 metric tons CO₂ e/year.</p> <p>The total waste weight of our company from 2018 to 2021 was 391 metric tons, 188 metric tons, 155 metric tons, and 333 metric tons, respectively.</p> <p>In response to the environmental impact caused by greenhouse gases, in the future, we will promote the reduction of greenhouse gas emissions and achieve sustainable energy development that balances cost with resource efficiency, energy conservation, and environmental protection.</p> <table border="1" data-bbox="754 1543 1305 1700"> <thead> <tr> <th>Year</th> <th>2017</th> <th>2018</th> <th>2019</th> <th>2020</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>Total Power Consumption (KWh)</td> <td>8,600,200</td> <td>11,536,800</td> <td>9,080,800</td> <td>8,705,400</td> <td>9,537,200</td> </tr> <tr> <td>CO₂Emissions (mt)</td> <td>5,486.928</td> <td>7,360.47</td> <td>5,793.550</td> <td>5,554.045</td> <td>6,084.73</td> </tr> </tbody> </table> <p>Note: According to the data of the Energy Bureau of the Ministry of Economic Affairs, 0.638 kg of CO₂ is generated per kWh.</p>	Year	2017	2018	2019	2020	2021	Total Power Consumption (KWh)	8,600,200	11,536,800	9,080,800	8,705,400	9,537,200	CO ₂ Emissions (mt)	5,486.928	7,360.47	5,793.550	5,554.045	6,084.73	
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<p>(IV) Maintaining social welfare</p> <p>(I) Does the company make related management policy and procedure pursuant to relevant regulations and international covenants of human rights?</p>	✓		<p>(I) The company complies with the “Labor Standards Law” and “International Human Rights Convention” and the relevant laws and regulations issued by the government, formulating complete and compliant with labor laws and regulations related systems and management methods, which are carried out by dedicated personnel to protect employees’ legal</p>	<p>Comply with the Code of Practice for the Sustainable Development of Listed and OTC Companies.</p>																		

			<p>labor rights and employment policies. Treatment and other management principles.</p> <ol style="list-style-type: none"> 1. All forms of forced labor are strictly prohibited. 2. Apply for labor insurance, health insurance, and insure employer liability accident insurance for all employees. 3. Implement employment policies in accordance with the Employment Service Law, including prohibiting child labor. 4. Follow internationally recognized labor human rights and equality, and prohibit any form of discrimination. 5. Continue to promote gender equality. 6. Based on the principle of "employee care" and "employee well-being", withdraw pensions and set up employee welfare committees in accordance with the law. Under the principle of stable operation, provide various benefits and measures that are better than legal conditions as far as possible. In order to cooperate with the legal changes, announcements are made in the factory area. <p>In accordance with the implementation policy, the company implements the human rights policy, which is applicable to all levels of the company, and continuously enhances and improves the management of human rights-related issues, reducing the risk of human rights incidents, and implementing the policy and the management plan for human rights-related issues.</p>	
(II) Does the company formulate and implement reasonable employee welfare measures (including compensation, vacations and other benefits), and appropriately reflect operating performance or results in employee compensation?	✓		<p>(II) The relevant measures are as follows:</p> <ol style="list-style-type: none"> 1. The company's main remuneration principle is to link departmental responsibilities and performance results, and hopes to recruit and retain excellent talents by setting reasonable remuneration policies. 2. The company clearly stipulates employee code of conduct norms and related disciplinary system rewards and punishments in the employee manual. 3. The company set up a "Pay and Remuneration Committee" composed of three independent directors. The three remuneration committees with different backgrounds not only have rich academic experience, but also fully grasp the pulse of domestic and foreign industries. A reasonable salary and compensation policy and performance appraisal system will gradually improve the integration of the above system and incorporate social responsibility policies based on the pulsation of operations to continuously improve the quality and competitiveness of the company at each stage. 	Comply with the Code of Practice for the Sustainable Development of Listed and OTC Companies.
(III) Does the company create a safe and healthy working environment and implements safety and health	✓		(III) The company shall set up Labor Safety and Health Committee as per labor safety and	Comply with the Code of

<p>education for employees regularly?</p>		<p>health law, convene labor safety and health meeting regularly, persistently assist the factory in completing various tasks related to environmental safety and health to make sure the safety and health of working environment. Explanation of only relevant items is made below:</p> <table border="1" data-bbox="746 394 1299 2096"> <thead> <tr> <th data-bbox="746 394 874 427">Items</th> <th data-bbox="874 394 1299 427">Contents</th> </tr> </thead> <tbody> <tr> <td data-bbox="746 427 874 573">Entrance Guard</td> <td data-bbox="874 427 1299 573"> <ol style="list-style-type: none"> 1. Strict entrance guard monitoring system is set up in the daytime and nighttime. 2. Connect with police organs online to take precaution. </td> </tr> <tr> <td data-bbox="746 573 874 1014">Maintenance and Inspection of Various Equipment</td> <td data-bbox="874 573 1299 1014"> <ol style="list-style-type: none"> 1. 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				<p>announcement and channels for employee's expression of opinion and interactive learning.</p> <p>3. Sexual harassment prevention: set forth complaint and punishment terms.</p>
			Insurance and Medical Condolence	<p>1. Buy labor insurance (including occupational hazard insurance) and health insurance by law.</p> <p>2. Buy officers liability insurance.</p> <p>3. Buy group insurance.</p>
			Contractor Management	<p>1. Inform contractors of hazard factors during working and hold meetings for contractor agreement in accordance with Occupational Safety and Health Law.</p> <p>2. Set contractor management procedure and provide related forms for contractor applying and filling out.</p>
			Education Training	<p>Implement pertinent safety & health educational training, such as the general safety & health educational training and hazardous chemical manufacturing, disposal and using educational training and add safety and health trainings 3h before operation of manufacturing machine or equipment, aerial working vehicle, winch and electric welding as well as working in oxygen deficient environment in accordance with Occupational Safety and Health Law.</p>
			<p>Healthy and safe working environment</p> <p>The company shall provide employees with safe and sound working environment, earnestly observe fire regulations and take the following measures to protect personal safety and health in the working environment:</p> <ol style="list-style-type: none"> 1. .ISO 14001/ISO 45001/CNS 45001 environmental safety and health management system: set up a management system to evaluate performance and efficiency of environmental and occupational safety & health and enhance environmental safety & health, thus guaranteeing personal safety of employees. 2. Identify environmental considerations and various hazards in all activities, products and services of the Company, evaluate the risks of major environmental considerations and its hazards, judge the priority action level and control unacceptable environmental safety and health risks that may facilitate the planning, management and implementation of environmental and occupational safety and health. 3. Establish unified regulations for hazardous labeling of chemicals in compliance with regulations and requirements; be able to take emergency measures immediately upon occurrence of hazard and leakage during working through effective reminders to prevent from occurrence of hazards and extension of accidents. 4. For industrial wastes produced, establish resources recovery and related management 	

		<p>mechanism to realize waste recycling, stabilization, hazard-free treatment, economization and satisfy the requirements of decree by improving environmental sanitation.</p> <ol style="list-style-type: none"> 5. Raise contingency ability of employees under emergency circumstances and define correct handling procedure to make sure personal safety and normal operation of the company in the hope of minimizing loss in case of accident. 6. Check the fire apparatuses on a regular basis to reduce the losses after accident occurrence and guarantee personal safety of employees. 7. Lay down <i>Code of Conduct of Safety and Health</i> to avoid occupational accident, maintain the safety and health of employees and ensure the normal operation of working place, further reaching the target of sustainable business operation. 8. Appoint <i>Safety and health Personnel</i> to take charge of planning and advancing environmental safety and health policies and management system of the company and checking their performance. Train occupational safety personnel for occupational safety, including A Grade occupational safety and health manager, B Grade occupational safety and health specialist, A Grade occupational safety and health executive, first-aid personnel and fire controller, to strengthen environmental safety and health management in workplace and maintain a safe and healthy workplace. 9. Conduct Annual Health Examination for Employees on a regular basis to protect their safety and health. 10. Conduct Working Environment Monitoring twice a year, get hold of working environment dynamics, evaluate exposure hazard, measure physical and chemical factors in environment and improve the working environment based on measured results to meet the requirements. 11. Regular inspection, key inspection and work inspection: conduct automatic inspection every year, 3 months, monthly, daily based on automatic inspection management procedure and examine potential hazards in workplace by means of automatic inspection for the purpose of preventing disasters and protecting company property and personal operation safety. 12. Field inspection: conduct regular or irregular inspection for in-plant safety and health to eliminate actual or potential hazards and risks. 13. Objective and scheme of environmental sanitary and hygiene: improvement scheme in 2021 included: including the new COVID-19 epidemic prevention plan, and the lamp improvement plan for the second-phase production operation area, all of which have been accomplished. 	
(VI) Does the company develop an efficient career capability development training plan?	✓	(IV) The company has been committed to creating a learning environment providing endless talent force and increasing remarkable competitive power, set <i>Educational Training Management and Operational Procedure</i> and	Comply with the Code of Practice for the Sustainable Development

			<p>cultivated right talents by virtue of internal and external training resources.</p> <p>Currently, the company has provided a series of educational trainings for common knowledge, professional skill and management to stimulate employee's potential and occupational development ability, realize close coordination between enterprise development and talent development plan of colleagues and heighten awareness of production efficiency and enterprise social responsibility. Training plan mainly implemented is composed of general training, educational training for labor safety, operation & management and traditional culture, professional training, training for employees dispatched to foreign subsidiaries, internship training for international exchange.</p> <p>The company shall train head of all units and senior colleagues as internal lecturer to inherit company culture and skills and invite external experts to give lessons to the directors and supervisors periodically.</p>	of Listed and OTC Companies.
(V) With regard to customer health and safety, customer privacy, marketing and labeling of products and services, has the company complied with relevant regulations and international standards, and formulated relevant policies and appeal procedures for consumer protection?	✓		<p>(V) The company upholds a professional and innovative attitude, improves product efficiency and an honest and honest attitude to serve customers, and expects to provide customers with satisfactory products and services. Therefore, the company formulates standard customer complaint procedures, properly judges the responsibility to resolve the problem, and sets preventive measures to prevent similar problems, and regularly investigates and tracks customer satisfaction to understand customer needs and problems, the results will serve as the basis for the development of improvement strategies.</p> <p>The company's products are mechanical components, and there are relevant international standards. The company follows relevant laws and international standards and implements them on the process and raw material management.</p>	Comply with the Code of Practice for the Sustainable Development of Listed and OTC Companies.
(VI) Does the company formulate supplier management policies that require suppliers to follow relevant regulations on environmental protection, occupational safety and health or labor human rights, and their implementation?	✓		<p>(VI)1. The company possesses tight and complete supply chain system and can assist suppliers in improving product quality by integration. For suppliers of contract project, the 2-IS-2-K-001 contractor management procedure shall be followed. Apart from implementation of safety & sanitation autonomous management, educational training, agreement organization, factory-entering hazard notification and other safety managements, requirements of physical environmental management shall also be met to fulfill the enterprise social responsibility of safety and environmental protection he company has closed and integrated supply chain system, and able to integrate and assist suppliers improve product quality. As to the</p>	Comply with the Code of Practice for the Sustainable Development of Listed and OTC Companies.

			<p>contractor who carry the engineering were perform management according to 2-IS-2-K-001 contractor management procedure. In addition to adhesive perform. In addition, according to the 1-AD-2-B-001 supplier management program, the environmental management assessment and social responsibility assessment and evaluation of suppliers and new outsourcing processing plants include whether the manufacturer is ISO14001 environmental management system or SA8000 corporate social responsibility certification.</p> <p>2. The company conducts “Factory Environmental Management Assessment Form” and “Social Responsibility Assessment Form” assessments of suppliers and new outsourced processing plants according to supplier management procedures, including contracts with major suppliers requiring suppliers and contractors to comply with Labor Standards Act and related human rights regulations, including prohibition of child labor, forced labor, health and safety, freedom of association and collective bargaining rights, discrimination, etc., involve violations of corporate social responsibility policies and have a significant impact on the environment and society, the terms of the contract may be terminated or cancelled at any time.</p> <p>3. In 2021, a total of 1 on-site environmental, safety and health inspections were conducted for the removal and disposal company, and the result was Pass.</p>	
V. Does the company refer to internationally-used report preparation standards or guidelines to prepare sustainable development reports and other reports that disclose the company’s non-financial information? Did the pre-report report obtain the confidence or assurance opinion of the third-party verification unit?		✓	The Company has not yet prepared a sustainability report.	To comply with future stipulations, the disclosure of relevant sustainable development information will be strengthened.
6. If the company has its own sustainable development code in accordance with the "Code of Practice for the Sustainable Development of Listed and OTC Companies and Enterprises", please describe its operation and the differences from the “Code of Sustainable Development of Listed and OTC Companies and Enterprises”: The company's sustainable development code of practice and related regulations are still under development.				

7. Other important information conducive to understanding the operation of sustainable development:

(I) The Company has acquired various certifications.

Certificate Type	ISO 14001:2015	ISO 9001:2015	ISO 45001:2018	CNS 45001:2018
Approver	SGS	SGS	SGS	SGS
Valid Period	2020/08/29~ 2023/08/29	2020/08/29~ 2023/08/29	2020/08/29~ 2023/08/29	2020/08/29~ 2023/08/29
Date of Approval	2020/08/11~13	2020/08/11~13	2020/08/11~13	2020/08/11~13
Certificate Number	TW14/10645	TW17/00972	TW16/01194	CB05-109012-02

(II) In terms of participation in social activities and social contribution, the company actively cooperates with various universities and colleges in Tainan (such as National Cheng Kung University (NCKU), Southern Taiwan University of Technology (STUST), Kunshan University, Far East University and Nan Jeon Institute of Technology) to provide opportunity of observation learning and internship and enhance industry-university collaboration, with the aim to accelerate the regional prosperity and bring more employment opportunities. In addition, the Company also cooperates with communities to establish prize for moral excellence and provide financial aid for students in community colleges.

(III) In response to the resource recycling policy of the government, carefully sort the garbage and recycle.

(IV) Digitize document forms and reduce the amount of paper used.

(V) Give emergency allowances for employees and help employees overcome the difficulties.

(VI) It is prohibited to employ child workers as labor.

(VII) The company actively sponsored the festival and cultural events held by the local government

(VIII) Assisted Prof. Wu Chung-Hsin of National Chiao Tung University with the DD Motors and Drivers for his ARRC rocket research project, using the small DD motor and driver of **cpc** to build an advanced rocket propulsion system to improve the control stability of the entire launch trajectory.

(IX) In response to Tainan City government's "Eat pineapples and support farmers" initiative, the Company also participated in the purchasing of pineapples and bought 400 cases (6 pineapples/case) from a local temple. The pineapples were distributed amongst employees in hope of supporting farmers through real actions.

(X) The Company participated in the initiative to support custard apple farmers and bought custard apples to be distributed to farmers. Besides allowing employees to experience the kindness of the company, the employees were able to eat fruits at a low price, allowing them to become healthier while also supporting farmers.

(VI) Circumstances of the company's performance of ethical management and implementation measures:

In accordance with "Code of Ethical Management of the Listed and Over-The-Counter Companies" released by the competent authority, based on the management ideas of integrity, transparency and accountability, this company formulated the integrity-based policy, established a good corporate governance and risk management mechanism to create a business environment with sustainable development, and formulated the code of ethical management of this company. The "Code of Ethical Management" was passed by the resolution of the board of directors on March 21st, 2012, and reported by the general meeting of shareholders on June 20, 2012. The "Code of Ethical Management" was passed by the resolution of the board of directors on March 21st, 2012, and the revised "Ethical Management Procedures and Behavioral Guidelines" was passed by the resolution of the board of directors on March 26, 2015. In addition, to carry out the ethical management policy, through the resolution of the board of directors on May 9th, 2014, the chairman room should serve as the unit responsible for promoting enterprise ethical management, and adopt this management idea to sincerely serve all customers and suppliers, and continuously strengthen the company's business information transparency to make shareholders know the company's operation more clearly.

Evaluation Items	Operation Situation		Abstract Statement	The difference from the Code of Conduct of Social Responsibility of Listed and OTC Companies and Enterprises and the Causes
	YES	NO		
<p>I. Formulation of ethical management policy and scheme</p> <p>(I) Does the company clearly specify the policy, practice of ethical management in the rules and external files, and does the board of directors, management level actively implement the commitment of ethical management?</p>	✓		<p>(I) On March 21, 2012, the board of directors of the company approved the “Code of Integrity Management” and reported it to the shareholders’ general meeting on June 20, 2012. On March 26, 2015, the board of directors passed a resolution to amend to “Ethical Operating Procedures and Behavior Guide”, which specifically regulates the matters that the company’s personnel should pay attention to when performing business, and serves as a commitment for the board and management to actively implement operating policies.</p> <p>The company designates the chairman’s office as the designated unit (hereinafter referred to as the company's designated unit), which is affiliated with the board of directors and handles the relevant operations and supervision and implementation of the revision, execution, interpretation, consulting services and registration of the contents of the procedures and behavior guidelines, the main duties the following matters, and should be reported to the board of directors regularly:</p> <ol style="list-style-type: none"> 1. Assist in integrating integrity and moral values into the company’s business strategy, and cooperate with the legal system to formulate relevant anti-fraud measures to ensure integrity management. 2. To formulate plans to prevent dishonesty, and to establish standard operating procedures and behavior guidelines for work operations in each plan. 3. Plan the internal organization, organization and functions, and set up a mutual supervision and check mechanism for business activities with a high risk of dishonesty in the business scope. 4. Promotion and coordination of integrity policy advocacy training. 5. Plan the reporting system to ensure the effectiveness of the implementation. 6. Assist the board of directors and management to check and evaluate whether the preventive measures established by the implementation of integrity management are operating effectively, and regularly evaluate and follow the relevant business processes and make reports 	Comply with the code of Conduct of social responsibility of listed and OTC companies and enterprises.

Evaluation Items	Operation Situation		Abstract Statement	The difference from the Code of Conduct of Social Responsibility of Listed and OTC Companies and Enterprises and the Causes
	YES	NO		
(II) Does the company implement prevention measures for the business activities with high risk of dishonest behaviors in each clause of Item II of Article 7 of “Code of Ethical Management of the Listed and Over-The-Counter Companies” or within the other business scope?	✓		(II) The company formulates the “Code of Ethical Management” according to the “Code of Ethical Management of the Listed and Over-The-Counter Companies” released by the competent authority as the basis to abide by, and clearly specifies the prohibition of dishonest behaviors. The directors, supervisors, manager, employees or those with substantial control ability of this company shall not directly or indirectly provide, promise, request or accept any illegitimate benefits, or have other dishonest behaviors of violation of good faith, illegitimacy or breach of the trustee obligation, etc. to gain or maintain the interests. The relevant prevention measures include operation procedures, behavioral guidelines and education training, etc. The prevention scheme formulated by this company covers the prevention measures for the following behaviors: I. Offer bribes and accept bribes. II. Provide illegal political contributions. III. Improper charitable donation or sponsorship. IV. Provide or accept unreasonable gift, hospitality or other improper benefits IV. Do not provide or promise any facilitation payments	Comply with the code of Conduct of social responsibility of listed and OTC companies and enterprises.
(III) Does the company formulate the scheme of preventing dishonest behaviors, clearly specify the operation procedures, behavioral guidelines, violation penalties and appeal system, and carry out the implementation, and regularly review and revise the pre-release plan?	✓		(III) The company clearly formulates the code of practice of enterprise social responsibility, code of employee behavior, code of ethical management, relevant specification of preventing insider trading procedures, carries out the management ideas of “Integrity and Fairness, Integrity and Ability” and other principles of ethical management, continues to review, revise the relevant operation procedures, behavioral guideline, violation punishment and appeal system in each stage, and supplements the internal training, external training, independent director special instruction and other education training to gradually implement and conform to the relevant provisions.	Comply with the code of Conduct of social responsibility of listed and OTC companies and enterprises.
II. Implementation of ethical management (I) Does the company assess the credit records of trading objects, and clearly specify	✓		(I) Before the establishment of commercial relation, firstly assess the legality of this trading object, policy of ethical management, and assess	Comply with the code of Conduct of

Evaluation Items	Operation Situation			The difference from the Code of Conduct of Social Responsibility of Listed and OTC Companies and Enterprises and the Causes
	YES	NO	Abstract Statement	
the honesty behavior clauses in the contract signed with the trading objects?			<p>whether there ever exist the records of dishonest behaviors to ensure its business operation mode fair, transparent, and no behavior of asking for, offering or accepting bribes.</p> <ol style="list-style-type: none"> 1. Before establish business relations, the Company shall evaluate the legality, ethical practices, and trading records of its agent, distributor, customer and other entities with commercial dealing to ensure the business operated in a fair manner with transparency without corruptions like requesting or providing bribes. 2. When contracting with others, the Company shall evaluate the business operation of the contracting contracting party and include the honesty and ethical business clauses into the contract with the below articles: <ol style="list-style-type: none"> (1) If the agent or staff of the contracting parties have violated the prohibition to receive commission, rebates, or other inappropriate interests defined under this contract, the contracting party shall inform the other party with the relevant information of such incident, such as the identity of the agent or staff, the offer or promise made, the interests, and comply with the investigation of the other party. Shall the contracting party exposed to any damage or loss due to such incident, the party are entitled to seek compensation for other party. (2) Shall the contracting party has dishonest or unethical behaviors, the other party may terminate the contract at any time. (3) Set clear and reasonable articles about payment, including the location and method of making payment, and the relevant tax law and regulations. 	social responsibility of listed and OTC companies and enterprises.
(II) Does the company set up a special unit under the board of directors to promote the integrity management of the enterprise, and regularly (at least once a year) report to the board of directors on its integrity management policies and plans to prevent dishonesty and supervision and implementation?	✓		<p>(II) This company has designated the Chairman's Office through the board of directors on May 9, 2014 as a special responsible unit, and regularly (i.e., March 2, 2022) reports the 2021 report on integrity management policies and plans to prevent dishonesty and supervision and implementation:</p> <ol style="list-style-type: none"> 1. It handles the revision, implementation, interpretation, consultation service, reporting content registration document and other relevant operation, will supervise its performance and regularly report to the Board of Directors. 2. It continuously conducts related training 	Comply with the code of Conduct of social responsibility of listed and OTC companies and enterprises.

Evaluation Items	Operation Situation		Abstract Statement	The difference from the Code of Conduct of Social Responsibility of Listed and OTC Companies and Enterprises and the Causes
	YES	NO		
			courses covering food safety, law safety and asset safety to practice business integrity.	
(III) Does the company formulate the policy of preventing conflict of interest, provide the proper statement channel, and carry out the implementation?	✓		<p>(III) The company has formulated the “Integrity Management Code” which requires directors, supervisors, managers and others to uphold a high degree of self-discipline when attending or non-voting during the board of directors. Resolutions brought up in the board of directors may have conflicting interests with attendees or the legal person they represent, causing harm to the resolutions listed in the board of directors. Those who are in danger of compromising the company's interests may state their opinions and answer inquiries. They may not participate in discussions and voting, and they should withdraw from discussions and voting. They may not exercise their voting rights on behalf of other directors. Directors should also be self-disciplined and must support each other.</p> <p>Directors and managers of the company shall not use their positions in the company to obtain improper benefits for themselves, their spouses, parents, children or any other person.</p> <p>In 2021 and up to now, resolutions of the board of directors in which there is a conflict of interest with the directors themselves and therefore withdrew from discussion, according to where company law article 206, article 178 is applicable :</p> <ol style="list-style-type: none"> 1. On February 5, 2021, the board of directors discussed the “2020 Manager’s Salary and Remuneration and Related Regulations”. 2. On February 5, 2021, the board of directors discussed the “Manager’s 2020 year-end bonus case.” 3. On February 5, 2021, the board of directors discussed the “2020 Annual Directors and Supervisors Remuneration Distribution Case”. 4. On August 4, 2021, the board of directors discussed the “Manager’s Allotment of Employees’ Remuneration for 2020”. 	Comply with the code of Conduct of social responsibility of listed and OTC companies and enterprises.

