

# **Chieftek Precision Co., LTD.**

## **2022 Annual Shareholders' Meeting Handbook**

Convention method of shareholders' meeting: convening physically

Time : 9:00 a.m., May 27, 2022 (Friday)

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

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

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**Chieftek Precision Co., Ltd.**  
**2022 Annual Shareholders' Meeting**  
**Meeting Procedure**

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

**Chieftek Precision Co., Ltd.**  
**2022 Annual Shareholders' Meeting Agenda**

1. Time : 9:00 a.m., May 27, 2022 (Friday)
2. Place: 2F.-1, No.26, Nanke 3rd Rd., Xinshi Dist., Tainan City 744, Taiwan, R.O.C.  
(Southern Science Park Industries)
3. Attendants : Call the Meeting to Order (Report the number of attendance)
4. Chairman's Address
5. Report Items:
  - (1) Report on the Business of 2021.
  - (2) Audit Committee's Audit Report on 2021 Financial Statements.
  - (3) Report on 2021 Employees' Profit Sharing Bonus and Directors' Compensation report.
  - (4) Report on the Resolution and Implementation on Company's Shares Buyback report.
  - (5) Report on the Implementation of Endorsement and Guarantee report.
  - (6) Report on 2021 Cash Distribution of Profit.
6. Proposed Items:
  - (1) To accept 2021 Business Report and Financial Statements.
  - (2) To approve the Proposal for Distribution of 2021 Profit.
7. Discussion Items:
  - (1) 2021 Surplus Transferring Capital and Issuing new Shares.
  - (2) Amendment of "Regulations Governing the Acquisition and Disposal of Assets"
8. Extemporary Motion
9. Meeting Adjournment

# Report Items

## 1. Report on the Business of 2021.

**Explanatory Notes:** The 2021 Business Report, please refer to the Attachment 1 in the Handbook of 2022 Annual Shareholders' Meeting.

## 2. Audit Committee's Audit Report on 2021 Financial Statements.

**Explanatory Notes:** The 2021 Audit Committee's Audit Report, please refer to the Attachment 2 in the Handbook of 2022 Annual Shareholders' Meeting.

## 3. Report on 2021 Employees' Profit Sharing Bonus and Directors and Supervisors' Compensation.

**Explanatory Notes:** The 2021 Employees' Profit Sharing Bonus and Directors and Supervisors' Compensation Report, please refer to the Attachment 3 in the Handbook of 2022 Annual Shareholders' Meeting.

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

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

1. The implementation of Company's shares buyback (the implementation was finished)

December 31, 2021

Batch Order	The First Period	The Second Period
Purpose of the buy-back	Transferred the shares to employees	Transferred the shares to employees
Timeframe of buy-back	November 12, 2014 to January 9, 2015	March. 23, 2020 to May 20, 2020
Price range	NT\$ 22.30 to NT\$50.40, as the share price of Company was lower than the price range of the lower limit, Company continued the buy-back.	NT\$37.25 to NT\$131.00, as the share price of Company was lower than the price range of the lower limit, Company continued the buy-back.
Type and amount of shares buyback	Common stock 3,000,000 shares	Common stocks 445,000 shares

Batch Order	The First Period	The Second Period
Amount of shares buyback	NT\$ 118,543,503	NT\$ 26,550,420
Percentage of expected number of shares buyback held (%)	100.00%	11.24%
Eliminated and transferred shares	3,000,000 shares have been eliminated (Note 1)	0
Accumulated number of Company shares held	0	Common stocks 445,000 shares
Percentage of total Company shares held(%) (Note 2)	0%	0.55%

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

2: The implementation of Company's shares buyback (still remains in the status of the implementation): None.