Evaluation Items	Operation Situation			The difference from the Code of Conduct of Social Responsibility of Listed and OTC Companies and Enterprises and the Causes
	YES	NO	Abstract Statement	
			<p>5. On August 4, 2021, the board of directors discussed the “Allotment of remuneration for directors and supervisors in 2020”.</p> <p>6. On January 26, 2022, the board of directors discussed the “Manager’s 2021 year-end bonus case.”</p> <p>7. On January 26, 2022, the board of directors discussed the “2021 Manager’s Salary and Remuneration and Related Regulations”.</p> <p>8. On January 26, 2022, the board of directors discussed the “2021 Annual Directors and Supervisors Remuneration Distribution Case”.</p>	
(IV) Has the company established relevant accounting system and internal control system and assigned the internal auditing unit to draft the counter measures to avoid the dishonest behaviors or seek approval from the entrusted account after evaluating the risk of dishonest behaviors?	✓		<p>(IV) For business activities with a high risk of dishonesty, the company has established an effective and complete accounting system and internal control system. There should be no false transaction accounting, and it should be reviewed at any time to ensure that the design and implementation of the system continue to be effective. The company conducts self-inspection once a year, and then the internal audit unit reviews the self-evaluation reports of various units and subsidiaries including the control environment, risk assessment, control operations, information and communication and supervision, etc., and improvements of deficient and abnormal events in internal control found by the audit unit serves as the main basis for the board of directors and the general manager to evaluate the effectiveness of the overall internal control system and issue a statement of internal control system.</p> <p>The company’s internal auditors regularly audit the system to follow the situation, and make an audit report to the board of directors. In addition PwC Taiwan also regularly audits the company’s internal control.</p>	Comply with the code of Conduct of social responsibility of listed and OTC companies and enterprises.
(V) Has the company organized internal and external training on honest and ethical business operation on a regular basis?	✓		<p>(V) In addition to regularly holding the internal education training of business integrity, the Company also participates in external similar courses to serve as a channel for the employees’ absorption of new knowledge and provision of decision-making assistance.</p>	Comply with the code of Conduct of social responsibility of listed and OTC companies and

Evaluation Items	Operation Situation			The difference from the Code of Conduct of Social Responsibility of Listed and OTC Companies and Enterprises and the Causes
	YES	NO	Abstract Statement	
				enterprises.
<p>III. Operation situation of the company's reporting system</p> <p>(I) Does the company formulate the specific reporting and reward system, establish the convenient reporting channel, and designate the specifically responsible personnel aiming at the reported party?</p>	✓		<p>(I) The company incorporates the ethical management in the employee performance assessment and human resource policy, and sets up a clear, effective reward and punishment and appeal system. The complaints procedure is as follows: Any violation of government decree or any fraud discovered shall be reported to the manager, internal audit personnel through the dedicated e-mail address of senior executives, internal audit personnel or in writing. The relevant personnel after receiving the reporting shall submit it to the general manager or chairman for deciding. Any severe violations shall be reported to the board of directors, and the unit or department head of the reported object shall be designated to be specifically responsible for acceptance to deal with the follow-up properly.</p>	Comply with the code of Conduct of social responsibility of listed and OTC companies and enterprises.
<p>(II) Does the company formulate the survey standard operation procedure and relevant confidentiality mechanism for accepting the reporting matters?</p>	✓		<p>(II) Article 21 of the company's "Integrity Management Operation Procedures and Conduct Guidelines" clearly states: Encourage internal and external personnel to report dishonesty or misconduct, and the rewards should be awarded according to the severity of the report. If there is any false report or malicious accusation by the internal personnel, disciplinary action shall be taken against the case, and the person with serious circumstances shall be dismissed.</p> <p>The company establishes and announces internal independent reporting mailboxes and dedicated lines on the company's website and internal websites or entrusts other external independent institutions to provide reporting mailboxes and dedicated lines for use by internal and external personnel of the company. The company also stipulates a whistleblowing system in the "Employee Code of Conduct". If an employee discovers an illegal (including corruption) and unethical behavior or suspects of</p>	Comply with the code of Conduct of social responsibility of listed and OTC companies and enterprises.

Evaluation Items	Operation Situation			The difference from the Code of Conduct of Social Responsibility of Listed and OTC Companies and Enterprises and the Causes
	YES	NO	Abstract Statement	
(III) Does the company adopt the measures to protect the reporter from suffering the improper treatment due to reporting?	✓		violating the employee's code of conduct, he has the obligation to report to the management and ask the relevant supervisor and Correspondence personnel are kept strictly confidential. For those who violate the integrity of the company and the circumstances are serious, they should be handled in accordance with relevant laws and regulations or in accordance with the company's personnel methods, and continue to build and improve the standard operating procedures for the investigation of acceptance of reports. (III) The company provides protection measures for the reporters in the formulated "Employee Code of Conduct" to ensure the survey quality, and avoid the reporter suffering unfair retaliation or treatment.	Comply with the code of Conduct of social responsibility of listed and OTC companies and enterprises.
IV. Strengthening the disclosure of information Does the company disclose the content of its formulated code of ethical management and promotion effect on its website and public information observation station?	✓		1. The amended Business Integrity Operation Procedure and Code of Conduct was passed upon the resolution of the board meeting on March 11, 2020. Moreover, the information related to business integrity is disclosed under the Investor Relations on the official site of the Company. 2. This company shall disclose the policy of ethical management on the internal regulations, annual report or other statement, and make declarations on product presentations, corporate seminars and other public activities to make its suppliers, customers or other business relevant institutions and personnel clearly know the company's idea and specification of ethical management.	Comply with the code of Conduct of social responsibility of listed and OTC companies and enterprises.
<p>V. If the company formulates its own code of ethical management according to the "Code of Ethical Management of the Listed and Over-The-Counter Companies", please explain the differences between its operation and the formulated code: This company has formulated the code of ethical management of the company (already having been revised as "Ethical Management Procedures and Behavioral Guidelines") to specifically regulate the matters needing attention for the company's personnel when performing the business, without major difference.</p>				
<p>Prohibition of dishonest behavior In the process of being engaged in business activities, it shall not directly or indirectly provide, promise, request, or accept any illegitimate benefits, or have other dishonest behavior of violating integrity, illegitimacy or breach of trustee obligation, etc. to gain or maintain the interests.</p> <p>Ethical management of commercial activity</p>				

Evaluation Items	Operation Situation			The difference from the Code of Conduct of Social Responsibility of Listed and OTC Companies and Enterprises and the Causes
	YES	NO	Abstract Statement	
<p>It shall carry on the commercial activities in the manner of fairness and transparency. Before the commercial intercourse, it shall consider the legitimacy of agents, suppliers, customers or other commercial trading objects and consider whether there exist the records of dishonest behavior. It shall avoid trading with those who have the records of dishonest behavior.</p> <p>Prohibition of offering bribes or accepting bribes When performing the business, it shall not directly or indirectly provide, promise, request or accept the illegitimate interests of any forms.</p> <p>Prohibition of providing political illegal contributions It shall conform to the Political Donations Act and the company's internal related operation procedures, and shall not there out gain commercial interests or trading advantages.</p> <p>Prohibition of improper charitable donation or sponsorship It shall conform to the relevant laws and internal operation procedures, instead of disguised bribery. It shall not directly or indirectly provide or accept any unreasonable gift, hospitality or other improper benefits to there out establish the commercial relations or affect the business transactions.</p> <p>Accounting and internal control It shall establish the effective accounting system and internal control system for the business activities with high risk of dishonest behavior, without any external account or keeping any secret account, and shall check at any time to ensure the design and performance of this system continuously effective. The internal audit personnel of this company shall regularly check the conformance situation of the previous system, and shall make it into the audit report to be submitted to the board of directors.</p> <p>Information disclosure It shall disclose the performance situation of its code of ethical management on the company website, annual report and prospectus.</p>				
<p>VI. Other important information that contributes to understanding of the company's operation situation of ethical management: (such as the company's inspection, revision of its formulated code of ethical management, etc.)</p> <p>(1) As an important enterprise culture of this company, the integrity has been simultaneously implemented to the company's employees, directors and supervisors, suppliers, etc.</p> <p>(2) Announce the company's related information on time according to the regulations of the competent authority</p>				

(VII) If the company formulates the corporate governance code and relevant regulations, it shall disclose its inquiry mode:

The Company has formulated the Code of Corporate Governance and relevant regulations, and has released them under the Investor's Zone, the CSR Zone on the company website (company website: <http://www.chieftek.com>) or the special zone on MOPS.

(VIII) Other important information enough to promote the understanding of operation situation of corporate governance:

1. The implementation of the directors' avoidance of the proposal of interest:

The company stipulates in the "Code of Procedures for Board Meetings", "Code of Ethical Conduct", "Code of Integrity Management" and "Guidelines for Integrity Management Operating Procedures and Conduct" that directors should maintain a high degree of self-discipline, in the proposals listed by the board of directors, if there is a risk of damage to the directors' own interests or the company's interests, opinions and answers may be stated. They shall not join the discussion and voting, shall evade themselves, and shall not represent other directors in the voting; directors shall also exercise self-discipline and shall not support each other improperly. If a director joins the voting in violation of the avoidance, his voting rights are invalid.

2. The responsible unit of the company's board of directors also occasionally sends staff to attend courses related to corporate governance, and provides the latest legal information to directors, supervisors and managers at any time.
3. The company disclosed important information to the investing public in a timely manner in accordance with the law in order to enhance the understanding of the company

(IX) Implementation situation of Internal Control Systems

1. Statement of Internal Control Systems



CHIEFTEK PRECISION CO., LTD.

Date: March 02, 2022

The internal control system of this company in 2021 is hereby stated as follows according to the self-assessment results:

- I. This company acknowledges that to establish, implement and maintain the internal control system is the responsibility of the company's board of directors and manger, and this company has established such system. Its purpose is to provide reasonable assurance for reaching the goals of effective and efficient operation (including making profits, achieving performance and ensuring the safety of assets, etc.), reliable, timely, transparent guidance and conforming to relevant specification, namely relevant laws and regulations, etc.
- II. The internal control system has natural limits. No matter how perfect the design is, the effective internal control system can also provide reasonable assurance only for reaching the above three goals. Moreover, due to the change of environment and situation, the effectiveness of internal control system may also change. Only the internal control system of this company is set with the self-supervision mechanism, and once the negligence is identified, this company will take the corrective action.
- III. This company is basing on the judgment items for the effectiveness of internal control system stipulated by "Standard for Treatment of Establishment of Internal Control System of the Public Offering Company" (hereinafter referred to as "Standard for Treatment") to judge whether the design and implementation of the internal control system are effective. This internal control system judgment items adopted for "Standard for Treatment" are diving the internal control system into five components in accordance with the process of management control: 1. Control environment; 2. Risk assessment; 3. Control operation; 4. Information and communication; and 5. Supervision operation. Each component further includes several items. Please refer to the provisions of "Standard for Treatment" for the above items.
- IV. This company has adopted the above internal control system judgment items to assess the effectiveness of design and performance of the internal control system.
- V. Based on the assessment results of the preceding paragraph, the Company considers the internal control system (including the supervision and management of subsidiaries) on December 31st, 2021 includes understanding the goal realization degree of effective and efficient operation, and reporting the effective design and implementation of internal control system that is reliable, timely, transparent, and conforming to the relevant specification, namely the relevant laws and regulations, which can reasonably ensure the realization of the above goals.
- VI. This statement will become main contents of annual report and public instruction book prospectus of this company, and will be opened to the public. If the above disclosed contents have any misrepresentation, omission and other illegal matter, the legal liability of Article 20, Article 32, Article 171 and Article 174, etc. in the Securities Exchange Act will be involved.
- VII. This statement had been passed on March 02, 2022 by the board of directors of this company. Among 8 attending directors, no one objects; all of them agree the content of this statement, and hereby state.

CHIEFTEK PERCISION CO., LTD.

Chairman: CHEN LI-FEN

General Manager: HSU MING-CHE

2. If the accountant is entrusted for project review of internal control system, the accountant review report shall be disclosed: None.

- (X) From the nearest year to the print date of annual report, circumstances of the company and internal personnel being punished according to law, and the company's punishment, main negligence and improvement for the internal personnel who violate the internal control system:
1. In 2021 and by the date of printing the annual report, the Company and internal personnel have no punishment case due to major violation of the provisions of internal control system.
 2. In addition to strengthening the personnel education and training, this company requests the internal audit personnel to check at any time to reduce the occurrence of negligence.

(XI) Material resolutions of a shareholders meeting or a board of directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

1. Material resolutions content and implementation situation of the regular meeting of shareholders in 2021 fiscal year. On May 20, 2021, in accordance with the "Relevant Measures for Postponing Shareholders' Meetings of Public Offering Companies Due to the Epidemic" announced by the Financial Supervisory Commission, the company suspended the regular shareholders' meeting originally scheduled to be held on May 28, 2021, and passed the board of directors on August 4, 2021. The resolution was changed to August 25, 2021.

Date	Material resolutions	Implementation
August 25, 2021	<ol style="list-style-type: none"> (1) Approval of the 2020 business report and financial statement (2) Approval of 2020 retain earnings distribution (3) Approved the amendments to some articles of the "Articles of Association" (4) Approved the amendments to some articles of the "Procedures for loaning of funds" and "Procedures for making endorsements/guarantees". 	<ol style="list-style-type: none"> (1) Recognize the 2020 annual business report and financial statements, of which consolidated revenue for the year is NT\$1,381,885 thousands, net profit after tax is NT\$203,095 thousands, and earnings per share are NT\$2.51. (2) Set June 13, 2021 as the base date for ex-rights (interest), and all the payment will be completed on June 30, 2021 (cash dividend of NT\$1.5 per share). (3) Announced on August 25, 2021 to MOPS and company website and follow the revised procedures. (4) Announced on August 25, 2021 to MOPS and company website and follow the revised procedures.

2. Material resolutions of the Board of Directors

(1) Material resolutions of the 1th Auditing Commission's meetings during the 2021 fiscal year and 2022 fiscal year up to the date of publication of the annual report:

Date	Material resolutions	Independent Directors' Comment and the Company's Response	Implementation
February 5, 2021 (1 st Board Meeting, 1 st Auditing Commission Meeting in 2021)	<p>Matters to be Reported:</p> <p>(1) Minutes of the last meeting and implementation report</p> <p>(2) Report on the Company's ability to compile financial reports independently.</p> <p>(3) A report on the Company's internal auditing report. °</p> <p>(4) A report on the meeting of the Remuneration Committee</p> <p>Matters to be Discussed:</p> <p>(1) Passed the proposal of reviewing the manager remuneration in 2020.</p>	None	(1) Approved by the Auditing Commission; except for the directors of CHEN LI-FEN and HSU MING-CHE who did not participate in the discussion and voting due to involving their own interests, the rest directors agreed and passed the proposal without any dissent.
	(2) Passed the proposal of the 2020 year-end bonus distribution plan for managers	None	(2) Approved by the Auditing Commission; except for the directors of CHEN LI-FEN and HSU MING-CHE who did not participate in the discussion and voting due to involving their own interests, the rest directors agreed and passed the proposal without any dissent.
	(3) Passed the proposal of the company's 2020 director and supervisor remuneration and employee remuneration	None	(3) Approved by the Auditing Commission; except for the directors of CHEN LI-FEN and HSU MING-CHE who did not participate in the discussion and voting due to involving their own interests, the rest directors agreed and passed the proposal without any dissent.
	(4) Passed the proposal of changing the internal auditing supervisor and acting internal auditing supervisor	None	(4) Approved by the Auditing Committee; Passed the proposal after the discussion of all attended directors, without any dissent.
	(5) Passed the proposal of appointing vice-general manager of domestic market.	None	(5) Approved by the Auditing Committee; Passed the proposal after the discussion of all attended directors, without any dissent.

Date	Material resolutions	Independent Directors' Comment and the Company's Response	Implementation
	<p>(6) Passed the proposal for amending "Management and Procedure of Authorization".</p> <p>(7) Passed the proposal for changing CPA due to PwC Taiwan's internal restructuring and the relevant review of accountant's independence of practicing.</p> <p>(8) Passed the proposal for application to banks for the Loan Credit Line.</p>	<p>None</p> <p>None</p> <p>None</p>	<p>(6) Approved by the Auditing Committee; Passed the proposal after the discussion of all attended directors, without any dissent.</p> <p>(7) Approved by the Auditing Committee; Passed the proposal after the discussion of all attended directors, without any dissent.</p> <p>(8) Approved by the Auditing Committee; Passed the proposal after the discussion of all attended directors, without any dissent.</p>
<p>February 25, 2021 (2nd Board Meeting, 2nd Auditing Commission Meeting in 2021)</p>	<p>Matters to be Reported:</p> <p>(1) Minutes of the last meeting and implementation report</p> <p>(2) A report on internal audit</p> <p>(3) A report on the summary of the Remuneration Committee meeting</p> <p>(4) A report on the corporate governance operating situation</p> <p>(5) A report on the corporate social responsibility implementation situation</p> <p>(6) A report on the company's ethical operating situation</p> <p>Matters to be Discussed:</p> <p>(1) Passed the proposal of the company's 2020 "Internal Control System Effectiveness Assessment" and "Internal Control System Statement"</p> <p>(2) Passed the proposal of the company's 2020 annual business report and financial report.</p> <p>(3) Passed the proposal of the amendment of the company's "Rules of Procedure for Shareholders' Meetings".</p> <p>(4) Passed the proposal of the company's 2020 surplus distribution</p> <p>(5) Passed the proposal of convening the company's 2021 regular shareholders' meeting</p> <p>(6) Passed the proposal of the company's 2020 annual budget</p> <p>(7) Passed the proposal for application to banks for the Loan Credit Line.</p>	<p>None</p> <p>None</p> <p>None</p> <p>None</p> <p>None</p> <p>None</p> <p>None</p>	<p>(1) Passed the proposal after the discussion of all attended directors, without any dissent.</p> <p>(2) Passed the proposal after the discussion of all attended directors, without any dissent.</p> <p>(3) Passed the proposal after the discussion of all attended directors, without any dissent.</p> <p>(4) Passed the proposal after the discussion of all attended directors, without any dissent.</p> <p>(5) Passed the proposal after the discussion of all attended directors, without any dissent.</p> <p>(6) Passed the proposal after the discussion of all attended directors, without any dissent.</p> <p>(7) Passed the proposal after the discussion of all attended directors, without any dissent.</p>

Date	Material resolutions	Independent Directors' Comment and the Company's Response	Implementation
May 5, 2021 (3 rd Board Meeting, 3 rd Audit and Commission Meeting in 2021)	<p>Matters to be Reported:</p> <ol style="list-style-type: none"> (1) Minutes of the last meeting and implementation report (2) A report on internal audit (3) A report on the summary of the Remuneration Committee meeting (4) A report on the corporate governance operating situation (5) A report on the corporate social responsibility implementation situation (6) A report on the company's ethical operating situation <p>Matters to be Discussed:</p> <ol style="list-style-type: none"> (1) Passed the consolidate financial report of third quarter 2020 (2) Passed the proposal of setting up ex-dividend date and relevant matters. (3) Passed the proposal for application to banks for the Loan Credit Line. 	<p>None</p> <p>None</p> <p>None</p>	<ol style="list-style-type: none"> (1) Passed the proposal after the discussion of all attended directors, without any dissent. (2) Passed the proposal after the discussion of all attended directors, without any dissent. (3) Passed the proposal after the discussion of all attended directors, without any dissent.
August 4, 2021 (4 th Board Meeting, 4 th Audit and Commission Meeting in 2021)	<p>Matters to be Reported:</p> <ol style="list-style-type: none"> (1) Minutes of the last meeting and implementation report (2) A report on internal audit (3) A report on the summary of the Remuneration Committee meeting (4) A report on the corporate governance operating situation (5) A report on the corporate social responsibility implementation situation (6) A report on the company's ethical operating situation <p>Matters to be Discussed:</p> <ol style="list-style-type: none"> (1) Passed the proposal of the 2020 annual employee remuneration cases distributed by managers (2) Passed the proposal of the remuneration distribution for directors and supervisors in 2020. 	<p>None</p> <p>None</p>	<ol style="list-style-type: none"> (1) Except for the directors of CHEN LI-FEN and HSU MING-CHE who did not participate in the discussion and voting due to involving their own interests, the rest directors agreed and passed the proposal without any dissent. (2) Except for the directors of CHEN LI-FEN and HSU MING-CHE who did not participate in the discussion and voting due to involving their own interests, the rest directors agreed and passed the proposal without any dissent.

Date	Material resolutions	Independent Directors' Comment and the Company's Response	Implementation
August 4, 2021 (4 th Board Meeting, 4 th Auditing Commission Meeting in 2021)	(3) Passed the consolidate financial report of second quarter 2020. (4) Passed the proposal of the company's no-surplus distribution in the first-half of 2021. (5) Passed of the date of the ordinary shareholders' meeting postponed due to the epidemic (6) Passed the reinvestment company Chieftek Precision (Hong Kong) Co.,Ltd transfer surplus to capital increase. (7) Passed the reinvestment company Chieftek Precision (Hong Kong) Co.,Ltd capital reduction and return fund to Chieftek Precision Holding Co.,Ltd. (8) Passed the proposal for application to banks for the Loan Credit Line.	None None None None None None	(3) Passed the proposal after the discussion of all attended directors, without any dissent. (4) Passed the proposal after the discussion of all attended directors, without any dissent. (5) Passed the proposal after the discussion of all attended directors, without any dissent. (6) Passed the proposal after the discussion of all attended directors, without any dissent. (7) Passed the proposal after the discussion of all attended directors, without any dissent. (8) Passed the proposal after the discussion of all attended directors, without any dissent.
November 5, 2021 (5 th Board Meeting, 5 th Auditing Commission Meeting in 2021)	Matters to be Reported: (1) Minutes of the last meeting and implementation report (2) A report on internal audit (3) A report on the summary of the Remuneration Committee meeting (4) Report on the operation of corporate governance (5) Report on the implementation of corporate social responsibility (6) Report on implementation of integrity management Matters to be Discussed: (1) Passed the proposal to establish the 2022 annual auditing plan (2) Passed the consolidate financial report of third quarter 2021 (3) Passed the proposal of changing the internal auditing supervisor and acting internal auditing supervisor (4) Passed the proposal for application to banks for the Loan Credit Line	None None None None	(1)Approved by the Auditing Committee; Passed the proposal after the discussion of all attended directors, without any dissent. (2)Approved by the Auditing Committee; Passed the proposal after the discussion of all attended directors, without any dissent. (3) Approved by the Auditing Committee; Passed the proposal after the discussion of all attended directors, without any dissent. (4) Approved by the Auditing Committee; Passed the proposal after the discussion of all attended directors, without any dissent.

Date	Material resolutions	Independent Directors' Comment and the Company's Response	Implementation
January 26, 2022 (1st Board Meeting, 1st Auditing Commission Meeting in 2022)	<p>Matters to be Reported:</p> <p>(1) Minutes of the last meeting and implementation report</p> <p>(2) A report on internal audit</p> <p>(3) A report on the summary of the Remuneration Committee meeting</p> <p>(4) Report on the operation of corporate governance</p> <p>(5) Report on the implementation of corporate social responsibility</p> <p>(6) Report on implementation of integrity management</p> <p>Matters to be Discussed:</p> <p>(1) Passed the proposal of the 2021 year-end bonus distribution plan for managers</p>	None	(1) Approved by the Auditing Commission; except for the directors of CHEN LI-FEN and HSU MING-CHE who did not participate in the discussion and voting due to involving their own interests, the rest directors agreed and passed the proposal without any dissent.
January 26, 2022 (1st Board Meeting, 1st Auditing Commission Meeting in 2022)	<p>(2) Passed the proposal of reviewing the manager remuneration in 2021</p> <p>(3) Passed the proposal of the company's 2021 director and supervisor remuneration and employee remuneration</p> <p>(4) Passed independence assessments of the company's CPAs</p> <p>(5) Passed the proposal to amend the Code of Corporate Governance</p> <p>(6) Passed the proposal for application to banks for the Loan Credit Line</p>	None None None None	<p>(2) Approved by the Auditing Commission; except for the directors of CHEN LI-FEN and HSU MING-CHE who did not participate in the discussion and voting due to involving their own interests, the rest directors agreed and passed the proposal without any dissent.</p> <p>(3) Approved by the Auditing Commission; except for the directors of CHEN LI-FEN and HSU MING-CHE who did not participate in the discussion and voting due to involving their own interests, the rest directors agreed and passed the proposal without any dissent.</p> <p>(4) Approved by the Auditing Committee; Passed the proposal after the discussion of all attended directors, without any dissent.</p> <p>(5) Approved by the Auditing Committee; Passed the proposal after the discussion of all attended directors, without any dissent.</p> <p>(6) Approved by the Auditing Committee; Passed the proposal after the discussion of all attended directors, without any dissent.</p>

Date	Material resolutions	Independent Directors' Comment and the Company's Response	Implementation
March 2, 2022 (2nd Board Meeting, 2nd Auditing Commission Meeting in 2022)	<p>Matters to be Reported:</p> <p>(1) Minutes of the last meeting and implementation report</p> <p>(2) A report on internal audit</p> <p>(3) A report on the summary of the Remuneration Committee meeting</p> <p>(4) Report on the operation of corporate governance</p> <p>(5) Report on the implementation of corporate social responsibility</p> <p>(6) Report on implementation of integrity management</p> <p>Matters to be Discussed:</p>		
	(1) Passed the company's 2021 "Internal Control System Effectiveness Assessment" and "Internal Control System Statement"	None	(1) Approved by the Auditing Committee; Passed the proposal after the discussion of all attended directors, without any dissent.
	(2) Passed the proposal to amend "Acquisition or Disposal of Assets Handling Procedures"	None	(2) Approved by the Auditing Committee; Passed the proposal after the discussion of all attended directors, without any dissent.
	(3) Passed the company's 2021 business report and financial report	None	(3) Approved by the Auditing Committee; Passed the proposal after the discussion of all attended directors, without any dissent.
	(4) Passed the proposal of the 2021 surplus distribution plan	None	(4) Approved by the Auditing Committee; Passed the proposal after the discussion of all attended directors, without any dissent.
	(5) Passed the proposal of the 2021 annual surplus transfer to increase capital and issuance of new shares	None	(5) Approved by the Auditing Committee; Passed the proposal after the discussion of all attended directors, without any dissent.
	(6) Passed the proposal of holding shareholder meeting 2022	None	(6) Approved by the Auditing Committee; Passed the proposal after the discussion of all attended directors, without any dissent.
(7) Passed the company's 2022 budget	None	(7) Approved by the Auditing Committee; Passed the proposal after the discussion of all attended directors, without any dissent.	

(XII) During the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None.

(XIII) A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's chairman, general manager, accounting supervisor, financial supervisor, internal auditing supervisor, corporate governance supervisor and research and development supervisor: None.

V. Information on CPA professional fees:

1. Information on CPA professional fees:
Unit: NT\$ in thousands

Accounting Firm's Name	CPA's Name	Audit Period	Audit Fee	Non-audit Fee	Total	Notes
PricewaterhouseCoopers (PwC) Taiwan	LIN YUNG-CHIH	January 1, 2021~ December 31, 2021	2,970	735	3,705	Note 1
	TIEN CHUNG-YU	January 1, 2021~ December 31, 2021				

Note 1: Non-audit public expenses include the transfer of pricing reports (NT\$270), transportation expenses (NT\$23), and consulting services (NT\$262).

2. If the accounting firm is changed and the audit public expense paid in the year of change is less than the audit public expense of the previous year of change, the decreased amount, and reason shall be disclosed: No such situation.

3. If the audit public expense is decreased of more than 10% compared with that of the previous year, the decreased amount, proportion and reason of the audit public expense shall be disclosed: No such situation.

VI. Information of change of CPA:

The company's financial statements were originally entrusted to CPA LIN YUNG-CHIH and CPA LIN TZU-YU for auditing. In order to coordinate with the adjustment of the internal administrative organization of the accounting firm, the CPAs in charge of auditing the company's financial statements have been changed to CPA LIN YUNG-CHIH and CPA TIEN CHUNG-YU since 2022.

VII. Information of the company's chairman, general manager, manager in charge of finance or accounting affairs working in the certified accountant affiliated firm or its associated enterprise in the recent one year: None.

VIII. From the nearest year to the print date of annual report, circumstance of changes in equity transfer and equity change of the directors, supervisors, managers and shareholders who hold more than 10% shares:

(I) Circumstance of changes in equity of directors, supervisors, managers and Substantial shareholders:

Unit: Shares

Job Title	Name	2021		Current fiscal year up to April 15	
		increase (or decrease) number of shares transferred	Increase (or decrease) number of shares pledged	Increase (or decrease) number of shares transferred	Increase (or decrease) number of shares pledged
Chairman	CHEN LI-FEN	0	(1,550,000)	0	0
Director General manager	HSU MING-CHE	0	(550,000)	0	200,000
Director	LI AN	0	0	0	0
Director	WANG CHEN PI-HSIA	(2,000)	0	0	0
Director	CHENG SHENG-FEN	0	0	0	0
Independent director	HO MING-ZIH	0	0	0	0
Independent director	WEI NAI-CHANG	0	0	0	0
Independent director	WU CHUNG-JEN	0	0	0	0
Manager	CHEN MIN-CHANG	0	0	0	0
Manager	PENG CHIUNG-YIN	0	250,000	0	0
Financial supervisor Accounting supervisor corporate governance supervisor	LI PAI-TSANG	0	0	0	0

Note 1: This Company has no substantial shareholders who holds more than 10% shares.

(II) Status about Share Transfer: None

(III) Status about Share Pledge:

Unit: NT\$ thousand

NAME	REASONS FOR CHANGES IN PLEDGE	CHANGE DATE	COUNTERPARTY	THE RELATIONSHIP BETWEEN THE COUNTERPARTY OF THE TRANSACTION AND THE COMPANY, DIRECTORS, SUPERVISORS, MANAGERS AND SHAREHOLDERS HOLDING MORE THAN 10% OF THE SHARES	NUMBER OF SHARES	% OF SHARES HELD	PLEDGE RATIO	PLEDGE (REDEEM)AMOUNT
CHAIRMAN CHEN LI-FEN	REDEEM	2021.01.22	CATHAY UNITED BANK XIN-XING BRANCH	NONE	(250,000)	0.31%	(6.84%)	-
CHAIRMAN CHEN LI-FEN	REDEEM	2021.04.29	CATHAY UNITED BANK XIN-XING BRANCH	NONE	(500,000)	0.62%	(13.69%)	-
CHAIRMAN CHEN LI-FEN	PLEDGE	2021.05.18	CATHAY UNITED BANK XIN-XING BRANCH	NONE	200,000	0.25%	5.47%	-
CHAIRMAN CHEN LI-FEN	REDEEM	2021.11.03	CATHAY UNITED BANK XIN-XING BRANCH	NONE	(1,000,000)	1.23%	(27.37%)	-
DIRECTOR HSU MING-CHE	REDEEM	2021.01.22	CATHAY UNITED BANK XIN-XING BRANCH	NONE	(250,000)	0.31%	(8.96%)	-
DIRECTOR HSU MING-CHE	REDEEM	2021.04.29	CATHAY UNITED BANK XIN-XING BRANCH	NONE	(500,000)	0.62%	(8.96%)	-
DIRECTOR HSU MING-CHE	PLEDGE	2021.05.18	CATHAY UNITED BANK XIN-XING BRANCH	NONE	200,000	0.25%	3.58%	-
DIRECTOR HSU MING-CHE	PLEDGE	2022.04.14	CATHAY UNITED BANK XIN-XING BRANCH	NONE	200,000	0.25%	3.58%	-
ASSISTANT VICE PRESIDENT PENG CHIUNG-YIN	PLEDGE	2021.05.24	E.SUN SECURITIES CO., LTD	NONE	90,000	0.11%	17.65%	4,000
ASSISTANT VICE PRESIDENT PENG CHIUNG-YIN	PLEDGE	2021.10.26	YUANTA SECURITIES CO., LTD.	NONE	250,000	0.31%	49.02%	10,000
ASSISTANT VICE PRESIDENT PENG CHIUNG-YIN	REDEEM	2021.10.27	E.SUN SECURITIES CO., LTD	NONE	(90,000)	0.11%	(17.65%)	(4,000)

IX. Information of the shareholder whose shareholding ratio ranks top 10, mutual relation of related person or spouse, domestic relation of parents or closer

March 31, 2022

Name	Shareholding by Self		Shareholding by Spouses, Minor Children		Shareholding Through Nominees		10 Largest Shareholders is Related Party or A Relative Within The Second Degree of Kinship of Another		Remark
	Shares	shareholding ratio	Shares	shareholding ratio	Shares	shareholding ratio	Name	Relationship	
HSU MING-CHE	5,579,338	6.87%	3,653,107	4.50%	0	0%	CHEN LI-FEN HSU CHENG-PU	Spouse Daughter	
Xinzhide Investment Co., Ltd	4,401,000	5.42%	0	0%	0	0%	CHEN LI-FEN HSU CHENG-PU	Chairman of this company Supervisor of this company	
Representative: CHEN LI-FEN	3,653,107	4.50%	5,579,338	6.87%	0	0%	Note 1	Note 1	
CHEN LI-FEN	3,653,107	4.50%	5,579,338	6.87%	0	0%	Note 1	Note 1	
DAVID ENTERPRISE CO., LTD.	3,347,776	4.12%	0	0%	0	0%	None	None	
Representative: Huang Shao-Chi	0	0%	0	0%	0	0%	None	None	
FUBON LIFE INSURANCE CO., LTD.	3,156,900	3.89%	0	0%	0	0%	None	None	
Representative: TSAI MING-HSING	0	0%	0	0%	0	0%	None	None	
YIJHIHDE MANAGEMENT CONSULTANTS CO., LTD.	1,929,400	1.85%	0	0%	0	0%	CHEN LI-FEN HSU CHENG-PU	Chairman of this company Supervisor of this company	
Representative: CHEN LI-FEN	3,653,107	4.50%	5,579,338	6.87%	0	0%	Note 1	Note 1	
GUANGMING PUYUAN INVESTMENT CO., LTD.	1,707,000	2.10%	0	0%	0	0%	CHEN LI-FEN	Chairman of this company	
Representative: CHEN LI-FEN	3,653,107	4.50%	5,579,338	6.87%	0	0%	Note 1	Note 1	
DENENG SUNSHINE INVESTMENT CO., LTD.	1,408,865	1.74%	0	0%	0	0%	CHEN LI-FEN	Chairman of this company	
Representative: CHEN LI-FEN	3,653,107	4.50%	5,579,338	6.87%	0	0%	Note 1	Note 1	
WANG CHANG-FENG	1,366,866	1.68%	0	0%	0	0%	None	None	
HSU CHENG-PU	1,305,532	1.61%	0	0%	0	0%	HSU MING-CHE CHEN LI-FEN	Father Mother	

Note 1 : CHEN LI-FEN is the spouse, immediate family member, and the chairperson of the top ten shareholder of the

Company. Details as below:

Name	Relations
HSU MING-CHE HSU Chen-Pu Xinzhide Investment Co., Ltd YIJHIHDE MANAGEMENT CONSULTANTS CO., LTD. GUANGMING PUYUAN INVESTMENT CO., LTD. DENENG SUNSHINE INVESTMENT CO., LTD.	Spouse Daughter Chairman of this company Chairman of this company Chairman of this company Chairman of this company

IX. Number of share hold for the same reinvestment business by the company's directors, supervisors, manager and the company's directly or indirectly controlled business, and combined calculation of the comprehensive shareholding ratio

March 31, 2022;Unit: Share; %

Investments in Other Enterprises (Note)	The Investments by the Company		The Investments by Director, Supervisor, Manager or Directly or Indirectly controlled		Total investment	
	Number of Shares	Shareholding (%)	Number of Shares	Shareholding (%)	Number of Shares	Shareholding (%)
CHIEFTEK PRECISION HOLDING CO., LTD.	5,100,000	100.00	-	-	5,100,000	100.00
CHIEFTEK PRECISION (HONG KONG) CO., LTD.	927	100.00	-	-	927	100.00
CHIEFTEK PRECISION USA CO., LTD.	1,660,000	100.00	-	-	1,660,000	100.00
Chieftek Machinery Kunshan Co., Ltd	Non-joint-stock system	100.00	-	-	Non-joint-stock system	100.00
cpc Europa GmbH	Non-joint-stock system	100.00	-	-	Non-joint-stock system	100.00
Chieftek Precision International LLC	Non-joint-stock system	100.00	-	-	Non-joint-stock system	100.00

Note: These companies are the Company's long-term investment which is done using the equity method

IV. FUNDRAISING CIRCUMSTANCE

I. Capital and Shares

(I) Capitalization

Unit: NT\$ in thousands; share in thousand

Month /Year	Issue Price	Authorized Share Capital		Paid-in Share Capital		Remark		
		Number of shares	Amount	Number of shares	Amount	Sources of Capital	Capital Increase by Assets Other than Cash	Other
1998.10	10	500	5,000	500	5,000	Cash establishment of capital stock	None	Note 1
1999.10	10	2,500	25,000	2,500	25,000	Increment of cash NT\$20,000 thousand	None	Note 2
2000.4	10	4,120	41,200	4,120	41,200	Increment of cash NT\$16,200 thousand	None	Note 3
2000.9	10	9,900	99,000	9,900	99,000	Increment of cash NT\$57,800 thousand	None	Note 4
2001.7	10	15,000	150,000	15,000	150,000	Increment of cash NT\$51,000 thousand	None	Note 5
2002.7	10	21,000	210,000	21,000	210,000	Tech stock NT\$ 60,000 thousand	Tech stock 6,000,000 shares	Note 6
2003.8	18	27,000	270,000	27,000	270,000	Increment of cash NT\$ 60,000 thousand	None	Note 7
2003.10	18	29,000	290,000	29,000	290,000	Increment of cash NT\$20,000 thousand	None	Note 8
2004.1	18	36,000	360,000	34,000	340,000	Increment of cash NT\$50,000 thousand	None	Note 9
2004.3	18	36,000	360,000	36,000	360,000	Increment of cash NT\$20,000 thousand	None	Note 10
2009.12	30	50,000	500,000	36,056	360,560	Increment of cash NT\$560 thousand	None	Note 11
2010.11	10	50,000	500,000	37,859	378,588	Capital increase by transferring of surplus NT\$18,028 thousand	None	Note 12
2011.9	10	50,000	500,000	40,888	408,875	Capital increase by transferring of surplus NT\$30,287 thousand	None	Note 13
2011.12	83	50,000	500,000	43,388	433,875	Increment of cash NT\$25,000 thousand	None	Note 14

Month /Year	Issue Price	Authorized Share Capital		Paid-in Share Capital		Remark		
		Number of shares	Amount	Number of shares	Amount	Sources of Capital	Capital Increase by Assets Other than Cash	Other
2012.04	24	50,000	500,000	44,008	440,079	Employee stock options NT\$6,204 thousand	None	Note 15
2012.10	10	50,000	500,000	48,409	484,087	Capital increase by transferring of surplus NT\$44,008 thousand	None	Note 16
2013.01	40	80,000	800,000	53,042	530,417	Increment of cash NT\$46,330 thousand	None	Note 17
2013.02	24	80,000	800,000	53,297	532,973	Employee stock options NT\$2,556 thousand	None	Note 18
2013.09	10	80,000	800,000	55,962	559,622	Capital increase by transferring of surplus NT\$26,649 thousand	None	Note 19
2014.03	24	80,000	800,000	56,208	562,086	Employee stock options NT\$ 2,464 thousand	None	Note 20
2014.06	10	80,000	800,000	59,019	590,190	Capital increase by transferring of surplus 28,104 thousand	None	Note 21
2014.12	24	80,000	800,000	59,234	592,338	Employee stock options 2,148 thousand	None	Note 22
2016.08	10	80,000	800,000	62,045	620,455	Capital increase by transferring of surplus 28,117 thousand	None	Note 23
2018.02	10	80,000	800,000	59,045	590,455	Treasury share reduction 30,000 thousand	None	Note 24
2018.08	10	80,000	800,000	73,807	738,069	Capital increase by transferring of surplus 147,614 thousand	None	Note 25
2019.09	10	150,000	1,500,000	81,188	811,875	Capital increased by transferring of surplus 73,087 thousand	None	Note 26

Note 1: Approval of JY Zi No. 87340468 of Construction Bureau of Taipei City Government on October 19, 1998.

Note 2: Approval of BSJSE Zi No. 88345971 of Construction Bureau of Taipei City Government on October 25, 1999.

Note 3: Approval of BSJSE Zi No. 89280975 of Construction Bureau of Taipei City Government on April 28, 2000.

Note 4: Approval of BSJSE Zi No. 89325503 of Construction Bureau of Taipei City Government on September 27, 2000.

Note 5: Approval of J(2001)S Zi No. 09001228200 of Civil Services of Doc, MOEA on July 3, 2001.
 Note 6: Approval of J(2002)S Zi No. 09101304180 of Civil Services of Doc, MOEA on July 31, 2002.
 Note 7: Approval of JSZ Zi No. 09232488100 of Civil Services of Doc, MOEA on August 8, 2003.
 Note 8: Approval of JSZ Zi No. 09232808800 of Civil Services of Doc, MOEA on October 20, 2003.
 Note 9: Approval of JSZ Zi No. 09331593930 of Civil Services of Doc, MOEA on January 29, 2004.
 Note 10: Approval of JSZ Zi No. 09331877650 of Civil Services of Doc, MOEA on March 29, 2004.
 Note 11: Approval of NS Zi No. 0980028767 of Southern Taiwan Science Park Administration on December 25, 2009.
 Note 12: Approval of NS Zi No. 0990024356 of Southern Taiwan Science Park Administration on November 5, 2010.
 Note 13: Approval of NS Zi No. 1000023845 of Southern Taiwan Science Park Administration on September 23, 2011.
 Note 14: Approval of NS Zi No. 1000029971 of Southern Taiwan Science Park Administration on December 6, 2011.
 Note 15: Approval of NS Zi No. 1010007820 of Southern Taiwan Science Park Administration on April 6, 2012.
 Note 16: Approval of NS Zi No. 1010026797 of Southern Taiwan Science Park Administration on October 30, 2012.
 Note 17: Approval of NS Zi No. 1020000730 of Southern Taiwan Science Park Administration on January 11, 2013.
 Note 18: Approval of NS Zi No. 1020003932 of Southern Taiwan Science Park Administration on February 18, 2013.
 Note 19: Approval of NS Zi No. 1020022718 of Southern Taiwan Science Park Administration on September 11, 2013.
 Note 20: Approval of NS Zi No. 1030007680 of Southern Taiwan Science Park Administration of Ministry of Science and Technology on March 28, 2014.
 Note 21: Approval of NS Zi No. 1030022837 of Southern Taiwan Science Park Administration of Ministry of Science and Technology on September 5, 2014.
 Note 22: Approval of NS Zi No. 1040001256 of Southern Taiwan Science Park Administration of Ministry of Science and Technology on January 15, 2015.
 Note 23: Approval of NS Zi No. 1050023001 of Southern Taiwan Science Park Administration of Ministry of Science and Technology on September 07, 2016.
 Note 24: Approval of NS Zi No. 1070006680 of Southern Taiwan Science Park Administration of Ministry of Science and Technology on February 27, 2018.
 Note 25: Approval of NS Zi No. 1070023518 of Southern Taiwan Science Park Administration of Ministry of Science and Technology on August 14, 2018.
 Note 26: Approval of NS Zi No. 1080025362 of Southern Taiwan Science Park Administration of Ministry of Science and Technology on September 16, 2019.

(IV) Shares and Capital

March 30, 2022/Unit: per share

Types of Shares	Authorized Share Capital			Note
	Outstanding Stock (Note)	Unissued Stock	Total	
Common stock (stock of over-the-counter stock)	81,187,549	68,812,451	150,000,000	Limit of employee stock options 3,000,000 Shares

Note 1: Shelf Registration system related information: Not applicable.

(V) Composition of Shareholders

March 30, 2022/Unit: per share

Shareholder structure Number	Government Agencies	Financial Institutions	Other Institutions	Individuals	Foreign Institutions & Foreigners	Amount
Number(people)	0	0	39	11,538	42	11,619
Shareholding Number(share)	0	0	20,345,441	58,124,805	2,717,303	81,187,549
Shareholding Percentage	0.00%	0.00%	25.06%	71.59%	3.35%	100.00%

Note: There is not any investment involved from Mainland China in the Company.

(VI) Distribution Profile of Share Ownership

March 30, 2022/Unit: per share

Shareholding Interval	Number of shareholders	Shareholding Number (share)	Shareholding Percentage (%)
1 ~ 999	3,257	706,121	0.87%
1,000 ~ 5,000	7,258	13,564,229	16.71%
5,001 ~ 10,000	602	4,506,320	5.55%
10,001 ~ 15,000	164	2,066,136	2.54%
15,001 ~ 20,000	77	1,404,656	1.73%
20,001 ~ 30,000	91	1,852,901	2.82%
30,001 ~ 40,000	35	1,234,226	1.52%
40,001 ~ 50,000	12	543,737	0.67%
50,001 ~ 100,000	47	3,528,079	4.35%
100,001 ~ 200,000	25	3,323,566	4.09%
200,001 ~ 400,000	20	5,655,419	6.97%
400,001 ~ 600,000	12	6,091,263	7.50%
600,001 ~ 800,000	2	1,487,483	1.83%
800,001 ~ 1,000,000	4	3,628,444	4.47%
1,000,001 the above	13	31,157,147	38.38%
Total	11,619	81,187,549	100.00%

(V) Major Shareholders

The names, number and percentage of the shareholding of the shareholders with a stake of 5 percent or top ten shareholders:

March 30, 2022/ Unit: per share

Names	Shares	Number of shares held	Shareholding ratio
HSU MING-CHE		5,579,338	6.87%
Xinzhide Investment Co., Ltd.		4,401,000	5.42%
CHEN LI-FEN		3,653,107	4.50%
DAVID ENTERPRISE CO., LTD.		3,347,776	4.12%
FUBON LIFE INSURANCE CO., LTD.		3,156,900	3.89%
YIJHIHDE MANAGEMENT CONSULTANTS CO., LTD.		1,929,400	2.38%
GUANGMING PUYUAN INVESTMENT CO., LTD.		1,707,000	2.10%
DENENG SUNSHINE INVESTMENT CO., LTD.		1,408,865	1.74%
WANG CHANG-FENG		1,366,866	1.68%
HSU CHENG-PU		1,305,532	1.61%

(VI) Share prices for the past 2 fiscal years, net worth per share, earnings per share, dividends per share, and related information

Item		Fiscal year	2020	2021	As of March, 31., 2022
Market price of each share (Note 1)	Highest		107.00	147.50	138.50
	Lowest		48.75	80.30	83.50
	Average		88.79	112.50	111.86
Net value of each share (Note 2)	Before distribution		26.03	28.15	25.32
	After distribution		24.54	25.67	N/A
Surplus of each share	Weighted average number of shares		80,847	80,743	80,743
	Surplus of each share (Note 3)	Before adjustment	2.51	3.82	0.82
		After adjustment	N/A	N/A	N/A
Dividend per share	Cash Dividend		1.50	1.50	N/A
	Stock grants	Stock Dividend from Retained Earnings	-	1.00	N/A
		Stock Dividend from Capital Reserve	-	-	N/A
	Cumulative unpaid dividend (Note 4)		-	-	-
Analysis investment reward	Price-earning ration(Note 5)		36.29	27.27	N/A
	Price-dividend ratio (Note6)		60.73	69.45	N/A
	Yield to maturity of cash dividend (Note 7)		1.65%	1.44%	N/A

* In case of the allotment of shares through transfer of surplus or capital reserve to increase the capital, the market price and cash dividend information of the issued shares retroactively adjusted shall be disclosed.

Note 1: List the highest and lowest market price of common stock of each year, and calculate the average market price of each year according to the trading value and trading volume of each year.

Note 2: Please fill in based on the number of shares issued at the end of the year and the resolution of distribution of the board of shareholders in next year.

Note 3: If the retroactive adjustment is required due to stock grants, etc., the surplus of each share before and after adjustment shall be listed.

Note 4: If the issuance condition of equity securities requests the unissued dividend of that year should be accumulated to the issuance of surplus year, the cumulative unissued dividend by the end of current year shall be respectively disclosed.

Note 5: Price-earnings ratio=Average closing price of each share of current year /Surplus of each share.

Note 6: Price-dividend ratio=Average closing price of each share of current year /Cash dividend of each share.

Note 7: Yield to maturity of cash dividend=Cash dividend of each share /Average closing price of each share of current year.

Note 8: The net value of each share, surplus of each share shall be filled in with the data checked (checked and approved) by the accountant in the nearest quarter by the end of print date of annual report, while the rest of field shall be filled in with the data of current year by the end of print date of annual report.

Note 9: Proposed of 2021 Surplus Distribution and Cash Dividend approved by Board of Directors on March 2, 2022 and will be reported at the General Shareholder's Meeting on May 27, 2022.

Note 10: The financial information as of March 31, 2022 has not yet been audited by the CPA.

(VII) The Company's dividend policy and implementation thereof

1. Dividend policy:

The general final accounts of current year of this company shall be distributed according to the following order in case of surplus:

- (1) Pay duties and taxes.
- (2) Cover the deficit.
- (3) Withdraw 10% as the statutory surplus reserve.
- (4) If necessary, withdraw or transfer back the special surplus reserve in accordance with the provisions of laws or competent authorities.
- (5) For the balance after deduction of the amount withdrawn from the above four items, as well as the undistributed surplus of the previous years, the board of directors shall draft a distribution proposal, and submit it to the shareholders' meeting to decide whether to distribute the shareholder dividend or reserve it, but the dividend distribution amount shall not be lower than 20% of the remaining amount after deduction of the profit of current year according to the provisions of above paragraph1~4.

In order to continuously expand the operation scale, enhance the competitive strength, and cooperate with the company's long-term business development, future fund demand and long-term financial planning, the dividend distribution policy shall give priority to stock dividend and collocation of part of the cash dividend. The cash dividend distribution sum shall not be lower than 10% of the sum of shareholder dividend to be distributed.

2. Implementation status :

According to Article 21-2 of Company's regulation, the Company shall distribute surplus or subsidize loss after the end of half fiscal year in accordance with the Company Act. For surplus distribution, legal surplus reserves should be estimated in advanced and kept for taxes, regulated loss subsidy. Where such legal surplus reserves amount to the total paid-in capital, this provision should not apply. Surplus distributed in cash should be resolved by Board of Directors before proceeding; as of distributed by issuing new shares, it should be resolved by Board of Shareholders before proceeding.

- (1) Proposed of the Company's surplus distribution of 2021 was approved by the Board of Directors on March 2, 2022, which the number of shares held by Shareholders in the register of Shareholders on the record date, a cash dividend of NT\$1.5 per share and stock dividend of NT\$1.0 per share will be distributed and will be reported to the General Shareholders' Meeting on May, 27, 2022.
- (2) Please see below for 2021 Surplus Distribution Table of the Company.

CHIEFTEK PRECISION CO., LTD.
2021 Surplus distribution table

Unit: NT\$ in dollar

Item	Amount	
	Subtotal	Total
Net income after tax of 2021		\$ 308,788,884
Minus: Actuarial losses of defined benefit plans	(\$	
Reserved surplus at the beginning of the period after adjustment	<u>474,719)</u>	308,314,165
Minus: 10% legal reserve		
Minus: Special reserve	(30,831,417)	
Distributable Net Income	<u>(4,302,584)</u>	263,180,164
Accumulative distributable Net Income		<u>583,686,134</u>
Distribution Amount		846,866,298
Dividend to Shareholders- Cash (NT\$1.5 per share)		
Dividend to Shareholders- Share (NT\$1.0 per share)	(121,113,824)	
Subtotal	<u>(80,742,550)</u>	<u>(201,856,374)</u>
Undistributed Balance		<u>\$ 645,009,924</u>
Notes:		
1. The surplus distribution for this time will give priority to distribution of 2021 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 shares of current capital stock minus 445,000 shares of treasury stock equals 80,742,549 shares of outstanding shares.		