## 5. Report the Implementation of Endorsement and Guarantee in 2021.

### Explanatory Notes:

(1) As of December 31, 2021, the implementation of endorsements/ guarantees for others is as following:

Company	The Highest Balance Amount of Endorsements/ Guarantees (Thousand)	The Amount of Endorsement and Guarantees (Thousand)	The Amount of Actual Drawings (Thousand)	Relationship with the Company
cpc Europa GmbH	157,590	0	0	Subsidiaries with 100% of shareholding

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

## 6. Report on 2021 Cash Distribution of Profit.

### Explanatory Notes:

(1) According to Article 240 of Company Act and Article 21 of the Company's Articles of Incorporation, the board of directors authorized by a special resolution shall distribute all or partial dividends and bonus by cash, and report to shareholders' meeting. 2021 earnings distribution statement was made (please refer to attachment 5 in the Handbook of 2022 Annual Shareholders' Meeting), distributed shareholder's cash dividend was NT\$121,113,824 (NT\$ 1.5 per share), and stock dividend

was NT\$80,742,550 (100 shares per thousand stocks), total amount was NT\$201,856,374. After approved by a resolution of meeting of the board of directors on March 2, 2022, and reported to audit committee for approval, it shall be required report and acknowledgement of 2022 annual shareholders' meeting of the Company in accordance with laws.

- (2) For distribution of cash dividends, the ratio of shareholdings specified in shareholders roster shall be calculated in accordance with dividend record date, and allotted to dollar (with amounts of less than NT\$1.00 unconditionally rounded down). The preceding dividend distribution was made after approved by annual shareholders' meeting, the board of directors shall set a dividend record date and all cash dividends with amounts of less than NT\$1 shall be conducted by a specific person, and reported to 2022 annual shareholders' meeting. In addition, as repurchasing the Company's shares, treasury stock transfer, write-off or other reasons afterward, the number of outstanding stocks was influenced, and shareholder payout ratio changed for this reason, the board of directors shall conduct relevant matters with full authority, and authorize chairman to conduct all in accordance with Company Act or relevant regulations, including but not limited to distribution date of cash dividends and ex-dividend date.

## **Proposed Items**

### **1. To accept 2021 Business Report and Financial Statements.**

*Proposed by the Board of Directors*

#### **Explanatory Notes:**

- (1) The Company's 2021 financial statements were made, including the business report and financial statements, and they were audited by accountants Lin, Yung-Chih and Tien, Chung-Yu of PwC Taiwan, and the audit report has been offered, after reported to the board of directors for approval and submitted to the audit committee for audit, and submitted to the annual shareholders' meeting for Proposed.
- (2) 2021 business report, please refer to attachment 1, audit report and financial statements made by PwC Taiwan, please refer to attachment 4 of the Handbook for the 2022 Annual Shareholders' Meeting.

#### **Resolution:**

### **1. To Approve the Proposal for Distribution of 2021 Profit.**

*Proposed by the Board of Directors*

#### **Explanatory Notes:**

- (1) The Company's 2021 earnings distribution proposal was drawn up in accordance with Company Act and the Company's Articles of Incorporation, and it was approved by a resolution of the Company's board of directors on March 2, 2022 and submitted to the audit committee for audit.
- (2) Earnings distribution statement, please refer to attachment 5 of the Handbook for the 2022 Annual Shareholders' Meeting.
- (3) After approved by annual shareholders' meeting, authorized board of directors additionally set issuing new shares record date and ex-dividend date.