(VIII) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting

On March 2, 2022, the board of directors of the company resolved and approved the 2021 Cash Dividend Distribution plan. The surplus was converted into a capital of NT\$80,742,550, and 8,074,255 new shares were issued (100 shares for every 1,000 shares). After the capital increase, the paid-in capital was NT\$892,618,040, the 2021 earnings per share was NT\$3.82, and the retrospectively adjusted earnings per share was NT\$3.48, the dilution ratio was about 8.90%. Because the company's future operations should continue to grow, so overall, free allotment of shares in 2021. should have no significant impact on the company's operating performance, earnings per share, or shareholders' return.

(IX) Remuneration of Employees, Directors and Supervisors:

1. The percentages or ranges with respect to employee, director, and supervisor remuneration in accordance with the Company's Articles of Association:

The Company shall pay employees as the remuneration of 3 to 15 percent of the profitability of the current fiscal year, and shall pay the directors and supervisors as the remuneration of not more than 3 percent of the profitability of the current fiscal year, in accordance with the provisions of the articles of association of the company. However, the company's accumulated losses shall have been covered. The employees' remuneration could

be paid in cash or shares, which obtained qualification could include the employees of the subsidiary that meet certain specific requirements, which the certain specific requirements are set up by the board of directors.

2. The basis for estimating the remuneration amounts of employees, directors, and supervisors, the calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

In accordance with the provisions of (2007) JM Zi No. 052 Letter released by Accounting Research and Development Foundation of the Republic of China in March 2007, the Company should regard remuneration of employees, directors and supervisors as the expenses, instead of surplus distribution. For the remuneration of employees, directors and supervisors of current period, if the actually distributed amount through the resolution of the board of shareholders and the estimated amount with discrepancy, it will be regarded as changes in the accounting estimate, and listed as the profit/loss of 2021. Hence, EPS of 2020 has fully reflected the influence on bonus of employees, remuneration of directors, and supervisors on profits, thus this will not affect the estimated calculation of EPS.

3. Remuneration Distribution results approved by Board of Directors:

- (1) The remuneration of employees, directors and supervisors distributed in cash or shares:
If there's any discrepancies with the annual estimated amount of recognized expenses, the amount, reason and treatment of discrepancy shall be disclosed:

The Company passed the remuneration of employees and remuneration of directors and supervisors through the resolution of the board of directors on January 26, 2022, shows as following:

- A. The Company plans to distribute the remuneration of directors, supervisors of NT\$22,000,000 in cash, which equals 5.27% of the year profit situation in 2020. Same as the estimated amount listed on the account book was NT\$22,000,000 for the directors and supervisors.
- B. The Company plans to distribute the remuneration of employees NT\$5,000,000 in cash, which equals 1.20% of the current year profit situation in 2020. Same as the estimated amount listed on the account book was NT\$5,000,000 for the employees.

- (2) Amount of employee remuneration distributed in shares and proportion occupied in sum of un-consolidated or individual financial reporting profit (loss) for the year and total amount of employee remuneration of current period: The cash method is adopted for this time, therefore it is not applicable.

4. Status of actual distribution of remuneration of employees, directors and supervisors of the previous year (including the number of shares distributed, amount and share price), any discrepancies with the recognized remuneration of employees, directors and supervisors, and detailed description of amount, reason and treatment of discrepancy:

- (1) Employee bonus actually distributed by the Company in 2020 was NT\$16,000,000.
- (2) Remuneration of directors and supervisors actually distributed by the Company in 2020 was NT\$4,500,000.
- (3) The original board of directors passed the employee bonus, remuneration of directors and supervisors of 2020, and such remuneration had distribute to employees, directors and supervisors; meanwhile, the proposed distribution amount passed by the original board of directors was same with the actually distributed amount.

(X) Stocks repurchases of the Company:

1. Stocks repurchases of the Company(Those who have been executed)

As of March 31, 2022

Repurchase time	First (Period)	Second (Period)
Repurchase purpose	Transfer shares to employees.	Transfer shares to employees.
Repurchase period	From November 12, 2014 to January 9, 2015	March 23, 2020 to May 20, 2020
Price range of repurchase	NT\$ 22.30 to NT\$50.40 for each share	NT\$ 37.25 to NT\$ 131.00 for each share
Types and amounts of shares that repurchased	Common stock of 3,000,000 shares	Still in execution (445,000 shares as of April, 28, 2020)
Amount of shares that repurchased	NT\$118,543,503	Still in execution (NT\$26,530,420 as of April, 28, 2020)
Percentage of the repurchased stock in the estimated purchase share	100.00%	100.00%
Quantity of shares having already been handled with elimination and transfer	Common stock of 3,000,000 shares (Note1)	0
Quantity of shares of this company cumulatively held	0	Common stock of 445,000 shares
Ratio (%) of quantity of shares of this company cumulatively held in total shares issued(Note 2)	0%	0.55%

Note 1: Elimination of 3,000,000 shares mentioned above was approved to change registration process on February 27, 2018 by Management Bureau of Southern Taiwan Science Park.

Note 2: Company repurchasing stocks still in execution: none

II. Handling status of Corporate Bonds: None.

III. Special stock handling circumstance: None.

IV. Handling circumstance of global depository receipts (GDR): None.

V. Employee subscription right voucher and circumstance of restriction on handling the employee right offering:

1. Status of the company's employee stock option certificates that have not yet expired: None.
2. Names of managers who have obtained employee stock option certificates and the names of the top ten employees with the number of shares that can be subscribed to the certificates until the date of publication of the annual report: None.
3. In the most recent year and as of the publication date of the annual report, the handling of new shares with restricted employee rights: None.

VI. Circumstance of handling of new issue of shares with merger or assignee of other corporate: None.

VII. Implement of fundraising circumstance:

The Company has no any each uncompleted public issue or private placement of securities, or to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits

V. OPERATIONAL HIGHLIGHTS

I. Business Content

(I) Business scope:

1. Business scope:

(1) Main content of the operating business:

CB01990 other mechanical manufacturing industry.

F401010 international trade.

Research, develop, manufacture and sell the following products:

A. Miniature and standard type linear guide.

B. linear motor.

C. torque motor.

D. Concurrently engaged in international trade related to the above products.

E. Server driver.

F. linear motor module.

G. rotation stage.

H. Sub-system

I. Six-axis robotic arm

J. Software PLC

(2) Business percentage:

Unit: NT\$ in thousand

Product Name	2021		2020	
	Amount	%	Amount	%
Linear Guide	1,793,063	96.56%	1,329,819	96.23%
Linear Motor	62,836	3.38%	51,347	3.72%
Other	1,021	0.06%	719	0.05%
Total	1,856,920	100.00%	1,381,885	100.00%

(3) Commodity (service) items of the company at present:

A. Linear Guide

(A) All series linear guide.

(B) All series miniature linear guide

B. Linear Motor

(A) All series linear motor.

(B) Torque motor

(C) Encoder

(D) Multi-functional servo driver

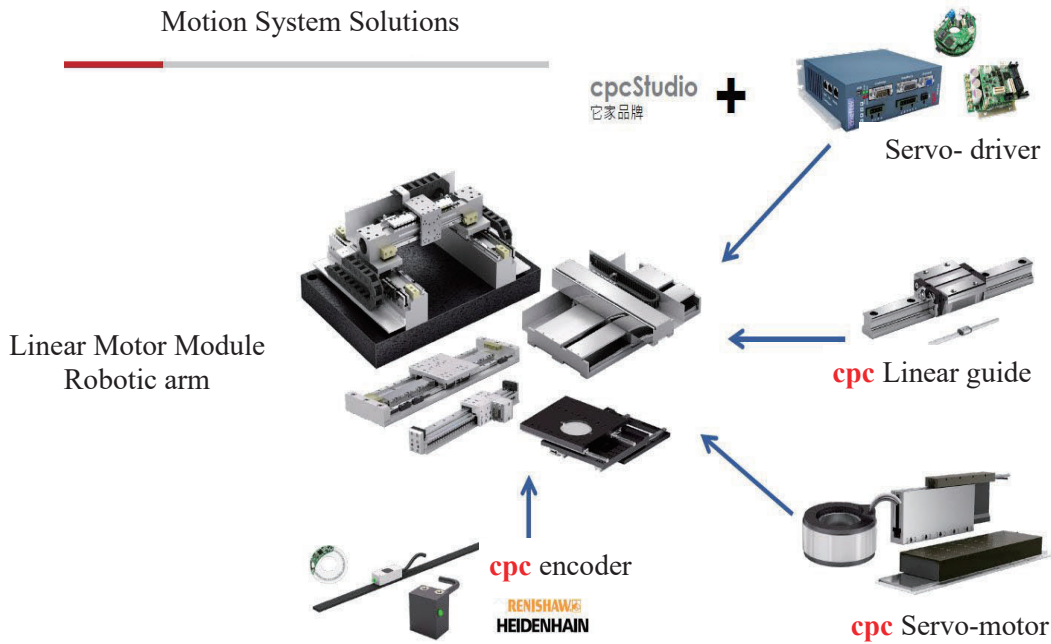
(E) High-precision rotation and positioning stage.

(F) Industry robot.

(G) Subsystem and rotation platform

(H) Six-axis robotic arm

(I) Software PLC



- (4) New products (services) that are planned to be developed:
- A. Miniature six-axis robotic arm
 - B. All-electric vacuum gripper.
 - C. Automatic tool change system.
 - D. Software PLC

2. Industry Summary

(1) Current status and development of the industry

A. Linear Guide

The Linear guide is low friction component that takes the linear motion rolling bearing and guidance as the purpose. The characteristics of the linear guide superiority lie in high load capacity, high service life, high precision, high rigidity, high speed, low friction resistance, small energy consumption small space, standardization, and low cost.

In the linear motion, the linear guide is main component for load bearing and linear guidance. As the industry has increasing requirements for yield rate, speed and space application, etc., the linear guide must have high load capacity, small energy consumption, small space, standardization, low cost and other conditions to meet the industry requirements.

(A) The linear guide can be divided into the following according to different rolling elements:

- Ball type linear guide.
- Roller type linear guide.

(B) According to the size, it can be divided into:

- Miniature linear guide (size: 1, 2, 3, 5, 7, 9, 12, 15).
- Standard linear guide (size: 15, 20, 25, 30, 35, 45, 55, 65).
- Ultra-large linear guide (size: 85, 100, 125).
- Wide linear guide (size:17, 21, 27, 35).

Based on different areas and different types of industries, the linear guide is widely used in the straight-line motion mechanism of precision machinery and equipment, automation equipment, medical instrument, food and aerospace science and technology equipment, etc. Because of the rapid development of mobile phones, tablets and other portable 3C products, the application of its main manufacturing equipment and non-standardized automation equipment is continuously increasing as well as the requirement of precision and efficiency. In addition, with the progress of medical technology and other precision equipment, the application of micro machinery is also relatively increasing, and the space application and precision of miniature linear guide in space also become relatively important. Therefore, the linear guide has a significant impact on precision, efficiency, quality and cost, etc. of equipment and production.

As the linear guide is applied to all mechanical equipment needing the linear actuation, each manufacturing industry belongs to the application range.

(C) Classified by characteristics:

- High precision: Tool room machine, measuring instrument, semiconductor equipment.
- High speed: Automation machinery and equipment, tool room machine, electronic industry machinery, packaging and printing equipment, optoelectronics industry.
- High load: Large-scale tool room machine, shock absorption system.
- High rigidity: Tool room machine.
- Miniaturization: Semiconductor equipment, electronic machinery, biotechnology, medical equipment, optoelectronics industry.
- Low noise: Semiconductor equipment, electronic machinery, mechanical arm, measuring instrument.
- Low cost: General industry, mechanical arm, handling machinery.

Those belonging to the bulk include the tool room machine industry, automation industry, semiconductor packaging equipment, LCD panel and solar cell process equipment, electronic machine, testing and measuring equipment, biomedical instrument, handling equipment, printing machine, wood-working machine, etc.

In 2017, the requirement of new living industry such as 3C products and electric car market is increasing, that brings development of related industry. The equipment required by those industry processing belongs to high-end equipment. The automation of Industry 4.0 has been developed naturally in the market. The performance and reliability of equipment required by either automation equipment or high level industry is stricter, therefore the requirement for accuracy, durability, reliability of key components is improved relatively. It means the price is not the only requirement of key components, but also include reliability and quality which will be the one of key index.

B. Electronic and mechanical components: Motor (Generators)

The motor has a very wide range of types, which is closely related to our daily life, such as 3C and electrical appliances, industrial products of motor vehicles, aerospace, medical, electronics, automatic tools, machines and equipment, etc., that are absolutely necessary.

It can be roughly divided into induction motor, step motor, servo motor, linear motor and even micro motor according to the type, with the power varying from

mini Watt to mega Watt.

The advantages and disadvantages of motor performance can be judged from: motor constant (specific value of power/heat), power density (specify value of power/volume), insulating property, waterproofness, durability, reliability, etc.

The latest development trend of motor is intelligent motor currently, which is the new type products accompanied with Industry 4.0. It combines driver and motor, that different from put drivers into power control chest which cause increased space required by room layout and wiring layout. The strengths of combination of both by intelligent motor is as follows: system layout is more specific (can correspond to the driver – motor clearly), flexibility of layout is higher, simplification of the wiring work and saving space in adaptation box. There are these types of products on the market now.

In terms of size requirements, small-size motors has continually been the development trend in the industry. Therefore, small motors can be used flexibly with a harmonic reduction gear, and make the production of products in the robot, PCB industry and semiconductor process equipment more extensive with higher space utilization rate.

C. Controlling components:

Such components include frequency converter, driver, controller (cards), PLC and other accessories, such as communication adapter card, security system module, power supply, relay, switch, wire and cable, etc. The development of controller was focus on processing technique in the past, however, industry 4.0 emphasizes integrating “existing” industry-related techniques, data exchanging ability among equipment and process ability of data analysis, and controlled by intelligence. Therefore, the way it shows on products, that the trend of development will rely on the collection and analysis of big data, compatibility between equipment from different brands with fast communication and good communication quality (low noise interference), enhancement of default functional development of machinery (for example: more customized function that allowed users to setup “condition-reaction” openly, software module function that easy to use, and so on) to process the received information in time and make the purpose of smart control. In term of the development trend, controller need to provide the users with a complete IDE to edit, compile and debug, and with the function to integrate third-party cooperative tools in visualization and communication to to meet the basic needs of multi-function equipment.

D. Sensing components:

There are such components like human’s nerve, including encoder, image recognition, accelerometer, gyroscope, strain gauge and other components known by the public, and there are all other components that can sense the information from different sources and analyze to conclude into available signals. With the development of technology, the innovation of this aspect quickly changes at a tremendous pace and is limitless. In terms of precision and the higher resolution came with the semiconductor manufacturing process, the volume need to be refined with lower energy consumption is the goal to respond the energy efficiency operation of many sensors in a factory

With development trending of Industry 4.0, sensing components of various types, better precision and multi-signal transmitting format are required to meet requirements of automation equipment and intellectual factories.

E. Mechanical components:

Bearing guidance components: Bearing, linear guide.

Power transmission components: Gear, rack, belt, oil and gas pressure cylinder and balls crew.

There are many other components with different properties, such as locking joint, leak-proof, braking, spring, etc.

F. Linear module:

The linear motion module, as the name suggests, is an integrated platform for performing linear motion, and can be divided into servo motor, stepping motor, linear motor, pneumatic and hydraulic, depending on the driving element. Among them, the linear modules that use rotary motors include belts, screws, and racks as transmission elements. The accuracy, speed, and style of linear modules are increasingly demanded on the market today. Among them, the linear modules that use rotary motors include belts, screws, and racks as transmission elements. The accuracy, speed, and style of linear modules on the market today, which increasingly demands the yield, productivity, and design of automation of various industries. Therefore, the linear motor module has gradually become the only choice for high-speed and high-precision applications; generally speaking, the maximum speed of the linear motor module can reach 10 m/s, and the repeatability is at least less than 1 μm . Moreover, the linear motor requires less wear parts, which has great advantages in dust emission, operating reliability and life. It will be an irreplaceable product in the semiconductor and biomedical industry as well as upgrade of panel specifications.

G. Industrial robot:

Key components are an important foundation for the development of industrial robots, and also the key to determining the quality of industrial robots. Frankly speaking, reduction drives and bearings, motors and drives, plus controllers account for more than 70% of the cost of industrial robots. Components are still mainly imported from Germany and Japan. There are indeed some domestic enterprises that have achieved localization, but performance stability, reliability and performance still need to be improved. The development of the manufacturing industry means that the demand for industrial robots has increased because industrial robots can not only improve efficiency and production quality, but reduce labor costs. Currently enterprises have increasingly higher requirements for industrial robot performance in order to further improve production efficiency and products Quality, so high-speed, high-precision and smart modular industrial robots are the primary development trend.

Factory automation and even intellectualization have become an inevitable trend in the industry. In order to be able to flexibly use existing sites, robotic arms have become an indispensable requirement. Especially in recent years, the shortage of labor and the impact of the COVID-19 pandemic have made the robot industry develop vigorously and demand worldwide. It has also increased year by year. According to statistics provided by the International Federation of Robotics (IFR), although the use of robotic arms in China has decreased by 2% in 2020 due to the spread of COVID-19, such an extent is already a positive result, which can be expected that starting from 2021, the robot industry will have a turning point under the economic recovery of the United States and Europe, and the strong demand will drive the sales of components and finished products to grow significantly. At present, the five major trends in the robot industry are: 1. Smart learning. 2. Autonomous movement. 3. Introduce new markets. 4. Energy saving. 5. Reduction of manual dependency. The company has always been a key player in the industrial supply

chain, and will use self-developed DD motors, mechanical components, drives, and encoders to provide small-scale robotic arms in the market. It can be clearly expected in energy saving, mobility, and new market applications. There is a lot of demand, so miniature robotic arms will be a major trend in future market demand.

H. PLC

PLC (Programmable Logic Controller) is the main upper controller of automatic industrial control. A complete PLC basically includes power module, control module (CPU, memory, communication), input and output module, and communication module. Traditional PLC manufacturers have their own specific hardware to integrate all the above modules. According to a survey by market research agency 360 Research, the total output value of global PLC in 2018 is nearly US\$12.4 billion, of which Europe, the Asia-Pacific region and North America are the main consumer markets, and because of the advent of the Industrialization 4.0 era, it is estimated that it will grow to US\$15.9 billion in 2026.

In terms of application and complexity, it ranges from single-machine small PLC to large-scale systems such as petrochemical industry, heavy industry and other plant equipment applications. In addition, in terms of real-time, it can also be divided into non-real-time control, such as petrochemical industry applications, and real-time control, such as precision motion control applications.

With the increasing degree of industrial automation and intellectualization, the demand is growing and becoming more diverse. The automation equipment is gradually moving towards a multi-process integrated system. Therefore, the small hardware PLC with DSP or FPGA as the computing core can no longer meet the requirements of increasingly complex systems. Most of the solutions at this stage will use industrial computers (IPC) as the main body to integrate and process various module functions, such as: HMI, visual recognition, PLC, motion control, etc., and then integrate specific communication protocols and PLC and various other devices to perform the operation and data processing of each device. In the sub-process, it also began to evolve from a single-machine PLC to a control platform that can connect various devices to achieve integration of the whole plant and realize automation; the performance of industrial computers has been continuously improving. The modular construction of PLC and other device software on the control platform of the industrial computer has become the trend of whole-factory automation with multi-process integration.

(2) Relevance of industry upstream, midstream, downstream

A. Upstream: Raw material: Alloy steel / Stainless steel / Copper wire / Magnet.

Processing: Cold drawing, forging, heat treatment, precision cutting processing, PCB panel layout processing, SMT assembly.

Material: Precision ball, roller, precision injection molded parts, electronic component (IC component, passive component).

B. Midstream: Manufacturing of linear motion components.

Linear guide, ball screw, linear motor, linear module / stage.

Supporting industry: Mold designing and manufacturing, specialize processing machines.

Precision spindle, high frequency spindle, controller, driver.

C. Downstream: Machine tool industry, automation industry, semiconductor industry.

LCD panel and solar cell industry, electronic industry.

Medical and biotechnology industry, optical instrument industry.

Aerospace and national defense industry, general machinery industry.

3. Various development trends and competitions of products

(1) Development trend of products

In order to meet the requirements of customers on the market, Chieftek Precision will use its own research and development energy to integrate its own key components and develop linear motor modules and DD motors in different application industries, and continue to extend the product lines to the control side, and development of converting the local area network communication to EtherCAT format, and now the miniature robot arm, which has launched a unique market, provides users with new specifications to choose from, which is no longer limited by the pre-existing size, and realizes the optimal design of the automation system; the software PLC part, based on the form of IDE, gives customers the greatest degree of freedom of choice during the process of system setup. Regardless of the size of the project, the form of control, hardware storage space and cost considerations, they can have more flexibility in system autonomy:

A. Linear guide:

Due to the wide application of linear guide, more and more specifications and sizes are required. The standard products on the market currently have a width of 1-65 mm, including the entire biomedical, semiconductor, machine tool and transportation engineering, and it also has extension of the metal type that can work under environment of high temperature and vacuum, ultra-low type with low center, ultra-long type with higher rigidity and linear guide rail with no return channel for limited travel to meet different applications of linear guide. In terms of precision, it has also reached a high-precision specification with a 4 meter long, with running precision of less than 10 μm ; at this stage, CHIEFTEK PRECISION has successfully mass-produced a 2 mm-sized miniature linear guide and has a place in medical instruments.

B. Linear motors and modules:

Due to the direct drive system, linear motors are favored by equipment manufacturers with high production capacity and high precision requirements, and the market acceptance is getting higher and higher. Although the deal on the market is gradually going with the entire linear motor module, there are still many experienced customers choosing to assemble components on their own. Moreover, the iron-core type and the ironless type have their own suitable markets. For example, the ironless type has smoother speed ripple because of its non-toning power characteristics, which is particularly suitable for scanning, and because the suction force between the moving stator is 0, the volume of the mechanism can be reduced and the space is saved; and the ironcore type has the advantage of high thrust density, which is suitable for the occasion of point-to-point movement.

The linear motor development blueprint of CHIEFTEK PRECISION can be divided into two major manufacturing processes:

(A) Manufacturing process for special industries:

To develop a miniature linear motor module with an overall thickness of less than 10 mm. SMT equipment that requires high production capacity and biomedical testing equipment with high axis count density will be able to easily arrange the modules and build the most linear modules within limited space to execute high density multi-axis control.

(B) High-precision rotation and positioning stage.

As entering the 5G era of communications, the need of accuracy and demand in semiconductor production process will reach to a new peak in the industry.

Furthermore, the improvement of panel quality will also bring about the wide application of micro LED and OLED technology. Linear motor modules have become the vital component for these production processes.

CHIEFTEK PRECISION has been the main service supplier in the market. Regardless it is modules in single-axis, XY platform, hollow optical platform, and gantry-frame linear motor modules, all these CHIEFTEK products have obtained internationally recognized performance certificates and licenses from relevant international manufacturers. CHIEFTEK will cooperate with its customers to develop more specially customized platforms, including vacuum applications, air bearings and even the entire sub-system planning, deepening the depth of technology and expanding the scope of services in this area.

C. Servo driver:

With the arrival of Industry 4.0, it means that the demand for Industry 3.0 will greatly increase, and Industry 3.0 mainly focuses on the capabilities of industrial automation. Therefore, the domestic equipment manufacturers' demand for localized components has increased rapidly. In the international market, CHIEFTEK PRECISION has always been a key component manufacturer of precision machinery. For example, all linear guide, linear motors, linear motor modules, motor servo drivers, and even industrial robots are developed and manufactured by ourselves.

In terms of drive control technology, for linear motor drivers, almost there are no domestically developed products, instead, there are mostly equipped with European and American systems, resulting in a significant reduction in price competitiveness and limited autonomous technology. From practical experience, when using the marketing strategy with European drivers, it is found that the current linear motor market development is usually sold as a completed system. The biggest advantage of this strategy is that customers can maintain a fixed technical contact window, but it is also easy to have restricted price due to closed technology just like Japanese brands, which reduces the competitiveness. In response to this situation, CHIEFTEK PRECISION will use years of experience in electromechanical integration to develop a linear motor driver that truly meets market needs. It can be compatible with not only linear motor modules manufactured by CHIEFTEK PRECISION, but also other linear motors, linear guide and optical scale on the market. With using current selling channels, we has established domestic independent brand of drivers.

In the aspect of machinery communication, to adopt information exchanging capability emphasized by Industry 4.0 trend, in addition CANopen communicative interface in the related-industry, CHIEFTEK PRECISION is also developed the driver equip with EtherCAT communicative interface. With efficient and real-time communication performance, EtherCAT is gradually valued and preferred in the industry. Its bottom layer is the architecture of industrial communication protocol based on the Ethernet, which can support multi-axis real-time control function. In view of this, CHIEFTEK PRECISION will not only take the driver based on EtherCAT communication as a slave but in the future, we will develop the motion controller with master identity vertically.

D. Driver software function update:

In the recent years, high precision and high speed automation industry has gradually developed. In addition to the highly reliable driver by integrated closed-system manufacturer, due to the high prices, there are more open system linear motor driver which has high compatibility available in the market. The development trend as below:

- (A) Friendly operational environment and medium
- (B) Additional supporting function to enhance the stability and precision of the system.
- (C) Smart information collection and analysis function

- (D) Encoding function
- (E) Mobile language editing
- (F) High-speed EtherCAT internet platform

E. Sensor:

Sensor is like the nerve which makes machine can sense outside and be in charge of message transmission. One of the key link of intelligent industrialized is how to obtain required information and transmit through whole inflation network. So the sensor is the critical component to directly decide whether the data is correct or not; the reliability, resolution and anti-dirt of sensor is the key index of quality. Now CHIEFTEK PRECISION has already developed and mass-produced magnetic position sensing component with resolution up to 0.5 μ . In the future, will use the micro mechanic and electronic design to extend application on products such as acceleration ruler, force ruler and sensor-related. Focus of the developing directions is as follows:

- (A) Higher responding.
- (B) Can filter outside noise.
- (C) Origin signal is stable (no noise from its own).

F. DD Motor:

With increasing assembling processing demands of big and unusual shaped components, direct drive rotated component, which is necessary for Axis A and C, is a critical component. CHIEFTEK PRECISION will develop frameless DD motor with 30-210mm of its outer diameter. When users have space and price considerations, they will be able to purchase products with only rotor stators. Of course, depending on needs for different loads, speeds and accuracy, we can also customize most suitable drive rotating stage for each customer. Designed for light loads (e.g. wafer equipment) and high precision. In the future, **cpc** will develop a full range of frameless and framed DD motors, which can be mainly divided into multi-axis articulated robots, machine tools, and automation industries; its main technical threshold is that it can achieve motor efficiency in a limited space with the highest torque and maximum torque, and providing high-speed DD motors according to customer requirements to become a professional manufacturer of rotary direct-drive motors.

G. Communication Transmission Device:

Currently, the automation industry still depends on the higher-level PLCs of famous foreign manufacturers. When the upper-level communication protocol used to transmit commands is not disclosed, users will be forced to use the entire closed system, that the expansion of system, cost and technology reliability are all limited. Therefore, there are signal conversion devices on the market, which translate the original copper communication protocol into a public communication protocol, which enable devices to exchange information flexibly.

H. Six-axis robotic arm

According to the statistics of the International Federation of Robotics (IFR) in 2019, countries with a high degree of industrial automation in the world's major industries are still being said to be excessively concentrated in the automation industry (such as automobiles, circuit board assembly lines, etc.) in the application field of robot use. Driven by the increasingly price-friendly and new smart functions of robotic arms, the phenomenon has gradually changed. In 2020, the sales volume of robots in the United States increased by about 7% compared with the data of 2019. It is worth mentioning that the biotechnology field has increased by 72%; food and household products increased by 60%, while the rubber and plastic industry

increased by 62%, indicating that the diversified application of robotic arms is continuing to expand.

With the diversity of occasions for application, the opportunities for robotic arms to work with people are greatly increased. At this time, collaborative robots will have strong advantages such as high mixing, easy import, fast recycling, easy program editing, safety, and matching sensors that will increase its share on the market. Therefore, the miniature collaborative robot arm is the target product developed by our company.

I. Software PLC

cpcStudio provides an IDE software development platform to push hardware PLC toward software PLC and allows customers to expand and combine other software modules for high integration to meet automation application systems. The development trends are as follows:

(A) Software integration to meet more complex application requirements:

Today's industrial applications such as motion control and visual recognition have rapidly developed into basic package modules, and their computing capabilities need to be supported by higher-end computers. In the IPC control system, the gap between various tool programs can be integrated, including cooperation manufacturer's I/O, HMI human-machine interface, "Vision" vision, "Motion" motion control and Fieldbus network communications, etc., while traditional hardware PLC still needs to use various customized extension methods to deal with these tools. The support for real-time processing is easily limited, and the software PLC can seamlessly support its own and third-party tool programs to help users develop high-complexity applications.

(B) IDEs for standardized programming languages:

The editing trend of the software helps users to develop high-complexity applications. It is done by integrating various device tool programs into an integrated development environment (IDE). Therefore, it is necessary to provide an integrated development environment installed on the IPC and comply with the international standard IEC61131-3 programming language, so that the application system developers can reduce the time necessary to learn other specific programming languages.

(C) RTOS (Real Time Operating System):

The biggest task of RTOS is to use the scheduling execution of CPU to achieve the goal of multi-tasking real-time work. In order to maximize the utilization of CPU performance, virtual cores can be used to transform into multi-core systems, and different configurations can be performed at the same time to improve execution efficiency.

J. The construction of the network communication layer:

As a host controller, it must provide corresponding communication protocols according to different integrated systems to ensure data exchange between devices. Currently, the more common ones in the market are: Modbus, EtherCAT, Ethernet/IP, CClink, etc.

(3) Competition

A. Linear guide

The world's first largest linear guide company is Japan's THK, and the second is Germany's Bosch Rexroth, then Schaeffler, HIWIN, IKO, PMI, Schneeberger, **cpc**, NB, etc. The quality leaders are mainly THK, Bosch Rexroth, INA, then IKO, Schneeberger, **cpc**.; while the price leaders are HIWIN, PMI, TBI, etc.

When the linear guide manufacturers continuously increase the company establishment in the mainland with some large factories, in addition to the quality, the price competition is also increasingly fierce. **cpc** has actively put into development of large-scale high load and high rigidity linear guide, and improved the process and design to increase profits. Meanwhile, in response to the fiercely competitive market price, it has also actively developed the high-tech products, such as the linear guide with the miniature size of 1mm and 2mm, to provide the market demand of high precision and micro machine.

B. Linear motor and module

Regarding the development of manufacturing of key components of industry robots, the products such as encoder, motor component, linear guide and driver are all made by **cpc**. It can combine with the practical application in market to optimize the performance of the parts and components. Moreover, it puts into more efforts in the development of process equipment. While improving the entire scale of volume production, it can reduce the yield rate of products. This can control the entire costs better. Moreover, the core technologies are expanded to customer needs, and better products quality are taken as the primary goal, providing innovative and optimal service for customers.

C. DD Motor

Multi-axis is another aspect of precision processing. To reduce the consumption occurred by the time spend of workpiece turnover and material feed in/out and avoid precision difference and cost spend of core changing. At present, rotary axis of five-axis processing machine use a large number of DD motor progressively to achieve high speed, high precision processing. The structure of DD motor may be imagined the linear motor packaged into one object. Therefore, in the terms of DD motor research and production, it can take over the development experience of linear motor. Which cause the DD motor of CHIEFTEK PRECISION compared with competitor has higher motor performance and reliability. Now **cpc** stresses the optimization of procedure to have more efficient cost control on products. As for specification, in order to deal with workload and size range of robot arms on the market, we will continue developing DD motor with 30mm at the smallest of its outer diameter, cooperating with torque output from harmonic reduction gear which makes more options for robot arms.

D. Sensor

Germany, Japan are the most automatization countries. Germany and Japan are mature to produce sensor as sensing components of automation, the acuteness and quality are reliable but price is several times more than brand of other countries. Among most of force, visual and distance of sensors, CHIEFTEK PRECISION choose magnetic encoder which can be the feedback devise directly in linear motor system, sale through original owned market channel of linear motor to accumulate practice experience of encoder. It is believed to be the foundation of development of other type sensors.

E. Servo driver

Driver is one of critical components to perform motor control. To correspond the processing requirement of high precision specification at present, capability of driver to control outside factors is higher, also bring the upgrade and response of whole driver hardware to speed up. Now international market share of domestic automation is more than 70%. Facing such mature industrial technique, CHIEFTEK PRECISION developed high price-performance ratio driver products through the view of users to accumulate experience step by step and improve performance

specification continuously.

F. PLC and controller

PLC software is a new control method based on PC based control. Users only need to confirm the computer's operating system and CPU to turn the computer into a controller with PLC functions. In order to respond to market demand and implement the investment philosophy rooted in Taiwan, CHIEFTEK PRECISION will continue to invest in talents in related fields to develop software PLC derivative products, such as: IO modules, communication modules, power modules ... etc. Now we have formally transformed into a completely independent research and development system integrator, that we no longer rely on foreign technology. The integrity of products and technical thresholds can be improved, and several benefits brought by its added value will enable CHIEFTEK PRECISION and overall technology industry in Taiwan to be more competitive.

(2) Technology and research and development situation

1. Technological level and research and development of the operated business

As a professional manufacturer of linear motion mechanical and electronic components, CHIEF PRECISION has obtained several invention patents for its products of Taiwan, Mainland China, Germany, the United States and Japan.

The linear guide products have complete size, from size 3(2W) to size 55, all in the range of mass production. Among them, the ball type products are included. Now CHIEF PRECISION is carrying on the mass production of roller type products, ultra-long, ultra-short, wide type products step by step. The products produced take the realization of best function in the same industry as the goal. In the aspect of load capacity, high-speed operation, low-noise design, self-lubrication design, retaining chain design and miniaturization design, CHIEF PRECISION has also reached the above goals.

In terms of linear motor components, we will continue to develop more specifications to directly replace the competitor market as the target. In addition, we have also begun to develop water-cooled iron core linear motors to maximize the thrust of the motor.

In terms of industrial robots, our research and development types include single-axis, double-axis, orthogonal platform, open frame and Gantry Stage systems with speeds up to 10 m/s, acceleration of 10 G, reproducibility of less than 0.3 μm, and movable stroke even up to 8 meters.

As for the DD motor, we aim at the humanoid articulated robot. In addition to developing the DD motor used in the large-diameter machine tool, we have also designed a DD motor with an outer diameter of 30 mm or less, which is very suitable for driving the palm joint motor.

The Company predicts market opportunities for self-driving vehicles and drones, and has successfully developed 48V DC drivers, which are used with mobile power to drive devices with special circuits and power control to output a capacity of more than 1 KW in a small volume. The new development opens another level of product specifications.

In the aspect of controller, the goal design is multi-axis controlling to realize real-time control through EtherCAT. In the first step, the automation industry is settled as the major target market and provide humanized user UI. Helps customers' complete rapid and precision working items with smooth data transmission, high-level operating path plan.

2. Yearly research and development expenditure invested in the most recent five years

Unit: thousands of NTD

Year	2017	2018	2019	2020	2021	2022Q1

Research and development expenditure (A)	65,382	87,175	72,112	61,232	70,421	17,676
Net sales revenue (B)	1,488,259	2,078,901	1,300,351	1,381,885	1,856,920	393,435
Proportion (A)/(B)	4.39%	4.19%	5.55%	4.43%	3.79%	4.49%

3. Successfully developed technology or products in the most recent five years up to the publication date of annual report

Year	Research results
2017	ME1 magnetic encoder. RP-120 series framed DD motor. Expansion of driver functions. Large 45 roller type linear guide. MXL series enlarge high load linear guide.
2018	Customized industrial robots and linear motor modules. EtherCAT communication drive.
2019	DD Motor System Expansion DC48V servo drive.
2020	UFC super thin linear motor module. EtherCAT Communication adapter box. RP-160 series: frame direct-drive motor. 2 mm super micro linear guide.
2021	A new series of cpcRobot miniature six-axis robotic arms. cpcStudio software PLC/IDE platform.

(3) Long-term and short-term plans for business development:

1. Short-term business development plan

(1) Sales strategy

- A. With good quality services, use self-own brand, **cpc**, for global marketing to gain brand awareness and value as well as recognition from other international brands.
- B. Keep improving area operation function to improve the overall revenues.
- C. Aggressively expand the market to increase the market share.
- D. System integrators are the main areas of business, expanding the on-site technical service network.

(2) Production strategy

- A. Maintain good quality and technology advance for higher level pf market competitiveness.
- B. No acceptance, manufacturing and leaking of defects.
- C. Quality improvement is always a non-stop activity for all the company.
- D. Aggressively manufacturing of new products.

(3) R&D strategy

- A. Continue expanding specification range of linear guide and provide service of integrated product line with exquisite technology.
- B. Improve the automation and autonomy degree.
- C. Improve technology and continue to develop new product.

D. Take Taiwan as the center of core technology and product development.

(4) Operation strategy

- A. By changing from OTC market to TWSE, attract distinguished talents, strengthen training of personnel, and intensify the concept of profession and working.
- B. Implement the quality policy constantly improved to increase the competitiveness of products.
- C. Implement each management system to strengthen the management performance.
- D. Implement performance audit system to enable employees with potential find their best position.

(5) Environment and occupational safety and health policy

- A. Providing a working environment with high quality and available for maintaining physical and psychological health, and reach the goal of no disaster, no accident.
- B. Protec the environment, maintain the natural ecology, and realize the energy conservation and waste reduction.
- C. In accordance with the laws, implement the risk management, prevent the pollution, and carry out 6S activities.
- D. The environmental protection safety is an uninterrupted activity of entire personnel.

2. Long-term business development plan

(1) R&D strategy

- A. Development of new products:high precision positioning system, miniature Linear product development 、nanoscale high level servo driver, air-floating and vacuum position system, PLC controller.
- B. Closely work with upstream, midstream and downstream suppliers to improve together.
- C. Implement strength and development of software and hardware to play a long-term roll of creator internationally.

(2) Marketing strategy

- A. Conduct global marketing for self-brand **cpc**, to improve brand awareness and value.
- B. Enhance the management of existing customers and establish good interaction.
- C. Continuously strengthen the operation function of each region to improve the overall revenues.
- D. Actively extend market to increase market share.
- E. System integrators are the main business areas, expanding the on-site technical service network.

(3) Operation Strategy

- A. By changing from OTC market to TWSE the the good social image of the Company, attract distinguished talents.
- B. Establish the best management team by enhancing the staff training, internal control, and more refined management structures.
- C. Strengthen the cooperation of the related products and industry.
Implement the industrial division, vertical integration, and strengthen the integration of upstream, downstream industry to establish a powerful product supply chain, and give full play to the advantage of mass production scale economy.
- D. Strengthen the patent layout.

II. Market and Sales Overview

(I) Market Analysis

1. Sales Region of Main Products

Unit: NT\$ in thousands; %

Sales Area \ Year		2021		2020	
		Net sales Revenue	Percentage	Net sales Revenue	Percentage
Export	America	196,748	10.60%	150,021	10.86%
	Europe	405,686	21.84%	262,639	19.01%
	Asia	669,979	36.08%	557,847	40.37%
	Others	216,674	11.67%	147,613	10.68%
	Subtotal	1,489,087	80.19%	1,118,120	80.91%
Domestic		367,833	19.81%	263,765	19.09%
Total		1,856,920	100.00%	1,381,885	100.00%

2. Market share

According to the import and export trade statistics of the International Trade Bureau, the total export value of ball or roller linear slides is about 781 million US dollars, while the company's consolidated export revenue in 2021 is about 14.89 billion yuan. It is estimated that the company's market share in the roll bearing and linear guide industry was approximately 7.34% in 2021.

3. Supply and Demand Status as well as Growth of Future Market

- (1) The whole world is affected by the COVID-19 pandemic, inflation and the Ukraine-Russia Conflict, which all bring greater uncertainty to the development of the world economy and impact the global energy market.
- (2) In addition to supply chain bottlenecks such as port congestion and labor shortages caused by the COVID-19 pandemic, the Ukraine-Russia Conflict has also affected the global economy, attacking the global stock market, precious metals, energy and industrial supply chains, as well as international crude oil, grain, base metals and other raw material prices, pushing up the cost of imported raw materials and exacerbating domestic inflationary pressures. In addition, rising freight costs also drove up domestic import prices and increased pressure on imported inflation. The demand for global automation and smart automation continues to heat up. Since Industry 4.0 has just started, industrial automation is also an unstoppable trend. The demand for linear guide provides basic growth energy, and the machinery and equipment are designed for miniaturization, which is a great advantage for miniature linear guide.

4. Competition Niche

- (1) High competitiveness of quality and technology
With the goal of "product quality" and "product function", cpc increase the value added of the products, and controls the cost strictly.
Ample experiences in research and developing, which can quickly adapt to the need of customer and market.

A. The product competitive advantage, core key technology and main product key

technology are described respectively as below:

- (A) Unique production and manufacture technology: **cpc**'s product quality is stable, because our patent design could reduce the manufacture cost in processing.
 - (B) Product R&D capacity advantage: **cpc**'s product is developed and designed by R&D team, and acquires the patent, to make the product functional quality leading in the industry through the quality control of production personnel.
 - (C) Complete independent R&D in machinery motor specialized technology: R&D team of **cpc** controls the key core technology, with excellent integrating capacity.
 - (D) Positive input for patent layout: **cpc** has acquired several innovation patents, and shall input the patent layout continuously to protect the technology and intellectual property in the future.
 - (E) Electromechanical integration system engineering.
- B. Core key technologies of **cpc** are as below:
- (A) Bearing technology engineering.
 - (B) Manufacture processing technology engineering.
 - (C) Motor technology engineering.
 - (D) Drive control technology engineering.
- C. Key technologies of main products of **cpc** are described respectively as below:
- (A) Miniature linear guide rail
 - a. Mass production capacity leading in the industry.
cpc had made the mass production of linear guide rail of size 3 in 2004, which was the pioneer in the industry. Moreover, it is making breakthroughs towards the more advanced linear guide rail of size 2.
 - b. Design leading in the industry
 - (1) Embedded patent design:
 - i. Greatly simplify the processing, to make the product with absolute competitive advantage in the manufacture cost.
 - ii. Make the product extremely micro, unable to cause processing difficulty.
 - (2) Embedded lubrication pad design: to make the product with permanent lubricating effect.
 - (3) Exclusive reinforced pad patent design: to make the product running speed reaching 10 m/sec, higher than the general running speed of 3~5m/sec.
 - (4) Operating smoothness could realize the optimal performance.
 - (B) Standard linear guide rail
 - a. Design leading in the industry.
 - b. German heavy load capacity design: **cpc**'s product mainly adopts the German design, to make the product load capacity higher, and service life longer.
 - c. Reinforcing plate patent design: **cpc** has the unique reinforcing plate design, to make the running speed reaching 10 m/sec.
 - d. Embedded lubrication pad patent design: to make the product with permanent lubricating effect.
 - e. Waterproof, iron scrape preventive and sealed design: to make the product running smoothness realizes the optimal performance.
 - f. Product service life is longer than other competitors.
 - (C) Ironless linear motor

- a. Design leading in the industry
- (a) High-efficiency design:

The **cpc** adopts the own researched and developed coil stacking patent technology, with the professional magnetic recording analysis software, to manufacture the maximum motor efficiency of maximum thrust generated under energy consumption per unit of same specification and dimension.
- (b) Patented heat dissipation design:

With compact internal design matching the heat dissipation patent technology of special material, **cpc**'s linear motor is featured in the heat dissipation of low thermal resistance.
- (c) High thrust density design:

The **cpc** linear motor featured in high efficiency and low thermal resistance, presents the high thrust in the same dimension compared to the competitor, to make the client saving the needed space for motor installation.
- (d) Production technology guarantee:

Since the linear motor belongs to the key component of high-precision application industry, all the processes are researched, developed and manufactured by **cpc** own, thus it could indeed control the manufacture quality and quick customized response.

(D) Ironcore linear motor

- a. Design leading in the industry
 - (a) Low-pause-power design / low-adsorption design:

Although the ironcore linear motor has high thrust density compared to the ironless type, there also goes along with the pause power, while the pause power would increase the difficulty in the motor running stability and control; thus, **cpc** adopts the special structure design matching the practice and simulation to realize the ironcore linear motor with low pause power.

The adsorption force of ironcore linear motor with special design structure is below half of that of the industry under the same thrust.
 - (b) Structure design maximum motor constant:

Optimize the ironcore linear motor's structure group, and build the Hall component sensor inside the forcer, to achieve the minimum dimension and high heat dissipation capacity to realize the maximum motor constant.

(E) DD motor

- a. Highest motor efficiency:

The design of DD motor still takes the maximum motor efficiency as the development goal, which can make the entire system achieve the energy-saving goal effectively.
- b. Low cogging:

In the application of ironcore motor, the silicon steel plate will generate cogging when moving from N pole to S pole as the magnetic field has 180-degree magnetic rotation direction. Generally, it should design the cogging within 2% of rated torque, which can obtain high response for controlling.
- c. Large hollow external diameter:

The application of DD motor mostly fixes the load on the motor. The

central hole of DD motor is usually used as the path of flat cable. With the increasing integration of the device, the wiring becomes more and more complicated. In this case, the size of hollow diameter is one of the indicators considered by the user.

d. Guarantee of production technology:

The performance of **cpc** DD motor is far superior to other competitors in the market. Aside from the leading design, another key is the powerful process that can realize more strict processing conditions than other competitors. Besides the precision machining of fixture, the entire processing devices are self-designed and manufactured. Thus, the production technology is mastered by its own.

e. Completed Specification:

The target specification is from 30 mm to 210 mm in outer diameter. Each outer diameter has different thickness options, allowing users to choose the DD motor that is most suitable for their mechanism under the same rated torque output, and also for future robotic arms and AGVs as well as drones of market demand, and the design uses 48 Vdc as the main driving power supply.

(F) Magnetic encoder

High resolution and high precision: The magnetic encoders CHIEFTEK PRECISION developed which have been able to achieve the resolution up to 0.5 μm , and achieve the precision up to 10 $\mu\text{m}/\text{pulse}$ with our own unique calibration method, so we can provide another type of linear encoder in the market.

As for different applications, we have also designed the read head to be able to directly combine with the slide, and even directly read the magnetic pole of the stator for position feedback.

(G) PLC and controller

Technology was completely independent development, from the bottom operation system software to UI control interface all can be handled totally. The development will establish efficiency channel onto the good foundation of electromechanical business.

(H) Servo Drive

With the demand for mobile machinery has increased significantly (such as AGV, Drone, etc.), increasingly importance has been attached to DC drives, especially with the advent of Harmonic Driver, the maximum speed of the motor itself has also been greatly challenged, so high current drive devices is required to achieve the application conditions at this time. Therefore, CHIEFTEK PRECISION will use fully autonomous technology to develop small-volume, high-power servo drives.

(I) EtherCAT transfer box

The device is an EtherCAT motor controller, which replaces the traditional pulse wave signal controlled by PLC, improves the anti-noise ability, enhances the stability of the system, and provides simultaneous conversion support of up to 12 axes. The device communicates with the existing PLC, which obtains the data of the internal components of the PLC, and then converts the corresponding commands, which are transmitted from the EtherCAT of the device to the **cpc** driver. In addition, the driver information can be collected by EtherCAT and written to the specified PLC component in order to achieve command and feedback the bus signal.

- (2) Continuously improve technology and develop new products
 - A. The **cpc** linear electrical product technology development trends to the “precision”, “speed/efficiency”, “reliability / quality”, “durability/ service time”, “miniaturization / multifunction”, “flexibility / diversity” and “energy conservation / environmental protection”, which are the product development tendency of “big data integration”, “information processing / communication / transmission / confidentiality...”, “remote control”, “AI intellectualization”.
 - B. In the field of linear motor industrial robots, we have mastered the mechanical experience of the lowest level of critical components and processing technology, and long-term sales channels, we can provide customers with the best solution for their most suitable for its application, and with our plant expansion plan, in order to meet the customer's capacity needs.
 - C. In today's energy-saving era, the efficiency of the motor is often an important indicator of the use of the factory. Therefore, the motors will extend the patented technology to the development of rotary products based on our development experience of linear motors, in order to improve the efficiency of the motor to the top.
 - D. Both of controller software which is developed from bottom level, real-time operation system are going to catch up the realization of industry 4.0.
- (3) Good service quality
 - A. Good customer service quality can provide the best foundation for the competitiveness of the Company.
 - B. Keep good customer relationship to win the trust from the customers.
5. Favorable and unfavorable factors in long term development and the contingent plans
 - (1) Favorable factors:

With many years of experience in the linear motion component market, **cpc** has developed more diverse, higher-precision and reliable products, which are used in the semiconductor, panel, biomedical, circuit board and automation industries. The products of **cpc**, including software, firmware, and hardware are all independently developed, produced and manufactured.

 - A. For the Standard linear guide rail, **cpc** mainly adopts the German design, to make the product load capacity higher, and service life longer with many patents, such as the enhanced strengthening plates and built-in oil storage blocks. The patented design allows the product to be extremely minimized to avoid difficulties in processing and improves the smoothness of the operation. Currently, the 2mm miniature linear slides can be mass-produced.
 - B. For linear motors, **cpc** actively invest in linear motors, DD motors, high-precision X and Y platforms by enhancing in system development, design, and manufacturing. The development of upper-level controllers can be used as control platforms for Industry 4.0 with the goal of achieving highly flexible and highly reliable system integration prevent over dependency on foreign manufacturers and reduce the risk of product replaceability.
 - C. Unique manufacturing technology.
 - C. The mechanical and electrical technology are completely **cpc** self-developed.
 - D. Possess core key technologies in engineering domains, such as manufacturing and processing, bearing, drive control and motor.
 - E. **cpcStudio** provides IDE software development platform to push hardware PLC toward software PLC and allows customers to expand and combine other software modules for high integration to satisfy the needs of automation application systems.

(2) Unfavorable Factors and Countermeasures

A. Difficulty in talent acquisition and cultivation

Industry 4.0 need more development talent, the trend of manpower towards simplified and high quality. This cause difficulty in talent acquisition, as well as the government policy such as “one fixed day off and flexible rest day” increased the cost of human resource.