#### **Resolution:**



## Discussion Items

### 1. 2021 Surplus Transferring Capital and Issuing new Shares.

*Proposed by the Board of Directors*

#### **Explanatory Notes:**

- (1) In response to the needs of business development, the Company appropriated NT\$80,742,550 in distributable earnings of year 2021, the number issuing new shares for capital increase was 8,074,255, and NT\$10 per share.
- (2) According to the ratio of shareholdings specified in shareholders roster and allotment record date, allotting 100 bonus shares per thousand shares, and the fractional share of less than one share was allotted, and shareholders shall conduct registration of rounding one share themselves to the Company's stock agency within five days from suspension date, if the fractional share is still not enough or can't be rounded as of expiry after rounding up, the denomination shall be commuted to pay in cash, and the amount shall be calculated to dollar (with amounts of less than NT\$1.00 unconditionally rounded down), and the shares shall be subscribed with the denomination by a specific person designated by authorized chairman.
- (3) The rights and obligations of the capital increase to issue new shares are the same as the existing issuance shares.
- (4) Relevant matters of record date of issuing new shares and capital increase, after they were reported to approved by competent authority, shall be drawn up by the board of directors.
- (5) Before record date of issuing new shares, as repurchasing the Company's shares, treasury stock transfer, write-off or other reasons, the number of outstanding stocks was influenced, and shareholder payout ratio changed for this reason, shall be reported to annual shareholders' meeting for authorizing the board of directors to conduct with full authority.
- (6) Relevant matters of capital increase above, after approved to amend by the competent authority, and in response to operating needs of object environment, when they are needed to altered, annual shareholders' meeting shall authorize the board of directors to conduct with full authority.

#### **Resolution:**

**2. Amendment of part of regulations of “Regulations Governing the Acquisition and Disposal of Assets”.**

*Proposed by the Board of Directors*

**Explanatory Notes:**

- (1) According to Ching Kuan Cheng Fa Tzu no. 1110380465 issued by Financial Supervisory Commission on January 28, 2022 and Tai Cheng Shang Yi Tazu no. 1110002112 issued by, it shall be conducted.
- (2) To conform to the preceding regulations of letters and establishment of audit committee, correspondingly amended the Company’s partial articles of “Regulations Governing the Acquisition and Disposal of Assets”.
- (3) Comparison of amendment of “Regulations Governing the Acquisition and Disposal of Assets”, please refer to attachment 6 of the Handbook for the 2022 Annual Shareholders’ Meeting.

**Resolution:**

**Extemporary Motion**

**Meeting Adjournment**

## Chieftek Precision Co., Ltd.

### 2021 Business Report

As the epidemic of COVID-19 has been eased in 2021, the global economics started to recover, however, variant virus Omicron raised another epidemic, and following with the expansion of the epidemic, multiple influences generated in the global economics, and therefore, the degree of economic recovery was influenced and uncertainty was raised.

All countries generally implement massive relief, easing fiscal policy, monetary policy and revitalization measures for rapidly extricating themselves from the epidemic, although boosting the economy, but financial resources were also consumed, and further fomented the inflation.

Chieftek Precision Co., Ltd. seized the time to expand business and market share by high quality products, such as linear slides, linear motors and robotic arms plus drive control, etc., and key technology, and handed over a good performance of NT\$3.82 of earnings per share in 2021.

Consolidated revenue of year 2021 was NT\$1,856,920 thousand, compared with consolidated revenue NT\$1,381,885 thousand of year 2020, and it increased NT\$475,035 thousand by 34.38%; pre-tax net profit of year 2021 was NT\$447,259 thousand, compared with pre-tax net profit NT\$261,495 thousand of year 2020, and it increased NT\$185,764 thousand by 71.04%.

The 2021 Business Report is as following:

#### 1. The Result of Implement of Business Plan

##### (1) Consolidated Income Statement for the years ended December 31, 2021 and 2020.

Unit: NT\$ thousand

Items	2021	2020	Increase (Decrease) Amount
Sales Revenue	1,856,920	1,381,885	475,035
Operating Cost	(1,083,133)	(815,950)	(267,183)
Operating Margin	773,787	565,935	207,852
Operating Margin Rate	(290,407)	(289,566)	(841)
Operating Expenses	483,380	276,369	207,011
Operating Profit	(36,121)	(14,874)	(21,247)
Non-Operating Income and Expenses	447,259	261,495	185,764
Profit Before Income Tax	308,789	203,095	105,694
Income Tax Expenses	(14,778)	(7,529)	(7,249)
Profit for the year	294,011	195,566	98,445

According to the above table

### 1. Turnover

- (1) The turnover of miniature linear slides was NT\$1,261,680 thousand, and increased by 31.33%; the turnover of large linear slides was NT\$531,382 thousand, and increased by 43.95%; the turnover of linear motors was NT\$62,836 thousand, and increased by 22.38%.
- (2) If compared by regions, the turnover decreased 3.75% in Mainland, increased 54.47% in European region, increased 31.15% in the United States, increased 39.45% in the domestic sales of Taiwan and increased 65.59% in other regions.