Countermeasures:

(A) **cpc**'s main technology is developed on its own, thus the internal training mechanism shall be independent; in the handling principle of divided management, clear rights and liabilities, distinct right and wrong, encouraging innovations, and continuing improvements.

(B) With the excellent brand image of the Company, to attract more talents to join the Company.

(C) It should promote the welfare system of the Company, to attract and retain the talents.

(D) Improve level of automation to lower operation by human.

(E) Adjust wages and increase employee benefits.

B. With severe situation caused by COVID-19, inflation, and pressure from raising interest rates, global economic activities and production pace are disturbed.

Contingency plan:

(A) Promptly provide the necessary component for producing relevant medical equipments.

(B) Continue to develop smart manufacturing application platform solutions, expand automation and intelligent production lines and the cooperation of industry, academy and research circles.

(C) Raise long term funds and reserve finances.

(II) Important Uses and Production Procedures of Main Products:

1. Important Uses of Main Products

(1) Linear guide rail

Mainly apply to the automation industry, machine tool industry, TFT-LCD, photoelectrical manufacture detection and carrier, electronic industry machinery equipment, and semiconductor manufacture detection/packaging/handling equipment, medical instrument, printing and packaging machine, industrial machine and aerospace industry, and national defense industry, etc.

(2) Linear motor

The machinery equipment with output capacity demand are the main selling market of linear motor. Taking the ironless linear motor as example, it has no pause power and has light forcer, which is particularly suitable for the application in the semiconductor industry, panel industry, biochemical technology, laser cutting and automation industry. While the ironcore linear motor with high thrust and low stator cost is suitable for the application in the automated storage, solar energy industry, laser industry, panel industry, and semiconductor carrier and automation industry.

(3) Driver and linear motor module

At present, the major linear motor goes with the driver in the drive method of one to one, thus the occasion to use the linear motor is also the market of driver and linear motor, which is just different in the using habit and form of the client.

(4) DD motor

It is mainly divided into frameless (DR) and framed (RP) series. The difference between these two types is that the RP series doesn't only have rotator and stator, but

also includes bearing, encoder and other processing parts. The entire product is modularized when being provided for user. The market demand of DR series is that the customer can purchase the stator for using when there are special restriction on cost or space, such as the manufacturer of rotation motor and robotic arm. On the other hand, the RP series allows the user to fix the load on the rotating table directly, which is for the high-speed and high-precision application. Currently, the main application scenarios include the panel industry, automation device, biomedical robot, machine tool industry and semi-conductor industry.

(5) Magnetic encoder

Encode is massively used as the product of position feedback in the industries, with the resolution reaching 0.5μm. Therefore, its track can be found in the entire rotation or linear motion system. It is naturally included in **cpc**'s development plan of key parts and components.

2. Production Procedures of Main Products

The main production flows of the product produced by **cpc** are as below:

(1) Linear guide

Heat treatment → Straighten → Drill → Polish → Grinding → Cut → Measurement system → Assembly → Clean & Package → Automated warehousing

(2) Magnetic part of motor

Raw material→ Processing→ Chrome plating→ Magnet paste→ Measure

(3) Winding part of motor

Raw material→ Coil wire→ Wiring→ Perfuse→ Measure

(4) Linear motor module and industry robot

Platform→ Stator guide→ Platform deck→ Measure

(5) Magnetic encoder and driver

PCB plate→ Shell→ Packaging→ Calib→ Measure

(III) Supply Status of Main Materials

cpc mainly engages in the manufacture of linear guide rail, whose major raw materials are the cold drawn, plastic fittings and steel balls, and the purchase source is the domestic and overseas manufacturer, which all have established the long-term and good cooperation relation with the Company. As of now, the supplying condition of major raw materials of the Company is good.

Major raw material	Supplier	Supply condition
Cold drawn	Company A 、 Company B 、 Company C	Normal
Plastic fittings	Company D 、 Company E	Normal
Steel ball	Company F 、 Company G	Normal

In addition, the major raw materials of linear motor are the rare earth magnet, enameled wire and epoxy resin, with suppliers all over the world, with long-term and good cooperation mode, to ensure the normal and good major raw material supply.

(IV) Lists of Major Suppliers and Customers

1. Major Suppliers in the 2 Most Recent Fiscal Years and Purchased Amount and Percent as well as Change Reason Explanation

Unit: NT\$ in thousands; %

I t e m	2020				2021				As of the previous quarter in 2022 Fiscal Year			
	Company Name	Amount	Percent in the annual purchases (%)	Relation with Issuer	Company Name	Amount	Percent in the annual purchases (%)	Relation with Issuer	Company Name	Amount	Percent in the annual purchases (%)	Relation with Issuer
1	COMPANY A	69,393	30.90	None	COMPANY B	79,255	25.72	None	COMPANY B	14,928	21.05	None
2	COMPANY B	51,898	23.11	None	COMPANY A	72,894	23.66	None	COMPANY A	12,158	17.15	None
3	COMPANY C	24,053	10.71	None	COMPANY C	27,585	8.95	None	COMPANY D	6,438	9.08	None
	Others	79,231	35.28	None	Others	128,388	41.67	None	Others	37,377	52.72	None
	Net total supplies	224,575	100.00		Net total supplies	308,122	100.00		Net total supplies	70,901	100.00	

Note 1: Major suppliers with gross purchase over 10% in the 2 most recent fiscal years and purchase amount and percent are list above, but the contract has stipulated not to disclose the supplier's name or transaction object as individual or non-related party, so it is listed in code name.

Note 2: Increase or decrease reason: Although impacted by the COVID-19 pandemic in 2020, the increased demand from the medical and semi-conductor industries made revenue increase by 34.38%, and the number of purchases increased in response to production requirements.

2. Major Customers in the 2 Most Recent Fiscal Years and purchased Amount and Percent as well as the Change Reason Explanation

Unit: NT\$ in thousands; %

I t e m	2020				2021				As of the previous quarter in 2022 Fiscal Year			
	Company Name	Amount	Percent in the annual purchases (%)	Relation with Issuer	Company Name	Amount	Percent in the annual purchases (%)	Relation with Issuer	Company Name	Amount	Percent in the annual purchases (%)	Relation with Issuer
1	Company A	95,815	6.93	None	Company A	243,111	13.09	None	Company A	23,409	5.95	None
2	Company B	87,527	6.34	None	Company B	85,961	4.63	None	Company C	19,390	4.93	None
	Others	1,198,543	86.73	None	Others	1,527,848	82.28	None	Others	350,636	89.12	None
	Net total supplies	1,381,885	100.00		Net total supplies	1,856,920	100.00		Net total supplies	393,435	100.00	

Note 1: Major customers with gross sales over 10% in the 2 most recent fiscal years and sale amount and percent are listed above, but the contract has stipulated not to disclose the client name or transaction object as individual or non-related party, so it is listed in code name.

Note 2: Increase or decrease reason: Although impacted by the COVID-19 pandemic in 2021, the increased demand from the medical and semi-conductor industries made revenue increase by 34.38%.

(V) The Production Volume and Value in the 2 Most Recent Fiscal Years

Unit: in thousand pieces/NT\$ in thousand

Major products \ Year	2020			2021		
	Capacity	Volume	Value	Capacity	Volume	Value

Linear guide rail and slide base	-	6,392	1,319,501	-	7,667	1,710,288
Linear motor	-	6	36,491	-	9	35,018
Total	-	6,398	1,355,992	-	7,676	1,745,306

- Note: 1. Capacity refers to volume produced under the condition of the existing production equipment in a normal condition on the days excluding holidays and days with shut down.
2. Capacity is not listed due to all the products produced by CFC is replaceable to each other in the production line.
- Note: Production change and its analysis: Due to the increased demand in medical and semi-conductor industries in 2021, the total value of production and sale increased. The production volume and production value in 2021 was significantly higher than that in 2020.

(VI) The Sales Volume and Value in the 2 Most Recent Fiscal Years

Unit: in thousand pieces/NT\$ in thousand

Major products	2020 Fiscal Year		2021 Fiscal Year		2020 Fiscal Year		2021 Fiscal Year	
	Domestic		Export		Domestic		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Linear guide rail and slide base	746	238,915	1,684	1,091,623	546	346,781	2,103	1,448,007
Linear motor	2	24,850	2	26,497	2	21,052	6	41,080
Total	748	263,765	1,686	1,118,120	548	367,833	2,109	1,489,087

Note: Sales change and its analysis: Although impacted by COVID-19 in 2021, the increased demand from medical and semi-conductor industry made an increase in the amount of domestic and export sales and also total value.

III. Number of employees of recent two years as of printed date

March 31, 2022

Fiscal Year		2020	2021	2022 Fiscal Year up to March 31
Number of Employees	Administrative staff	84	91	89
	R & D personnel	29	23	26
	Business personnel	37	36	37
	Field staff	249	308	321
	Total	399	458	473
Average Age		35.85	35.99	36.39
Average Years of Service		6.26	5.97	5.92
Education distribution ratio	Ph.D.	0%	0%	0%
	Masters	6.3%	5.9%	5.9%
	Bachelor's Degree	52.6%	50.4%	51.4%
	Senior High School	39.6%	41.7%	40.8%
	Below Senior High School	1.5%	2.0%	1.9%

IV. Environmental protection expenditure

For the loss or penalty caused by environmental pollution during the latest year and up to the printing date of this annual report, and the future countermeasures as well as possible expenditures:

- (I) According to the regulation provisions, those applying for the pollution facility setting license or pollution discharge license or payable pollution prevention expense or needing to set the environmental protection specific personnel, the explanation of application, payment or setting condition is as below: **cpc** is the linear guide rail manufacturer, located in Southern Taiwan Science Park and Tree Valley Park, and has applied and acquired the pollution facility setting license or pollution discharge license according to the environmental protection laws.
- (II) Main equipment and its usage as well as possible benefit invested by the Company for the environmental pollution prevention:

Unit: in thousand; March 31, 2022

Equipment Name	Qty.	Acquisition Date	Invested Cost	Balance	Usage and Estimated Benefit
Smoke extraction	1	2014.12.04	1,167	216	Smoke treatment
Smoke extraction equipment	1	2014.03.28	550	150	Smoke treatment
Purification equipment	7	2021.10.20	476	441	Oil purification
Exhaust equipment	1	2022.03.23	350	350	Smoke treatment

- (III) During the environmental pollution progress of the Company in the latest year and up to the printing date of this annual report, there is any pollution dispute, and it shall describe the disposal process: the Company has no pollution dispute during the latest year and up to the printing date of this annual report.
- (IV) During the latest year and up to the printing date of this annual report, the loss (including compensations) and punishment sum caused by the environmental pollution of the Company, and disclosed future countermeasures (including improvement measures) and possible expenses (including the estimated amount of possible loss, punishment and compensation if not taking the countermeasures; if unable to estimate reasonably, it shall state the fact unable to estimate reasonably): None.
- (V) Present pollution status and influence of improvement to the company surplus, competition status and capital expenditure, and estimated significant environmental protection capital expenditure in future two years: None.

V. Labor Relations

- (I) Employee welfare measure, advanced study, training, retirement system and implementation condition, and agreement on labor and capital as well as various staff rights and interests maintenance measure condition of the Company:
1. Employee welfare measures and its implementation status:
 - ◆ Reward measures
 - (1) Year-end bonuses.
 - (2) Employee Remuneration.
 - (3) Business bonuses.
 - (4) Lunch and dinner allowances.
 - (5) Performance bonuses / Technical allowance.
 - (6) Special bonuses / Production bonuses / outstanding performance bonuses.
 - (7) Operating bonuses.
 - (8) R & D Patent bonuses.
 - (9) Referral bonuses.
 - (10) Other wage adjustment for performance mechanism and flexible reward system.
 - (11) Appropriation of retirement pensions.
 - ◆ Insurance and subsidies
 - (1) Labor Insurance.
 - (2) Health Insurance.
 - (3) Occupational Injury Insurance.
 - (4) Casualty insurance, Group insurance.
 - (5) Catastrophic illness and Emergency Condolence / Subsidies, etc.
 - ◆ Equipment
 - (1) Employee Restaurant.
 - (2) Free parking area.
 - (3) Breast-feeding room.
 - (4) Set up Automated External Defibrillator (AED).
 - ◆ Holidays / take time off system.
 - (1) 2 days off a week.
 - (2) Annual paid leave of absence.
 - (3) Paternity leaves.

- (4) Pregnancy checkup leaves.
 - (5) Family care leaves.
 - (6) Female worker menstrual leaves.
 - (7) Paternity checkup leaves.
 - (8) Vaccine leaves.
 - (9) Epidemic prevention care leaves.
 - ◆ Others
 - (1) Internal and External Education and Training for Employee.
 - (2) Employee Welfare Committee.
 - Holiday bonuses/Gift, Year-end party, Bonuses/Gift.
 - Wedding subsidies, Hospitalized condolences, etc.
 - (3) Regular physical examination.
 - (4) Set up health management consultant and regular occupational physician to visit during the health consultation period.
 - (5) Strengthen the knowledge and training related to industrial safety, occupational safety, fire prevention and disaster prevention for the employees, and set up self-defense fire prevention team, and conduct fire prevention advocacy and drills regularly.
2. Employee advanced study, training system and implementation condition:
- The Company dedicates in creating the study environment for talent sustainability and excellent competitiveness improvement, specially formulates the “educational training management procedure” and “educational training operational procedure”, to cultivate the proper excellent talent via the internal and external training resource.
- At present, the Company provides a series of common knowledge, professional skill and management educational trainings, to cultivate the section head and senior employees as the internal lecturer to inherit the company culture and skill, and also irregularly invite the external specialists to give instructions. In 2021, the Company held training courses with a total of 1,710 classes, total training hours nearly 141,369 hours, and total participated rate of 35,175 persons.
- The training courses in 2021 include:
- (1) New employee educational training:

It includes the company regulations, labor, safety and health related introduction as well as the arrival guidance; every new employee has the educational trainer, to assist adapting the work environment, and getting familiar with the work content as soon as possible.
 - (2) Common knowledge training:

It refers to the common knowledge training activity required by government decree, company policy and the whole company or all sectors at each level, such as: education of prohibition and prevention of insider trading, staff HSE educational training, safety and health training course, quality training course, factory emergency response training course, and personal performance management series course.
 - (3) Professional training:

It refers to the technology and professional training of each unit, such as R&D course, processing course, finance and accounting course, information technology course.
 - (4) Supervisor training:

It refers to the planning of supervisor management training and development course. The content includes the management and leadership control course as well as other supplementary courses.
 - (5) Direct personnel training:

It refers to the training course providing the necessary knowledge, skill and attitude of technical personnel on production line, such as the machine skill training course for direct personnel.

- (6) Periodically make the technical evaluation and performance evaluation, positively train the reserve leaders and talents.
- (7) Hold the internal and external education and training related to the issue of faithful management (including faithful management comply with the requirements of laws and regulations, food safety and hygiene, inspection, accounting system and internal control systems and other related courses).

In 2021, the company organized internal and external education and training related to the issue of integrity management, so as to implement the ethical management policy and prevent dishonest behavior. Course contents included to how directors should fulfill their duty of care and fiduciary duty, accounting systems and internal control systems, confidential work, public work and violation handling. To summarize the training course situation in 2021, there were 569 people in attendance, with a total of 2,264 person-hours.

- (8) Internal and external education and training for accounting supervisors and auditors.
3. Employee retirement system and implementation condition: the Company's retirement system is mainly based on the relevant laws and regulations of Labor Standard Act.

- (1) For the company in the Republic of China: It shall follow the labor retirement management regulation of Labor Standard Act, and allocate the pension reserve monthly to the labor retirement reserve fund supervision committee special account according to the provisions. Moreover, it has overall implemented the "Labor Pension Act" since July 1, 2005, in which the applicable provisions are as below:

- A. Employee arriving the post after July 1, 2005 (included) shall be entirely applicable for the "Labor Pension Act".
- B. Employee arriving the post before July 1, 2005 (excluded) shall select the pension provision of "Labor Pension Act" or "Labor Standard Law" depending on personal actual demand within five years since July 1, 2005; if the employee doesn't make selection before the due date, s/he will continuously apply the pension provision of "Labor Standard Law" since the implementation date
- C. If the colleague has any one of the conditions below, it shall apply for retirement voluntarily:
 - (A) Taking office over 15 years (included) and over 55-year-old.
 - (B) Taking office over 25 years (included).
 - (C) Taking office over 10 years (included) and over 60-year-old.
- D. If the colleague has any one of the conditions below, it shall be forced to handle the retirement:
 - (A) Over 65-year-old.
 - (B) Lunacy or physically disabled for the work.

If the specific work dangerous in nature, or requires substantial physical strength or otherwise with a special nature, a business entity may request the central competent authority to adjust the age prescribed in Subparagraph 1 of the preceding paragraph according to the Article 54 paragraph 2 of Labor Standard Act, however, the age shall not be reduced below fifty-five. If an employee meets the requirements of mandatory retirement and compliance with the Article 11 of the Labor Standards Act may be terminated the labor

contract, it shall be treated in a retirement manner according to the Labor laws and regulations.

- E. Pension payment standards:
 - (A) For the employees arriving the post before March 1, 1998(not including March 1), it shall pay pension based on 2 cardinal numbers for each working year. For the working years more than 15, it shall pay 1 cardinal number additionally for every one full year, which shall not exceed 61 cardinal numbers at most.
 - (B) For the employees arriving the post after March 1, 1998(including March 1), it shall pay pension based on 2 cardinal numbers for each working year. For the working years more than 15, it shall pay 1 cardinal number for every one full year, which shall not exceed 45 cardinal numbers at most except for the compulsory retirement due to occupational injury and disease.
 - (C) For the employees retired compulsorily, if the lunacy or physical disability is caused by the work and results in compulsory retirement, the pension shall be paid based on 20% plus the above regulation.
 - F. Under the new pension system, it shall monthly allocate 6% to labor pension special account, and estimate the balance of labor pension reserve by the end of every year. If it is less than the amount to be paid for the employees who meet the retirement conditions within one year according to subparagraph 1-1 of Article 53 or Article 54, it shall appropriate the difference at one time by the end of March in the next year. Moreover, it shall be submitted to the Supervisory Committee of Workers' Retirement Fund for review.
 - G. It shall advocate the personal voluntary pension contribution, and encourage improving the economic life after retirement from diverse perspectives.
 - (2) For the company in China: For the endowment insurance after labor retirement, the company shall pay the endowment insurance based on the local laws and regulation at the premises of the enterprise.
 - A. According to the operation of local social insurance, the endowment insurance is included in social insurance (including medical insurance, maternity insurance, endowment insurance, occupational injury insurance, and unemployment insurance). After adding member for social insurance, the company shall starts to fulfill the obligation of paying endowment insurance.
 - B. If the employee reaches the retirement age stipulated by laws, and pays the endowment insurance (including the deemed years of contribution) for 15 years accumulatively, s/he shall be eligible to the treatment of basic endowment insurance, which is composed of the following:
 - (A) For those working since January 1, 1993: Basic pension+ pension of personal account, explained as below:
 - a. Basic pension: When employee is retired, the monthly wage of workers employed in the previous year *individual payment years *1%.
 - b. Pension of personal account: When employee is retired, the balance in account /months paid for retirement.
4. Agreement on labor and capital as well as various staff rights and interests maintenance measure condition:

The Company adopts the open and two-way communication method for the policy advocacy and employee opinion, uses E-MAIL and bulletin board to timely deliver the relevant information, complaint box, conference communication, supervisor communication, and welfare committee. In addition, it sets up the employee communication and care channel for the foreign employees. With the assistance of

translator, it improves the adaptation and performance of foreign employees in work and life. This is to maintain the labor and management relation harmoniously, without labor and management disagreement.

- (II) During the latest year and up to the printing date of this annual report, for the losses caused by labor dispute, and disclosure of current and future possible estimated amount and response measures: None.

VI. Important Contracts

Contract Nature	Counterparty	Contracted Period	Major Content	Restrictions
Medium and long-term borrowings	Mega International Commercial Bank	August 21, 2018~ August 21, 2023	Credit granting contract	Note 1
Medium and long-term borrowings	Taipei Fubon Commercial Bank	May 20, 2021~ November 20, 2023	Credit granting contract	None
Medium and long-term borrowings	Taipei Fubon Commercial Bank	March 20, 2020~ March 20 th , 2025	Credit granting contract	None
Medium and long-term borrowings	Eleven banks including Mega International Commercial Bank	May 15, 2020~ May 15, 2027	Joint credit granting contract	Note 2
Medium and long-term borrowings	BANK OF THE WEST	December 28, 2020~ December 28, 2028	Bank financing and credit granting contract	Note 3
Land lease	Southern Taiwan Science Park Administration, MOST	January 01, 2003~ December 31, 2022	Land lease contract	No
Land lease	Southern Taiwan Science Park Administration, MOST	August 28, 2014~ August 27, 2034	Land lease contract	No
Construction contract	Hong-Shen Construction Company	Depends on the progress	Construction contract	No

Note 1: Repaid early in February 2022.

Note 2: 1.The Company signed an interim-guaranteed joint credit granting contract on February 19th, 2020 with eleven banks including Mega International Commercial Bank. The contract under question features a total credit amount of \$2.9 billion, with a credit granting period of 7 years starting from the date of first activation. The Company shall follow the provisions and make the commitment of following items to the joint loan bank consortium during the joint credit granting period:

- (1) During the joint credit granting period, according to the accountant checked annual report or accountant audited consolidated financial statement of second quarter, the Company shall maintain the following financial ratio, and be inspected once every half year:
 - A. Liquidity ratio (current asset/current liability): over 100% (included).
 - B. Debt ratio (balance of debt/net value): For 2010, it should maintain below 220%; For 2021 and 2022, it should maintain below 200%; Starting from 2023, it should maintain below 180%(inclusive).
 - C. Lowest tangible asset (net value-intangible asset): It should maintain above NT\$ 1 billion.
- (2) If the company does not meet the above financial ratios and standards, the company should adjust it within 9 months after the end of the fiscal year or semi-annual period. If the adjusted financial ratio after accounting adjustment or review meets the agreed, it is not considered a breach of contract. During the adjustment period, the unutilized credit line of the credit will

suspend the use of the equity to the financial ratio in accordance with the agreement, and the unused principal balance will be used. The financing interest rate shall be from the second payment date after the management bank's notice to the next payment of the agreed interest rate, the annual interest rate of the joint credit agreement is increased by an annual interest rate of 0.125%.

2.As of 31 of December of 2021, the Company's financial ratios has not breached the above promised conditions.

Note 3: This is a credit granting contract between the subsidiary Chieftek Precision International LLC and BANK OF THE WEST.

VI. FINANCIAL INFORMATION

I. Five-year financial summary of condensed balance sheet consolidated condensed statement of comprehensive income

(I) Condensed Balance Sheet and Consolidated Statement of Comprehensive Income

1. Condensed Balance Sheet

(1) Consolidated Condensed Balance Sheet

Unit: NT\$ in thousands

Fiscal Year		Financial Data for The Last Five Years (Note 1)					Financial Data as of March 31, 2022 (Note 1)
		2017	2018	2019	2020	2021	
Current assets		1,479,621	1,998,305	1,684,170	1,657,304	1,814,156	1,868,807
Property, Plant and Equipment		999,260	1,035,570	1,290,959	1,532,120	1,711,186	1,702,416
Intangible assets		123,173	124,977	120,990	101,595	79,576	77,308
Other assets		36,765	88,532	224,048	218,322	192,281	211,773
Total assets		2,638,819	3,247,384	3,320,167	3,509,341	3,797,199	3,860,304
Current liabilities	Before distribution	663,719	774,282	677,099	725,577	746,932	846,714
	After distribution	722,764	848,089	757,842	846,691	868,046	Note 2
Non-current liabilities		445,364	537,247	618,283	670,706	764,312	761,299
Total liabilities	Before distribution	1,109,083	1,311,529	1,295,382	1,396,283	1,511,244	1,608,013
	After distribution	1,168,128	1,385,336	1,376,125	1,517,397	1,632,359	Note 2
Equity attributable to shareholders of the parent company		1,529,916	1,935,855	2,024,785	2,113,058	2,285,955	2,252,291
Capital stock		620,455	738,069	811,876	811,876	811,876	811,876
Capital surplus		463,051	440,667	440,667	440,667	440,667	440,667
Retaining earnings	Before distribution	577,321	774,166	801,636	923,388	1,110,588	1,062,338
	After distribution	518,276	700,359	720,893	802,274	908,731	Note 2
Other equity interest		(12,367)	(17,047)	(29,394)	(36,323)	(50,626)	(36,040)
Treasury stock		(118,544)	-	-	(26,550)	(26,550)	(26,550)
Non-controlling interest		(180)	-	-	-	-	-
Total equity	Before distribution	1,529,736	1,935,855	2,024,785	2,113,058	2,285,955	2,252,291
	After distribution	1,470,691	1,862,048	1,944,042	1,991,944	2,164,841	Note 2

Note 1: The financial data of 2017, 2018, 2019, 2020, and 2021 has been audited by the CPA, and the financial data as of March 31, 2022 has not been audited by the CPA.

Note 2: The distribution of surplus for the 2021 fiscal year was resolved at the Board of Directors meeting on March 2, 2022, that cash dividend of NT\$1.5 per share and stock dividend of NT\$1.0 will be distributed. The proposal will be reported to Shareholders' Meeting on May 27, 2022.