### 2. Operating Margin Rate

Although consolidated operating margin was influenced by appreciated New Taiwan dollar in 2021, but the growth of consolidated turnover was 34.38%, and compared with 2020, capacity utilization increased, plus the price was increased in 2021, the operating margin of year 2021 was 41.67%, and compared with 40.95% of year 2020, it increased by 0.72%.

### 3. Profits

- (2) Profit before tax was NT\$447,259 thousand in 2021, which increased by NT\$185,764 thousand with comparison of NT\$261,495 thousand in 2020, and the increasing rate was 71.04%.
- (2) Basic earnings per share of year 2021 was NT\$3.82, which increased NT\$1.31 compared with NT\$2.51 in 2020.

### (2) Parent Company Only Statement of Comprehensive Income for the years ended December 31, 2021 and 2020.

Unit: NT\$ thousand

Items	2021	2020	Increase (Decrease) Amount
Sales revenue	1,443,674	1,068,294	375,380
Operating costs	(939,851)	(703,276)	(236,575)
Gross profit	503,823	365,018	138,805
Unrealized gain from inter-affiliate accounts	(44,889)	(68,823)	(23,934)
Realized gain from inter-affiliate accounts	68,823	82,238	(13,415)
Net operating margin	527,757	378,433	149,324
Operating expenses	(183,195)	(174,751)	(8,444)
Operating profit	344,562	203,682	140,880
Non-operating income and expenses	46,199	44,064	2,135

Items	2021	2020	Increase (Decrease) Amount
Profit before income tax	390,761	247,746	143,015
Income tax expense	(81,972)	(44,651)	(37,321)
Profit for the year	308,789	203,095	105,694
Other comprehensive income (loss)	(14,778)	(7,529)	(7,249)
Comprehensive income for the year	294,011	195,566	98,445

**(3) Parent Company Only of Profitability Analysis for the 2021 and 2020**

Items	2021	2020
Return on Total Assets (%)	8.86%	6.41%
Return on Equity (%)	14.04%	9.82%
Operating Income to Paid-in Capital Ratio (%)	42.44%	25.09%
Pre-tax Income to Paid-in Capital Ratio (%)	48.13%	30.52%
Net Margin (%)	21.39%	19.01%
Basic Earnings Per Share (NT\$)	3.82	2.51

**(4) Consolidated Company Only of Profit ability Analysis for the 2021 and 2020**

Items	2021	2020
Return on Total Assets (%)	8.60%	6.22%
Return on Equity (%)	14.04%	9.82%
Operating Income to Paid-in Capital Ratio (%)	59.54%	34.04%
Pre-tax Income to Paid-in Capital Ratio (%)	55.09%	32.21%
Net Margin (%)	16.63%	14.70%
Basic Earnings Per Share (NT\$)	3.82	2.51

## **2. Enterprise Development**

Chieftek invested in a large number of resources for innovating to research and develop precision linear motion elements to exploit constantly in the domain of high-end linear motion components, expanded the field of technology, and strode toward the goal of high flexible system integrator. The Company consecutively developed products, such as linear motors, DD motors, encoders, drivers and controls, etc., provided products of customized linear motor module in accordance with order needs, and further raised product value by its excellent capacity of electromechanical integration, patent arrangement also expanded in the domain of control system. The whole series of cpcRobot miniature six axis robot arm and cpcStudio software PLC/IDE platform were launched in 2021. The Company received a gold medal of 2021 LEAP Awards in USA by cpcRobot.

**Chieftek Precision Co., Ltd.**  
**2021 Audit Committee's Audit Report**

Hereby to approve,

The Board of Directors made the Operating Report, Consolidated and Standalone Financial Statements, Profit Distribution Proposal, etc. of the year of 2021. Consolidated and Independent Financial Statements were duly audited by PwC TW Mr. Lin, Yung-Chih and Mr. Tien, Chung-Yu, they issued recorded unqualified opinion auditing report. The preceding Operating Report, Consolidated and Independent Financial Statements, Profit Distribution Proposal were audited by the Audit Committee, and verified that there was no discrepancy. Any discrepancies shall be reported to the superior in accordance with Securities and Exchange Act and the Company Law. Please examine.

**CHIEFTEK PRECISION CO., LTD.**

Convener of Audit Committee: Wei, Nai-Chang

March 2, 2022

## **2021 Employees' Profit Sharing Bonus and Directors' Compensation**

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

According to paragraph 1, Article 21 of Articles of Incorporation of the revised articles of association, this company should distribute 3% to 15% of profit of current year to reward employees, and should distribute no more than 3% of profit of current year to reward directors and supervisors. But when the company has accumulated loss, it should be covered. The employee remuneration should be distributed in cash or stock, and those who are distributed with cash or stock should meet certain conditions of being affiliated to the company employees. These certain conditions should be formulated by the board of directors.

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

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

2. The employees' compensation and the assignment of directors in the year 2021 of the company were approved by the board of directors on March 2, 2022. The proposed distribution of the board of directors' approval is as follows:
  - (1) The remuneration for allotment of employees in cash is NT\$22,000,000, which is approximately 5.27% of the profit for the current year. The amount of employee compensation reported on the accounts is NT\$22,000,000, which is the same amount as the project is listed as annual profit of 2021.
  - (2) The distribution of directors by cash and the director r's remuneration is NT\$5,000,000 in cash, which is approximately 1.20% of the profit for the year. The remuneration of directors listed in the accounts is NT\$5,000,000, which is the same amount as the project is listed as annual profit of 2021.
  - (3) The above-mentioned Employees' Profit Sharing Bonus and Directors' Compensation have been expensed in 2021.



INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

**Opinion**

We have audited the accompanying parent company only balance sheets of CHIEFTEK PRECISION CO., LTD. (the "Company") as of December 31, 2021 and 2020, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

**Basis for opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the parent company only financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Company's 2021 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2021 parent company only financial statements are stated as follows:

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

### Description

Refer to Note 4(10) for the accounting policy on inventory, Note 5 for the information on accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(4) for the details of inventory. As of December 31, 2021, the balances of inventories and allowance for inventory valuation losses were NT\$421,291 thousand and NT\$35,136 thousand, respectively.

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

### How our audit addressed the matter

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

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

## **Authenticity of sales revenue**

### Description

Refer to Note 4(24) for the accounting policy on revenue recognition and Note 6(17) for the details of operating revenue.

The Company sells a variety of linear guides, ball screws and linear modules with a global target market, including Taiwan, Asia, Europe, America and so forth. Since the customers are numerous and located in different countries, and the number of transactions is voluminous, it takes longer time to verify the existence of sales revenue. Thus, we considered the existence of sales revenue as one of the key audit matters for this year's audit.

### How our audit addressed the matter

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

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

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

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

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

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

### **Auditors' responsibilities for the audit of the parent company only financial statements**

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

As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

represent the underlying transactions and events in a manner that achieves fair presentation.

F. Obtain sufficient appropriate audit evidence regarding the parent company only financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Lin, Yung-Chih