(2) Parent Company only Balance Sheet

Unit: NT\$ in thousands

Fiscal Year		Financial Data for The Last Five Years (Note 1)				
		2017	2018	2019	2020	2021
Current assets		1,145,130	1,629,699	1,394,779	1,291,381	1,478,753
Property, Plant and Equipment		814,135	848,825	1,105,943	1,361,380	1,549,834
Intangible assets		42,907	101,446	120,143	101,250	79,576
Other assets		410,340	489,093	513,305	622,978	569,385
Total assets		2,412,512	3,069,063	3,134,170	3,376,989	3,677,548
Current liabilities	Before distribution	525,300	645,417	557,094	676,285	705,616
	After distribution	584,345	719,224	637,837	797,399	826,730
Non-current liabilities			487,791	552,291	587,646	685,977
Total liabilities	Before distribution	882,596	1,133,208	1,109,385	1,263,931	1,391,593
	After distribution	941,641	1,207,015	1,190,128	1,385,045	1,512,707
Equity attributable to shareholders of the parent company			1,935,855	2,024,785	2,113,058	2,285,955
Capital stock			738,069	811,876	811,876	811,876
Capital surplus			440,667	440,667	440,667	440,667
Retaining earnings	Before distribution	577,321	774,166	801,636	923,388	1,110,588
	After distribution	518,276	700,359	720,893	802,274	908,731
Other equity interest			(17,047)	(29,394)	(36,323)	(50,626)
Treasury stock			-	-	(26,550)	(26,550)
Non-controlling interest			-	-	-	-
Total equity	Before distribution	1,529,916	1,935,855	2,024,785	2,113,058	2,285,955
	After distribution	1,470,871	1,862,048	1,944,042	1,991,944	2,084,098

Note 1: The financial data of 2017, 2018, 2019, 2020, and 2021 has been audited by the CPA, and the financial data as of March 31, 2022 has not been audited by the CPA.

Note 2: The distribution of surplus for the 2021 fiscal year was resolved at the Board of Directors meeting on March 2, 2022, that cash dividend of NT\$1.5 per share and stock dividend of NT\$1.0 will be distributed. The proposal will be reported to Shareholders' Meeting on May 27, 2022.

2. Consolidated Condensed Statement of Comprehensive Income

(1) Consolidated Condensed Statement of Comprehensive Income

Unit: NT\$ in thousand

Fiscal Year Items	Financial Data for The Last Five Years (Note 1)					Financial Data as of March 31, 2022 (Note 1)
	2017	2018	2019	2020	2021	
Operating revenue	1,488,259	2,078,901	1,300,351	1,381,885	1,856,920	393,435
Gross profit	622,967	988,326	581,662	565,935	773,787	161,181
Income from operations	332,517	604,894	241,539	276,369	483,380	73,255
Non-operating income and expense	(32,393)	4,943	(19,312)	(14,874)	(36,121)	20,468
Income before tax	300,124	609,837	222,227	261,495	447,259	93,723
Net income of this term from continuous operation	237,872	471,252	174,644	203,095	308,789	72,864
Loss from discontinued operations	-	-	-	-	-	-
Net income (Loss)	237,872	471,252	174,644	203,095	308,789	72,864
Other comprehensive income (income after tax)	(7,507)	(6,088)	(11,907)	(7,529)	(14,778)	14,586
Total comprehensive income	230,365	465,164	162,737	195,566	294,011	87,450
Net income attributable to shareholders of the parent company	238,171	472,717	174,644	203,095	308,789	66,479
Net income attributable to non-controlling interest	(299)	(1,465)	-	-	-	-
Comprehensive profit/loss attributable to Shareholders of the parent company	230,668	466,615	162,737	195,566	294,011	87,450
Comprehensive profit/loss attributable to non-controlling interest	(303)	(1,451)	-	-	-	-
Earnings per share	2.73	5.82	2.15	2.51	3.82	0.90

Note 1: The financial data of 2017, 2018, 2019, 2020, and 2021 has been audited by the CPA, and the financial data as of March 31, 2022 has not been audited by the CPA.

(2) Parent Company only Statement of Comprehensive Income

Unit: NT\$ in thousand

Fiscal Year Items	Financial Data for The Last Five Years (Note 1)				
	2017	2018	2019	2020	2021
Operating revenue	1,198,518	1,836,489	1,040,726	1,068,294	1,443,674
Gross profit	418,680	734,194	400,369	378,433	527,757
Income from operations	239,034	494,087	214,952	203,682	344,562
Non-operating income and expense	39,456	93,373	(4,593)	44,064	46,199
Income before tax	278,490	587,460	210,359	247,746	390,761
Net income of this term from continuous operation	238,171	472,717	174,644	203,095	308,789
Loss from discontinued operations	-	-	-	-	-
Net income (Loss)	238,171	472,717	174,644	203,095	308,789
Other comprehensive income (income after tax)	(7,503)	(6,102)	(11,907)	(7,529)	(14,778)
Total comprehensive income	230,668	466,615	162,737	195,566	294,011
Net income attributable to shareholders of the parent company	238,171	472,717	174,644	203,095	308,789
Net income attributable to non-controlling interest	-	-	-	-	-
Comprehensive profit/loss attributable to Shareholders of the parent company	230,668	466,615	162,737	195,566	294,011
Comprehensive profit/loss attributable to non-controlling interest	-	-	-	-	-
Earnings per share	2.73	5.82	2.15	2.51	3.82

Note 1: The financial data of 2017, 2018, 2019, 2020, and 2021 has been audited by the CPA, and the financial data as of March 31, 2022 has not been audited by the CPA.

(II) Condensed Balance Sheet and Consolidated Statement of Income – based on SFAS:Not applicable.

(III) CPA's Names and Audit Opinions for the Last Five Years:

1. CPA's names and audit opinions for the last five years are listed as bellow:

Year	Accounting Firm	CPA	Audit Opinion
2017	PwC TW	CPA LIN YUNG-CHIH, LIN TZU-YU	Unqualified
2018	PwC TW	CPA LIN YUNG-CHIH, LIN TZU-YU	Unqualified
2019	PwC TW	CPA LIN YUNG-CHIH, LIN TZU-YU	Unqualified
2020	PwC TW	CPA LIN YUNG-CHIH, LIN TZU-YU	Unqualified
2021	PwC TW	CPA LIN YUNG-CHIH, TIENCHUNG-YU	Unqualified

2. Explanation to the reason of accountant change in recent five years:

(1) The financial statement of the Company was originally appointed PwC TW Accountant LIN YUNG-CHIH and LIN TZU-YU for check and audit; in order to cooperate with the internal adjustment of PwC TW, it has changed to appoint PwC TW Accountant LIN YUNG-CHIH and TIEN CHUNG-YU for check and audit since 2021.

II. Five-year financial analysis

(I) Financial Analysis – Based on IFRS

1. Consolidated Financial Analysis

Unit: NT\$ in thousand

Analysis Item		Financial Data for The Last Five Years (Note 1)					Financial Data as of March 31, 2022 (Note 2、Note 3)
		Fiscal Year	2017	2018	2019	2020	
Financial structure (%)	Debt Ratio	42.03	40.39	39.02	39.79	39.80	41.66
	Ratio of long-term capital to real estate, plant and equipment	197.66	238.82	204.74	181.69	178.25	177.02
Solvency %	Current ratio	222.93	258.08	248.73	228.41	242.88	220.71
	Quick ratio	163.17	166.99	150.40	146.68	177.64	159.03
	Interest earned ratio (times)	26.07	37.91	15.85	18.60	37.83	26.89
Operating performance	Accounts receivable turnover (times)	3.69	4.44	3.05	3.68	4.31	3.68
	Average collection days	99	82	120	99	85	99
	Inventory turnover (times)	2.10	1.86	1.01	1.24	1.91	1.76
	Accounts payable turnover (times)	5.48	5.06	4.47	7.25	6.41	4.80
	Average days in sales	174	196	361	294	191	207
	Real estate, plant and equipment turnover (times)	1.57	2.04	1.12	0.98	1.15	0.92
	Total assets turnover (times)	0.62	0.71	0.40	0.40	0.51	0.40
Profitability	Return on total assets (%)	10.25	16.49	5.66	6.22	8.60	7.92
	Return on equity (%)	16.47	27.28	8.82	9.82	14.04	12.84
	Pre-tax income to paid-in capital (%) (Note 8)	48.37	82.63	27.37	32.21	55.09	11.54
	Net profit ratio (%)	15.98	22.74	13.43	14.70	16.63	18.52
	Earnings per share (NT\$)	2.73	5.82	2.15	2.51	3.82	0.90
Cash flow	Cash flow ratio (%)	61.28	41.56	24.30	47.91	83.36	70.20
	Cash flow adequacy ratio (%)	299.00	199.40	139.49	109.41	109.25	108.29
	Cash reinvestment ratio (%)	11.99	7.54	2.43	6.77	11.74	3.49
Leverage	Operating leverage	1.37	1.17	1.43	1.37	1.21	1.34
	Financial leverage	1.04	1.03	1.06	1.04	1.01	1.05

Please explain reasons for changes in financial ratios over the last 2 fiscal years: (If the increases or decreases is less than 20%, no analysis is required)

1. The increase on Inventory turnover (times) and the decrease on average inventory turnover days was the result of increased demand on medical and semi-conductor related equipment, which increased the sales and reduced the inventory.
2. The increase on interest coverage ratio, total asset turnover ratio, return on equity, ratio of net profit before tax to paid-in capital, increase in earnings per share, increase in cash flow ratio and cash reinvestment ratio were due to:
 - (1) Increase sales in value and volume, so purchase increased, and there was good efficiency in destocking.
 - (2) The increase in net profit for the current period.
 - (3) The increase of cash reinvestment ratio resulted from the increases of real estate, plants and equipment, which was due to the phase 2 construction of Tree Valley.

Note 1: The financial data of 2017, 2018, 2019, 2020, and 2021 had been audited by the CPA.

Note 2: The financial data as of March 31, 2022 had not been audited by the CPA.

Note 3: Relevant operation capacity and profitability related financial ratio is calculated by the annual figure.

Note 4: Calculation formulas are as below:

1. Financial structure

- (1) Ratio of liability to asset = total liability / total asset.
- (2) Ratio of long-term capital to real estate, plant and equipment = (total equity + non-current liability) / net amount of real estate, plant and equipment.

2. Solvency

- (1) Current ratio = current asset / current liability.
- (2) Quick ratio = (current asset – inventory – prepaid expense) / current liability.
- (3) Interest earned ratio = net profit before income tax and interest expense / current interest expense.

3. Operating performance

- (1) Accounts payable (including accounts receivable and notes receivable caused by business) turnover ratio = net sales / average accounts receivable ((including accounts receivable and notes receivable caused by business) balance).
- (2) Average collection days = 365 / accounts payable turnover ratio.
- (3) Inventory turnover ratio = sales cost / average inventory.
- (4) Accounts payable (including accounts payable and notes payable caused by business) turnover ratio = sales cost / balance of average accounts payable (including accounts payable and notes payable caused by business).
- (5) Average days in sale = 365 / inventory turnover ratio.
- (6) Real estate, plant and equipment turnover ratio = net sales / net amount of average real estate, plant and equipment.
- (7) Total assets turnover ratio = net sales / average total assets.

4. Profitability

- (1) Return on assets = (after-tax profit and loss + interest expense × (1 – tax rate)) / average total assets.
- (2) Return on equity = after-tax profit and loss / average total equity.
- (3) Net profit ratio = after-tax profit and loss / net sales.
- (4) Earnings per share = (equity attributable to shareholders of parent company – preference dividend) / weighted average issued share number. (Note 5)

5. Cash flow

- (1) Cash flow ratio = net cash flow of operating activity / current liability.
- (2) Net cash flow adequacy ratio = net cash flow of operating activity in recent five years / recent five years (capital expenditure + inventory increase + cash dividend).
- (3) Cash reinvestment ratio = (net cash flow of operating activity – cash dividend) / (gross amount of real estate, plant and equipment + long-term investment + other non-current asset + working capital). (Note 6)

6. Leverage:

- (1) Operating leverage = (net operating revenue – changed operating costs and expense) / operating profit. (Note 7)
- (2) Financial leverage = operating profit / (operating profit – interest expense).

Note 5: Calculation formula of above earnings per share shall pay attention to following items when measuring:

1. Subject to weighted average common share number, not based on issued share numbers in the end of the year.
2. If there is increment of cash or treasury stock transaction, it shall consider the circulation period, and calculate the weighted average share number.
3. If there is surplus transferred to increment or capital reserve transferred to investment, when calculating the earnings per share of the previous year and half year, it shall trace and adjust according to increment proportion, without any consideration of issuing period of the increment.
4. If the special stock is the inconvertible accumulative special stock, its dividend of that year (no matter issued or not) shall be deducted from the profit (loss) for the year, or increase the after-tax net loss. If the special stock is non-cumulative type, when there is after-tax dispute, the special stock dividend shall be deducted from the profit (loss) for the year; if it is loss, it shall not be adjusted.

Note 6: Cash flow analysis shall pay special attention to the following items when measuring:

1. Net cash flow of operating activity refers to net cash inflow of operating activity in cash flow statement.
2. Capital expenditure refers to the cash outflow of annual capital investment.
3. Inventory increment shall only be accounted when the ending balance is greater than beginning balance, and if the inventory decreases in the end of the year, it shall be calculated as zero.
4. Cash dividends include the cash dividend of common stock and special stock.
5. Real estate, plant and equipment gross refer to the sum of real estate, plant and equipment before deducting the accumulated depreciation.

Note 7: Issuer shall divide the operating costs and operating expenses into the fixed and changeable one; if estimation or subjective judgment is involved, it shall pay attention to the rationality and maintain the consistency.

Note 8: If the company share has no denomination or the denomination per share is not NT\$ \$ 10, the above ratio calculation related to paid-in capital shall be changed to calculate the ratio of equity attributable to shareholders of parent company of balance sheet.

2. Parent Company only Financial Analysis

Unit: NT\$ in thousand

Analysis Item		Fiscal Year		Financial Data for The Last Five Years (Note 1)					Financial Data as of March 31, 2022 (Note 2、Note 3)
		2017	2018	2019	2020	2021			
Financial structure (%)	Debt Ratio	36.58	36.92	35.40	37.43	37.84			
	Ratio of long-term capital to real estate, plant and equipment	231.81	285.53	233.02	198.38	191.76			
Solvency %	Current ratio	218.00	252.50	250.37	190.95	209.57			
	Quick ratio	160.62	165.47	154.69	119.48	149.03			
	Interest earned ratio (times)	31.80	63.18	21.84	24.77	41.18			
Operating performance	Accounts receivable turnover (times)	3.01	3.67	2.10	2.55	3.50			
	Average collection days	121	99	174	143	104			
	Inventory turnover (times)	2.93	2.42	1.20	1.41	2.09			
	Accounts payable turnover (times)	5.01	4.95	4.10	6.34	5.59	Not applicable		
	Average days in sales	125	151	304	259	175			
	Real estate, plant and equipment turnover (times)	1.42	2.21	1.06	0.87	0.99			
	Total assets turnover (times)	0.53	0.67	0.34	0.33	0.41			
Profitability	Return on total assets (%)	10.77	17.52	5.87	6.41	8.86			
	Return on equity (%)	16.49	27.28	8.82	9.82	14.04			
	Pre-tax income to paid-in capital (%) (Note 8)	44.88	79.59	26.48	30.52	48.13			
	Net profit ratio (%)	19.87	25.74	16.78	19.01	21.39			
	Earnings per share (NT\$)	2.73	5.82	2.15	2.51	3.82			
Cash flow	Cash flow ratio (%)	43.76	45.85	34.35	49.28	84.71			
	Cash flow adequacy ratio (%)	263.77	224.76	138.01	102.90	109.76			
	Cash reinvestment ratio (%)	6.13	7.91	3.25	6.63	11.51			
Leverage	Operating leverage	1.41	1.26	1.32	1.35	1.17			
	Financial leverage	1.04	1.02	1.04	1.04	1.01			

Please explain reasons for changes in financial ratios over the last 2 fiscal years: (If the increases or decreases is less than 20%, no analysis is required)

- The increase in quick ratio, accounts receivable turnover rate, inventory turnover rate, and total asset turnover rate were mainly due to the increase in demand for medical and semiconductor-related equipment, while the increase in sales amount and quantity were due to good efficiency in destocking.
- Increase in interest coverage ratio, increase in return on assets, increase in return on assets, increase in the ratio of net profit before tax to paid-in capital, increase in cash flow ratio, decrease in cash reinvestment ratio, and decrease in allowable cash flow ratio are due to:
 - The increase in interest coverage ratio, return on assets, return on assets, increase in the ratio of net profit before tax to paid-in capital, and increase in cash flow ratio are due to the increase in net profit for the current period.
 - The decrease of cash reinvestment ratio resulted from the increases of real estate, plants and equipment, which was due to the phase 2 construction of Tree Valley.

Note 1: The financial data of 2017, 2018, 2019, 2020, and 2021 had been audited by the CPA.

Note 2: Calculation formulas are as below:

1. Financial structure

- (1) Ratio of liability to asset = total liability / total asset.
- (2) Ratio of long-term capital to real estate, plant and equipment = (total equity + non-current liability) / net amount of real estate, plant and equipment.

2. Solvency

- (1) Current ratio = current asset / current liability.
- (2) Quick ratio = (current asset – inventory – prepaid expense) / current liability.
- (3) Interest earned ratio = net profit before income tax and interest expense / current interest expense.

3. Operating performance

- (1) Accounts payable (including accounts receivable and notes receivable caused by business) turnover ratio = net sales / average accounts receivable ((including accounts receivable and notes receivable caused by business) balance).
- (2) Average collection days = 365 / accounts payable turnover ratio.
- (3) Inventory turnover ratio = sales cost / average inventory.
- (4) Accounts payable (including accounts payable and notes payable caused by business) turnover ratio = sales cost / balance of average accounts payable (including accounts payable and notes payable caused by business).
- (5) Average days in sale = 365 / inventory turnover ratio.
- (6) Real estate, plant and equipment turnover ratio = net sales / net amount of average real estate, plant and equipment.
- (7) Total assets turnover ratio = net sales / average total assets.

4. Profitability

- (1) Return on assets = (after-tax profit and loss + interest expense × (1 – tax rate)) / average total assets.
- (2) Return on equity = after-tax profit and loss / average total equity.
- (3) Net profit ratio = after-tax profit and loss / net sales.
- (4) Earnings per share = (equity attributable to shareholders of parent company – preference dividend) / weighted average issued share number. (Note 5)

5. Cash flow

- (1) Cash flow ratio = net cash flow of operating activity / current liability.
- (2) Net cash flow adequacy ratio = net cash flow of operating activity in recent five years / recent five years (capital expenditure + inventory increase + cash dividend).
- (3) Cash reinvestment ratio = (net cash flow of operating activity – cash dividend) / (gross amount of real estate, plant and equipment + long-term investment + other non-current asset + working capital). (Note 6)

6. Leverage:

- (1) Operating leverage = (net operating revenue – changed operating costs and expense) / operating profit. (Note 7)
- (2) Financial leverage = operating profit / (operating profit – interest expense).

Note 3: For the calculation formula of the above earnings per share, the following matters shall be paid attention to:

1. Be subject to the weighted average of common stock shares rather than by then end of the year.
2. The one goes through a cash capital increase or treasury stock trading shall consider calculating the weighted average outstanding shares during the circulation period.
3. The one goes through surplus capital increase or turn add equity capital accumulation fund shall carry out retroactive adjustment based on capital increase ratio when calculating the earnings per share of previous years and semiannual.
4. If the preferred stock is the non-convertible cumulative stock, the current annual dividend (whether issued or not) shall be deducted from post-tax profit or added to post-tax loss. If the preferred stock is not cumulative, it shall be deducted from the post-tax profit; and it needs no adjustment if it losses.

Note 4: Pay attention to the following matters when measuring cash flow analysis:

1. Operating activities net cash flow refers to the net cash inflows of operating activities in the Cash Flow Table.
2. Capital expenditure refers to capital investment cash outflows each year.
3. Inventory increases is only included when ending balance is larger than beginning balance. If the inventory at the end of year is decreased, then it will be calculated as zero.
4. Cash dividends include common stock and preferred stock's cash dividends.
5. Fix asset's gross amount refers to the total fixed assets before deducting accumulated depreciation.

Note 5: The issuer shall divide operating costs and operating expenses as fixed or changed depending on the nature. If estimation or subjective judgment is involved, it shall pay attention to its rationality and maintain consistency.

III. Auditing report for recent annual financial statement prepared by supervisor

CHIEFTEK PRECISION CO., LTD. Supervisor's Auditing Report

Hereby to approve,

The Board of Directors prepares the Financial Statement, Operating Report, and Earnings Distribution Plan for the year of 2021. The undersigned PwC TW CPA LIN YUNG-CHIH and TIEN CHUNG-YU have duly audited the 2021 Financial Statement, and issued recorded unqualified opinion auditing report. All statistical forms are reviewed and complied in accordance with the law after being reviewing by this Committee. In accordance with Article 219 of the Company Act, the Committee hereby approved the relevant Reports.

With respect,

CHIEFTEK PRECISION CO., LTD. 2022 SHAREHOLDERS' MEETING

CHIEFTEK PRECISION CO., LTD.

Chair of the Auditing Commission: WEI NAI-CHANG

March 2, 2022

IV. Recent annual financial statement: Please refer to Appendix 1.

V. The most recent annual financial statement to corporate entity audited and certified by accountant: Please refer to Appendix 2.

V. If any financial difficulties happen to the company and its affiliate enterprises by the deadline of annual report printing, then its impact on the company's financial condition is: None.

VII. REVIEW OF FINANCIAL CONDITIONS, FINANCIAL PERFORMANCE, AND RISK MANAGEMENT

I. Review and Analysis of Financial Condition

(I) Comparative analysis table of financial condition

Unit: NT\$ in thousands

Account subject \ Year	2021	2020	Increased (decreased)	
	Amount	Amount	Amount	%
Current assets	1,814,156	1,657,304	156,852	9.46%
Property, plant and equipment	1,711,186	1,532,120	179,066	11.69%
Intangible assets	79,576	101,595	(22,019)	(21.67%)
Other assets	192,281	218,322	(26,041)	(11.93%)
Total assets	3,797,199	3,509,341	287,858	8.20%
Current liabilities	746,932	725,577	21,355	2.94%
Non-current liabilities	764,312	670,706	93,606	13.96%
Total liabilities	1,511,244	1,396,283	114,961	8.23%
Equity attributable to owners of the parent	2,285,955	2,113,058	172,897	8.18%
Capital stock	811,876	811,876	0	0.00%
Capital reserves	440,667	440,667	0	0.00%
Retained earnings	1,110,588	923,388	187,200	20.27%
Other equity interest	(50,626)	(36,323)	(14,303)	(39.38%)
Treasury stock	(26,550)	(26,550)	0	0.00%
Non-controlling interests	0	0	0	0.00%
Total equity	2,285,955	2,113,058	172,897	8.18%
<p>Explain reasons for changes (Changes over 20% and the amount of change reach NT\$10 million or more):</p> <ol style="list-style-type: none"> The intangible assets decreased by NT\$22,019 thousands compared with the previous period, mainly because the specialized technology (listed as “intangible assets - other intangible assets”) acquired by the company at the price of equity is about to expire. The estimated recoverable amount is \$-. The book value was set aside for impairment loss of NT\$12,874 thousands. The retained earnings increased by NT\$187,200 thousands compared with the previous period, which was mainly due to the increase in the demand for medical and semiconductor-related equipment in 2021, the increase in sales, and the increase in profit. 				

II. Analysis of financial performance

(I) Comparative analysis table of financial performance:

Unit: NT\$ in thousands

Account subject	Year	2021	2020	Increased (decreased)	
		Amount	Amount	Amount	%
Sales revenue		1,856,920	1,381,885	475,035	34.38%
Operating margin		773,787	565,935	207,852	36.73%
Operation profit and loss		483,380	276,369	207,011	74.90%
Non-operating income and expense		(36,121)	(14,874)	(21,247)	(142.85%)
Net profit before tax		447,259	261,495	185,764	71.04%
Net profit of the term to continuous operation unit		308,789	203,095	105,694	52.04%
Loss of discontinued operation		-	-	-	-
Net profit (loss) of the term		308,789	203,095	105,694	52.04%
Other comprehensive (loss) Income (net profit after tax)		(14,778)	(7,529)	(7,249)	(96.28%)
Total comprehensive income (loss)		294,011	195,566	98,445	50.34%
Net profit attributable to the owner of parent company		308,789	203,095	105,694	52.04%
Non-controlling interest's net profit		-	-	-	-
Parent company owner's consolidated profit		294,011	195,566	98,445	50.34%
Comprehensive profit attributable to the owner of parent company		-	-	-	-
Earnings per share (NT\$)		3.82	2.51	1.31	52.19%
Explain reasons for changes (Changes over 20% and the amount of change reach NT\$10 million or more):					
<p>1. Current period operating income, operating gross profit, operating profit and loss, net profit before tax, current net profit of continuing operating units, current net profit, total comprehensive profit and loss for the current period, net profit attributable to owners of the parent company, total comprehensive profit and loss attributable to owners of the parent company, and increase in earnings per share, were mainly due to:</p> <p>(1) In 2021, under the slowdown of the spread of the COVID-19 pandemic, the global economy began to recover, but the Omicron variant set off another wave of epidemics, which also had multiple impacts on the global economy as the virus spread. During the pandemic, large-scale bailouts, fiscal easing, monetary policy and revitalization measures were generally implemented. With high-quality products and key technologies such as linear slides, linear motors and driver controls, cpc has seized the opportunity to expand its business and market share. Coupled with the prosperity of the medical and semiconductor equipment industries, the Company's operating income</p>					

- has increased by as much as 34.38%.
- (2) Since the fourth quarter of 2021, exhibitions in various places have resumed successively, resulting in an increase of NT\$13,997 thousands in marketing expenses.
 - (3) The continuous development of high-end technologies such as miniature linear motor modules, robotic arms and upper control platforms resulted in an increase of NT\$9,189 thousands in R&D expenses.
2. Net non-operating income and expenses decreased by NT\$21,247 thousands mainly due to:
- (1) the effects of the appreciation of NTD; there was an exchange loss of NT\$12,159 thousands in 2020, and an exchange loss of NT\$28,637 thousands in 110, an increase of NT\$16,478 thousands.
 - (2) In 2020, intangible assets were impaired by NT\$9,049 thousands. In 2021, intangible assets were impaired by NT\$12,874, an increase of NT\$3,825 thousands.