Independent Accountants

Tien, Chung-Yu

PricewaterhouseCoopers, Taiwan

Republic of China

March 2, 2022

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

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

CHIEFTEK PRECISION CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2021		December 31, 2020		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 558,638	15	\$ 399,455	12
1136	Financial assets at amortized cost - current	6(2)	63,206	2	-	-
1150	Notes receivable, net	6(3)	29,896	1	15,480	1
1170	Accounts receivable, net	6(3) and 12	246,415	7	170,192	5
1180	Accounts receivable - related parties	6(3) and 7	150,487	4	210,545	6
1200	Other receivables	7	2,955	-	8,983	-
1220	Current income tax assets	6(24)	-	-	3,380	-
130X	Inventories	5 and 6(4)	386,155	10	450,017	13
1410	Prepayments		41,001	1	33,329	1
11XX	<b>Total current assets</b>		<u>1,478,753</u>	<u>40</u>	<u>1,291,381</u>	<u>38</u>
<b>Non-current assets</b>						
1550	Investments accounted for under equity method	6(5)	381,910	11	412,044	12
1600	Property, plant and equipment	6(6) and 8	1,549,834	42	1,361,380	40
1755	Right-of-use assets	6(7)	123,377	4	129,601	4
1780	Intangible assets	6(8)(9)	79,576	2	101,250	3
1840	Deferred income tax assets	6(24)	12,919	-	25,160	1
1915	Prepayments for equipment	6(6)	43,508	1	48,474	2
1920	Guarantee deposits paid		3,941	-	3,237	-
1990	Other non-current assets		3,730	-	4,462	-
15XX	<b>Total non-current assets</b>		<u>2,198,795</u>	<u>60</u>	<u>2,085,608</u>	<u>62</u>
1XXX	<b>Total assets</b>		<u>\$ 3,677,548</u>	<u>100</u>	<u>\$ 3,376,989</u>	<u>100</u>

(Continued)

CHIEFTEK PRECISION CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
<b>Liabilities</b>						
<b>Current liabilities</b>						
2100	Short-term borrowings	6(10)(27)	\$ 230,000	6	\$ 358,000	11
2130	Current contract liabilities	6(17)	1,741	-	97	-
2150	Notes payable		161,421	5	77,992	2
2170	Accounts payable		49,114	1	47,725	1
2200	Other payables	6(11) and 7	137,871	4	94,979	3
2230	Current income tax liabilities	6(24)	43,987	1	-	-
2280	Current lease liabilities	6(7)(20)(27)	5,308	-	5,214	-
2320	Long-term liabilities, current portion	6(12)(27), 8 and 9	76,174	2	92,278	3
21XX	<b>Total current liabilities</b>		<u>705,616</u>	<u>19</u>	<u>676,285</u>	<u>20</u>
<b>Non-current liabilities</b>						
2540	Long-term borrowings	6(12)(27), 8 and 9	546,250	15	434,924	13
2570	Deferred income tax liabilities	6(24)	10,968	1	18,973	-
2580	Non-current lease liabilities	6(7)(20)(27)	121,278	3	126,586	4
2640	Net defined benefit liabilities	6(13)	7,481	-	7,163	-
25XX	<b>Total non-current liabilities</b>		<u>685,977</u>	<u>19</u>	<u>587,646</u>	<u>17</u>
2XXX	<b>Total liabilities</b>		<u>1,391,593</u>	<u>38</u>	<u>1,263,931</u>	<u>37</u>
<b>Equity</b>						
Share capital						
3110	Common stock	6(14)	811,876	22	811,876	24
Capital reserves						
3200	Capital surplus	6(15)	440,667	12	440,667	13
Retained earnings						
3310	Legal reserve	6(16)	182,266	5	162,016	5
3320	Special reserve		36,323	1	29,394	1
3350	Unappropriated retained earnings		891,999	24	731,978	22
3400	Other equity interest	6(5)	( 50,626)	( 1)	( 36,323)	( 1)
3500	Treasury stocks	6(14)	( 26,550)	( 1)	( 26,550)	( 1)
3XXX	<b>Total equity</b>		<u>2,285,955</u>	<u>62</u>	<u>2,113,058</u>	<u>63</u>
Significant Contingent Liabilities and Unrecognized Contract Commitments						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 3,677,548</u>	<u>100</u>	<u>\$ 3,376,989</u>	<u>100</u>

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

**CHIEFTEK PRECISION CO., LTD.**  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

		Year ended December 31				
Items		Notes	2021		2020	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(17) and 7	\$ 1,443,674	100	\$ 1,068,294	100
5000	Operating costs	6(4)(13)(22)(23)	( 939,851)	( 65)	( 703,276)	( 66)
5900	Gross profit		503,823	35	365,018	34
5910	Unrealized gain from inter-affiliate accounts	6(5)	( 44,889)	( 3)	( 68,823)	( 7)
5920	Realized gain from inter-affiliate accounts	6(5)	68,823	5	82,238	8
5950	Net operating margin		527,757	37	378,433	35
	Operating expenses	6(8)(13)(22)(23) and 7				
6100	Selling expenses		( 39,307)	( 3)	( 32,598)	( 3)
6200	General and administrative expenses		( 73,696)	( 5)	( 80,601)	( 7)
6300	Research and development expenses		( 70,437)	( 5)	( 61,232)	( 6)
6450	Expected credit impairment loss	12	245	-	( 320)	-
6000	Total operating expenses		( 183,195)	( 13)	( 174,751)	( 16)
6900	Operating profit		344,562	24	203,682	19
	Non-operating income and expenses					
7100	Interest income	6(18)	138	-	473	-
7010	Other income	6(19)	6,831	-	8,667	1
7020	Other gains and losses	6(7)(8)(9)(20) and 12	( 42,633)	( 3)	( 32,061)	( 3)
7050	Finance costs	6(6)(7)(21)	( 4,443)	-	( 7,077)	( 1)
7070	Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(5)	86,306	6	74,062	7
7000	Total non-operating income and expenses		46,199	3	44,064	4)
7900	<b>Profit before income tax</b>		390,761	27	247,746	23
7950	Income tax expense	6(24)	( 81,972)	( 6)	( 44,651)	( 4)
8200	<b>Profit for the year</b>		\$ 308,789	21	\$ 203,095	19
	<b>Other comprehensive income (loss)(Net)</b>					
	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>					
8311	Actuarial (loss) gain on defined benefit plan	6(13)	( \$ 593)	-	( \$ 750)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(24)	118	-	150	-
	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>					
8361	Financial statements translation differences of foreign operations	6(5)	( 14,303)	( 1)	( 6,929)	( 1)
8300	<b>Other comprehensive loss for the year</b>		( \$ 14,778)	( 1)	( \$ 7,529)	( 1)
8500	<b>Total comprehensive income for the year</b>		\$ 294,011	20	\$ 195,566	18
	Earnings per share (in dollars)	6(25)				
9750	Basic		\$ 3.82		\$ 2.51	
9850	Diluted		\$ 3.81		\$ 2.51	

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



CHIEFTEK PRECISION CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Capital reserve	Retained Earnings			Other Equity Interest	Treasury stocks	Total
				Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations		
<u>2020</u>									
Balance at January 1, 2020		\$ 811,876	\$ 440,667	\$ 144,552	\$ 17,047	\$ 640,037	(\$ 29,394 )	\$ -	\$ 2,024,785
Profit for the year		-	-	-	-	203,095	-	-	203,095
Other comprehensive loss for the year	6(5)	-	-	-	-	( 600 )	( 6,929 )	-	( 7,529 )
Total comprehensive income (loss) for the year		-	-	-	-	202,495	( 6,929 )	-	195,566
Appropriations of 2019 earnings:									
Legal reserve		-	-	17,464	-	( 17,464 )	-	-	-
Special reserve	6(16)	-	-	-	12,347	( 12,347 )	-	-	-
Cash dividends	6(16)	-	-	-	-	( 80,743 )	-	-	( 80,743 )
Purchase of treasury stocks	6(14)	-	-	-	-	-	-	( 26,550 )	( 26,550 )
Balance at December 31, 2020		\$ 811,876	\$ 440,667	\$ 162,016	\$ 29,394	\$ 731,978	(\$ 36,323 )	(\$ 26,550 )	\$ 2,113,058
<u>2021</u>									
Balance at January 1, 2021		\$ 811,876	\$ 440,667	\$ 162,016	\$ 29,394	\$ 731,978	(\$ 36,323 )	(\$ 26,550 )	\$ 2,113,058
Profit for the year		-	-	-	-	308,789	-	-	308,789
Other comprehensive loss for the year	6(5)	-	-	-	-	( 475 )	( 14,303 )	-	( 14,778 )
Total comprehensive income (loss) for the year		-	-	-	-	308,314	( 14,303 )	-	294,011
Appropriations of 2020 earnings:									
Legal reserve		-	-	20,250	-	( 20,250 )	-	-	-
Special reserve	6(16)	-	-	-	6,929	( 6,929 )	-	-	-
Cash dividends	6(16)	-	-	-	-	( 121,114 )	-	-	( 121,114 )
Balance at December 31, 2021		\$ 811,876	\$ 440,667	\$ 182,266	\$ 36,323	\$ 891,999	(\$ 50,626 )	(\$ 26,550 )	\$ 2,285,955