- (II) The expected sales volume and its basis, the possible impact on the company's future financial business and the corresponding plan:

Through self-developed products, the company is moving towards the goal of becoming a highly flexible system integrated developer. Under the general trend of Industry 4.0, the company provides products and services for key components, and also meets customers' needs for total solution technology and enhances the company's value and status on the market. The company will set sales targets and strive to achieve them based on industry market conditions and past experience.

III. Cash flow

(I) Liquidity Analysis for the Current Year:

Unit: NT\$ in thousands

Account subject	Year	2021	2020	Increased (decreased)	
		Amount	Amount	Amount	%
Operating activities inflows (outflows)		622,648	347,646	275,002	79.10%
Investment activities inflows(outflows)		(278,286)	(357,634)	79,348	22.19%
Financial activities inflows (outflows)		(181,325)	(11,822)	(169,503)	(1,433.79%)
Effect of exchange rate		(15,684)	(1,727)	13,957	808.16%
Net cash inflows (outflows)		147,353	(23,537)	170,890	726.05%
<p>1. Decrease in net cash inflow from operating activities: The extent of the impact of the COVID-19 pandemic has improved compared to 2020, coupled with the booming semiconductor industry, resulting in an increase in turnover and receivables; this also led to an increase in inventory purchasing, payables, and profits.</p> <p>2. Net cash outflows is decreased: It is because phase 2 construction of Tree Valley is under execution which results in increase of unfinished construction.</p> <p>3. Net cash outflow from financing activities increased: It was mainly due to the continuous construction of "Tree Valley Plant," resulting in increase of borrowings for construction payment.</p>					

(II) Remedy for Cash Flow analysis for coming year:

Unit: NT\$ in thousands

Cash Surplus in the beginning (1)	Estimated Cash Flow from Operating Activities for the Year (2)	Estimated Cash outflow for the Year (3)	Estimated Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Investment Plans
801,950	148,050	(300,000)	650,000	-	-
Analysis of cash flow change for the coming year: 1. Operating activities: Despite the continued impact of the COVID-19 pandemic in 2021, the semiconductor and medical-related industries are booming, and operating activities are expected to generate net cash inflows. 2. Investment activities: It is expected that the "New construction of factory building on Tree Valley Park" and the purchasing of related machinery and equipment will continue in 2022, resulting in expected net cash outflows from investment activities. 3. Financial activities: It is expected that the "Phase 2 construction of factory building on Tree Valley Park" will continue to require need of fund-raising and trigger a 7-year joint credit granted by 11 banks includes Mega International Commercial Bank and other banks. It is estimated that the increased long-term credit loan and the repayment for short-term loan would generate net cash inflow.					

(III) Improvement plan for illiquidity:

The Company has no illiquidity issues in the most recent year.

IV. Analysis of cash flow change for the coming year:

(I) Reason for plant construction and benefits

Plant area	Products manufactured	Annual capacity	Remark
New construction of factory building on Phase II Tree Valley Park	Linear Guide	Expand the business scale and increase the operating revenue.	

1. Main reason for plant construction:

- (1) In order to deal with requirements of the market and sales and needs of the Company's operation development in the future, the Company has planned to construct phase 2 factory and purchase related machines and equipment at Tree Valley Park.
- (2) Has improved the capacity of linear guide and linear motor (module).
- (3) Based on the needs of the Company's future operations, has planned to build the new plants (Phase I and Phase II) on the land of Tree Valley Park, in order to meet the Company's operational needs.

2. Benefits: Expand the business scale and increase the operating revenue and profit.

(II) The impact on the Company's financial business

Please refer to the description in Section III Cash Flow above.

- V. Main causes for profits of losses, improvement plans and investment plans for the coming year
- (I) The Company's reinvestment policy shall focus on business-related field with an expectation to improve its overall operating performance. Relevant executive departments shall implement in accordance with internal control system "Investment Cycle" and "Procedures for Acquisition or Disposal of Assets"; stipulate "Subsidiary Management Approach" for internal control system to facilitate motoring each subsidiary to stipulate relevant operating procedure on major financial and business matters and establish subsidiary operating risk management system in accordance with laws to maximize the performance.

- (II) Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year:

Unit: NT\$ in thousand

Item	Description	Profit or loss amount of 2021	Main reason of profit or loss	Improvement plans	Investment plans for the coming year
	CHIEFTEK PRECISION HOLDING CO., LTD.	27,162	Recognized as profit and loss on investments of CHIEFTEK PRECISION (HONG KONG) CO., LTD.	-	None
	cpc Europa GmbH	36,364	Mainly due to growth of revenue.	-	None
	Chieftek Precision International LLC	1,091	Mainly due to the rental income of leased real estate is greater than the daily operating expenses.	-	None
	CHIEFTEK PRECISION (HONG KONG) CO., LTD.	38,964	Recognized as profit and loss on investments of Chieftek Machinery Kunshan Co., Ltd.	-	None
	CHIEFTEK PRECISION USA CO., LTD.	21,689	Mainly due to growth of revenue.	-	None
	Chieftek Machinery Kunshan Co., Ltd.	42,871	It's still profitable with less revenues though.	-	None

- (III) The Investment Plan in for the Coming Year: Depending on the operating conditions the reinvestment business.

VI. Analysis of risk management

- (I) Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures:

1. Interest Rates:

The Company's 2021 and 2020 annual interest payment is NT\$12,005 thousand and NT\$14,675 thousand respectively, accounting for 0.65% and 1.06% of Net Operating Revenue respectively.

- (1) The interest expense in fiscal year 2021 decreased by NT\$ 2,670 thousand compared with fiscal year 2020, but as the turnover in fiscal year 2021 increased compared with fiscal year 2020, the ratio of interest expense to net revenue decreased by 0.09%.

- (2) The revenue increased in 2021. The Company supporting the government's 'Welcome Taiwanese Business Reinvest Taiwan Action Program' by building new plants (Phase II) in Tree Valley Park, and with the program, the interest expense was slightly decreased.
- (3) The Company regularly evaluates bank borrowing rates and maintains close contact with banks to obtain preferential interest rates and reduce interest expenses (the lowest interest was 0.57%, which means the financial institutions is supporting the Company's performance). Combine with the continuous growth in revenue in the past two years and lower interest expenditure, the interest rate changes will not have a significant impact on the company.

2. Exchange Rates:

The Company's export revenue is mainly in US dollars, Euros, and Yen, while the foreign currency is mainly in Euros and Yen. Therefore, part of assets and liabilities have natural hedging effects. However, in response to the risk of exchange rate changes, the Company has actively collected exchange rate changes to grasp and research the trend of exchange rate, as well as take appropriate hedging measures to reduce the impact of exchange rate risk.

- (1) The Company's 2021 net loss on currency exchange is NT\$28,637 thousand and 2020 net loss on currency exchange is NT\$12,159 thousand, accounting for 1.54% and 0.88% of net operating revenue respectively, mainly due to the appreciation of NTD.
- (2) However, as the proportion of the exchange gains and losses accounting for revenue is not high, the whole exchange rate has not been a major risk burden on profitability.

3. Inflation:

In terms of the profitability of 2021 and 2020, there has no significant impact on the Company's operations and profitability due to the high inflation. However, the Company will continue to pay close attention to the fluctuations in the economic environment and the market price, in order to avoid the degree of negative effects of inflation and deflation.

(II) Policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; Major reasons and future contingency plan for the profits/losses generated thereby:

- (1) The Company is dedicated to the operation of major business, and its financial policies are based on the conservative principle. The Company did not engage in any high-risk or high-leveraged investments.
- (2) As for lending funds to others, endorsement and guarantee, and the transaction of derivative products, in addition to cautious evaluation, regular reporting and monthly control, the operation of the Company all comply with the "Procedures for Lending Funds to Others", "Procedures for Endorsement and Guarantee", "Procedures for Financial Derivatives Transactions" and "Procedures for Acquisition or Disposal of Assets" passed by the Board of Directors.
- (3) For the situation of loans to other parties, endorsements, guarantees, and derivatives transactions for 2021 and the period up to the printing of the annual report, please refer to relevant descriptions in the financial report, tables, and figures.

(III) Research and development work to be carried out in the future, and further expenditures expected for research and development work:

The company adheres to the concept of continuous research and development, long-term training of R&D personnel to carry out project research and new technology research and

development, and thereby enhance the company's competitiveness. The investment in R&D in 2021 was NT\$70,421 thousand, a decrease of NT\$9,189 thousand compared with NT\$61,232 thousand in 2019, an increase rate of 15.01%. With the development trend of Industry 4.0 and completion of Phase 1 and 2 new plant construction in Tree Valley Park, we will continue to develop automated basic precision machinery parts, and the estimated investment in research and development in 2022 will be raised to approximately NT\$ 80,000 thousand and above.

(IV) Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response:

In March 2022, the Taiwan Stock Exchange requested all listed OTC companies (i.e., all applicable companies regardless of level) to complete the "parent company" greenhouse gas inventory and verification schedule before the end of the second quarter of 2021, and submit it to the board of directors. In addition, before the end of the first quarter of 2023, the greenhouse gas inventory and verification schedule of the "Group (including all subsidiaries)" should be completed and submitted to the board of directors. Subsequently, the progress of the previous disclosure should be reported to the board of directors for control on a quarterly basis. For companies that need to complete the inventory after 2026 of application, they still have to report the implementation progress to the board of directors on a quarterly basis for control. The company will implement the regulations in accordance with the regulations and continue to discuss and respond to the relevant departments.

(V) Effect on the company's financial operations of developments in science and technology as well as industrial change, and measures to be taken in response:

There is no obvious manufacturing or related technology change in the industry or market to which the Company belongs. Therefore, there is no significant effect on the financial or business of the Company. However, with the advancement of technology in the electronics and semiconductor industries, the company will continue to invest in research and development resources, improve organizational efficiency, and pay close attention to market demands and trends to consolidate and expand market share.

(VI) Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response:

The Company's corporate image first focuses on integrity, upholding the people-oriented business philosophy, providing an environment that is challenging and full of learning, and giving full play to the potential of employees to continuously grow and expand their overall capabilities. The Company attracts outstanding talents, but does not seek illegal benefits. The Company concentrates on its own business operations with integrity, and abides by government laws and regulations to establish a fresh image in the industry with an international business model, always based on promoting social economy, improving environmental prosperity, and protecting employee welfare, and strictly abides by the laws and regulations of the competent authority. It can be seen that there is no incident of enterprise crisis management due to major changes.

(VII) Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans:

The Company has no ongoing merger and acquisition activities. In considering future M&A activities, the Company will evaluate their efficiency, risks, vertical integration and other factors in accordance with its internal control system to guarantee the Company's interests and original shareholders' equities.

(VIII) Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans:

The Company cautiously implements the plant expansion plan. Besides strengthening the financial structure through capital increase out of earnings, it also cooperates with bank club to acquire adequate funds. Moreover, the operating team of the Company owns rich industrial experience, understands the industrial demands for products, and can fully make use of the utilization rate of the new plant. The plant expansion of the Company goes through the complete, cautious and professional evaluation process. For any major capital expenditures, it shall report to director's meeting and fully considers the investment returns and possible risks.

To achieve the business goal of sustainable operation, the Company executed "Phase 2 Plant Construction in Tree Valley Park," please refer to "IV. Impact of Major Capital Expenditure Items on Financial Business" in Section VII. Review of Financial Conditions, Financial Performance, and Risk Management.

(IX) Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration:

1. Purchase

Based on industry's characteristics, quality rate, delivery and market supply and demand, the Company purchases most miniature linear guides and slide cold drawing steel from Company A (Taiwan is the main production base for the Company, so the main stock manufacture of the combined company shall be same with the parent company's). This manufacture is a world leading manufacture in cold drawing piece production, whose product quality is good. The Company has established cooperative relationship with it since the beginning and the long-term relationship is good. In order to maintain the elasticity with the supplier, the Company has not signed a long-term supply contract with Company A. And in order to avoid a shortage of materials and uncontrollable cost risk caused by a single supplier, in addition to maintain a good cooperative relationship with Company A, the Company is also actively seeking a new supplier to reduce the stock concentration. The purchase proportion from Company A has been reduced year by year since 2009 and the situation of stock concentration has been improved. The risk is limited.

2. Sales

Main products of the Company are miniature linear guides, standard linear guides and linear motors. Except the biggest customer taking 13.09% of sales, there is no customer that accounting for 10% of annual net sales. The Company has worked closely with the biggest customer for a long time and with the high demand in semi-conductor production equipment since the 4th quarter of 2020 increasing sales, it is expected that there will have no circumstances that will affect normal operation due to concentrated sales.

(X) Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings of Directors, Supervisors, or Shareholders with Shareholdings of over 10%:

As of the most recent fiscal year up to the date the annual report is printed, the shareholdings of the Company's directors and supervisors have been stable during the last few years, and there have been no major transfers or swaps of shares.

(XI) Effects of, Risks Relating to and Response to the Changes in Management Rights:

The Company's directors and supervisors actively participate in the Company's operation and the management class has stronger sense of mission to the Company, regarding company's operation as a tenure career. Our policy is to maintain a steady ownership and management structure. As of the date of this Annual Report, such risks were not identified by the Company.

(XII) Litigation or other non-litigation involved:

1. Until the printing date of Company's recent annual report, major ongoing lawsuits, non-lawsuits or administrative lawsuits, the matters that may have significant impact on shareholder's equity or security price are: None.
 - (1) **cpc** and its contractor Hua Feng Construction, has disputes on the contract execution and payment related to the construction of **cpc**'s factory in Tree Valley Park Phase I.
 - (2) Hua Feng Construction has filed **cpc** to the Tainan District Court to seek the payment, 14,075 thousand NTD and the relevant legal interest rate incurred, for the Construction on 10th March 2020. **cpc** has brought a counter lawsuit to Hua Feng Construction in March 2020. **cpc** sought Hua Feng for compensation on damage caused by the 297 days delay of completion on the construction. With the relevant evaluation, the the repairing cost would be 6,169 thousand NTD. The total damage **cpc** asks Hua Feng to cover would be 36,366 thousand NTD and the relevant legal interest rate. **cpc** seeks to offset the the amount sought by Hua Feng by its counter lawsuit.
 - (3) The Case is currently judging by the Tainan District Court. (Case Number 109 Jain-Zhi 13).

Overall the above mentioned case has been handled by lawyers and it currently under legal proceedings. The disputed amount of compensation has no significant impact to the interest of shareholders and the price of the stock.
2. Major ongoing lawsuits, non-lawsuits or administrative lawsuits caused by the Company's director, supervisor, general manager, the actual head, major shareholder who holds more than 10% of the shares and affiliated company by the date of printing the annual report, with the matters that may have major effect on shareholder's equity or security price: None.

(XIII) Other significant risks and Response Measures: None.

VII. Other important matters: None.

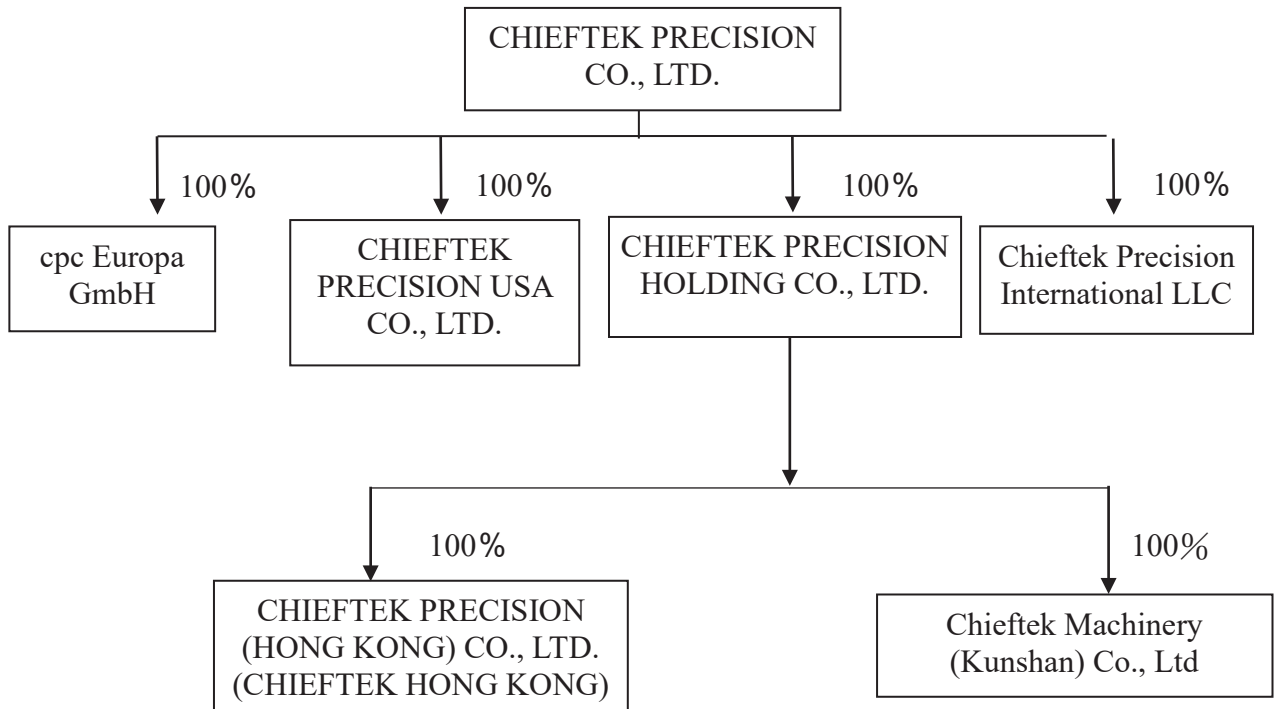
VIII.SPECIAL NOTES

I. Affiliate enterprises' relevant information

(I) Affiliate enterprises consolidated financial statements: please refer to consolidated financial statements.

(II) Affiliate enterprises consolidated operating report

1. Affiliate enterprises organizational table



2. Relationship between affiliate enterprises, shareholding ratio, share and actual investment amount

March 31, 2022; Unit: Shares in thousand / NT\$ in thousand

Affiliate enterprises name	The relationship with the Company	The company's shares held by the affiliate enterprises		Affiliate enterprises' shares held by the Company		
		Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Actual investment amount
CHIEFTEK PRECISION HOLDING CO., LTD.	The Company adopts equity method to evaluate invested company	-	-	5,100	100%	USD5,100
cpc Europa GmbH	The subsidiary CHIEFTEK PRECISION (HONG KONG) CO., LTD. adopts equity method to evaluate invested company	-	-	註 1	100%	EUR2,500
Chieftek Precision International LLC	The Company adopts equity method to evaluate invested company	-	-	註 3	100%	USD 3,600
CHIEFTEK PRECISION USA CO., LTD.	The Company adopts equity method to evaluate invested company	-	-	1,660	100%	USD1,660
CHIEFTEK PRECISION (HONG KONG) CO.,LTD.	Affiliate enterprises (cpc holdings) adopt equity method to evaluate invested company	-	-	927	100%	USD 1
Chieftek Machinery Kunshan Co., Ltd.	Affiliate enterprises (cpc holdings) adopt equity method to evaluate invested company	-	-	註 2	100%	USD5,100

Note 1: The German Company directly invested in by the Company is a limited liability company. No shares.

Note 2: The Mainland Chinese company indirectly invested in by the Company is a limited liability company. No shares.

Note 3: The US Company directly invested in by the Company is a limited liability company. No shares.

3. Basic documents of affiliate enterprises

March 31, 2022; Unit: US\$/EUR

Enterprise name	Establishment date	Address	Paid-in capital	Main business or production project
CHIEFTEK PRECISION HOLDING CO., LTD.	2007.12.20	Level 2.Lotemau Centre, Vaea Street, Apia, Samoa	USD 5,100,000	Investment holding
cpc Europa GmbH	2010.01.19	Industriepark 314,78244 Gottmadingen Germany	EUR 2,500,000	Marketing positions in Europe and after-sales services
Chieftek Precision International LLC	2017.07.17	2280 EAST LOCUST COURT ONTARIO, CA 91761	USD 3,600,000	Real estate leasing
CHIEFTEK PRECISION USA CO., LTD.	2008.01.08	2280 EAST LOCUST COURT ONTARIO, CA 91761	USD 1,660,000	Marketing positions in US and Canada, and after-sales services
CHIEFTEK PRECISION (HONG KONG) CO., LTD.	2008.09.26	Huamao Century Square 31 floor, Gloucester Road 178, Hong Kong	USD 927	Investment holding
Chieftek Machinery Kunshan Co., Ltd.	2008.12.26	Hongqiao Road 1186, Yushan Town, Kunshan City	USD 5,100,000	Marketing positions in mainland, assembling and after-sales service

4. Same shareholder data of the one that presumed to have control and subordinate relationship: No.

5. The industries covered by the business operated by the overall affiliate enterprises are related to the business operated by each affiliate enterprise, which shall illustrate the division situation:

The business operated by the Company's affiliate enterprises are the same with the Company's, which are based on "linear motion key components", supporting each other in technology, capacity.

6. Documents of each affiliate enterprise's director, supervisor and general manager:

Unit: share in thousand

Enterprise name	Job Title	Name or Representative	Holding of shares	
			Shares	Shares
CHIEFTEK PRECISION HOLDING CO., LTD.	Director	CHIEFTEK PRECISION CO., LTD. Representative: CHEN LI-FEN	5,100	100%
cpc Europa GmbH	Director	CHIEFTEK PRECISION CO., LTD. Representative: CHEN LI-FEN	Non equity	100%
Chieftek Precision International LLC	Director	CHIEFTEK PRECISION CO., LTD. Representative: CHEN LI-FEN	Non equity	100%
CHIEFTEK PRECISION USA CO., LTD.	Director	CHIEFTEK PRECISION CO., LTD. Representative: CHEN LI-FEN	1,660	100%
CHIEFTEK PRECISION (HONG KONG) CO., LTD.	Director	CHIEFTEK PRECISION HOLDING CO., LTD. Representative: CHEN LI-FEN	1	100%
Chieftek Machinery (Kunshan) Co., Ltd	Director	CHIEFTEK PRECISION (HONG KONG) CO.,LTD Representative: CHEN LI-FEN	Non equity	100%
	Supervisor	Representative: LI PAI-TSANG		
	Manager	General Manager: CHEN MIN-CHANG		

7. Operation situation of each affiliate enterprise

Unit: NT\$ in thousand

Enterprise name	Capital sum (in thousands)	Total assets	Total liabilities	Net value	Revenue	Sales revenue	Current profit and loss (after tax)	Earnings per share (dollar) (after tax)
CHIEFTEK PRECISION HOLDING CO., LTD.	USD 5,100	188,567	0	188,567	0	0	27,162	0.19
cpc Europa GmbH	EUR 2,500	147,262	102,094	45,168	407,030	35,743	36,364	Non-equity
Chieftek Precision International LLC	USD 3,600	182,059	82,242	99,817	9,995	3,524	1,091	Non-equity
CHIEFTEK PRECISION USA CO., LTD	USD 1,660	117,093	68,735	48,358	150,021	14,024	21,689	0.47
CHIEFTEK PRECISION (HONG KONG) CO., LTD	USD 1	26	0	26	0	0	0	0.00
Chieftek Machinery Kunshan Co., Ltd.	RMB32,118	251,924	59,020	192,904	390,814	66,381	42,871	Non-equity

II. By the printing deadline of the latest annual report, the handling situation of private securities is: None.

III. By the printing deadline of the latest annual report, the company's stock held or disposed by subsidiary is: None.

IV. Other necessary supplementary instruction: None.

IX. BY THE PRINTING DEADLINE OF THE LATEST ANNUAL REPORT, THE MATTERS THAT PRESCRIBED IN SECURITIES EXCHANGE ACT ARTICLE 36, PARAGRAPH 3, ITEM 2 THAT HAVE GREAT IMPACT ON SHAREHOLDER'S EQUITY OR SECURITY PRICE ARE : **None.**

Appendix 1: The Financial Statement for the Most Recent Fiscal Year

**Appendix 2: The Individual Financial Statements for the Most Recent Fiscal Year,
Certified by the CPA**

Chieftek Precision Co., Ltd

Chairman: Chen, Li-Fen

Not only for users, but also for designers

cpc's products inspire you!

Together with cpc to achieve new levels of innovation!