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

CHIEFTEK PRECISION CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31,	
		2021	2020
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 390,761	\$ 247,746
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment (gain) loss	12	( 245 )	320
Loss on inventory market price decline	6(4)	7,542	15,354
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(5)	( 86,306 )	( 74,062 )
Unrealized gain from inter-affiliate accounts	6(5)	44,889	68,823
Realized gain from inter-affiliate accounts	6(5)	( 68,823 )	( 82,238 )
Depreciation	6(6)(7)(22)	71,412	72,342
Gain arising from lease modifications	6(7)(20)	-	( 251 )
Amortization	6(8)(22)	10,153	10,627
Impairment loss	6(8)(9)(20)	12,874	9,049
Interest income	6(18)	( 138 )	( 473 )
Interest expense	6(21)	4,443	7,077
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		( 14,416 )	3,504
Accounts receivable		( 75,978 )	( 15,779 )
Accounts receivable - related parties		60,058	56,825
Other receivables		6,028	( 7,353 )
Inventories		56,320	44,062
Prepayments		( 7,672 )	( 9,725 )
Changes in operating liabilities			
Current contract liabilities		1,644	( 2,252 )
Notes payable		59,595	12,357
Accounts payable		1,389	30,680
Other payables		32,936	1,010
Net defined benefit liabilities		( 275 )	( 251 )
Cash inflow generated from operations		506,191	387,392
Dividends received	6(5)	126,071	-
Interest received		138	473
Interest paid		( 4,451 )	( 7,246 )
Income tax paid		( 30,251 )	( 47,328 )
Net cash flows from operating activities		<u>597,698</u>	<u>333,291</u>

(Continued)

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

#### CASH FLOWS FROM INVESTING ACTIVITIES

Increase in financial assets at amortized cost - current		( \$	63,206 )	\$	-
Cash paid for acquisition of investments accounted for under equity method - subsidiaries	6(5)		-	(	48,503 )
Cash paid for acquisition of property, plant and equipment	6(26)	(	201,501 )	(	299,522 )
Interest paid for acquisition of property, plant and equipment	6(6)(21)(26)	(	7,479 )	(	5,627 )
Acquisition of intangible assets	6(8)	(	1,353 )	(	783 )
Increase in prepayments for equipment		(	5,898 )	(	46,597 )
Increase in guarantee deposits paid		(	704 )	(	1,102 )
Decrease (Increase) in other non-current assets			<u>732</u>	(	<u>2,537</u> )
Net cash flows used in investing activities		(	<u>279,409</u> )	(	<u>404,671</u> )

#### CASH FLOWS FROM FINANCING ACTIVITIES

Increase in short-term borrowings	6(27)		934,000		1,241,000
Decrease in short-term borrowings	6(27)	(	1,062,000 )	(	1,103,000 )
Payments of lease liability	6(27)	(	5,214 )	(	4,869 )
Increase in long-term borrowings	6(27)		240,000		400,000
Decrease in long-term borrowings	6(27)	(	144,778 )	(	374,028 )
Payments of cash dividends	6(16)	(	<u>121,114</u> )	(	<u>80,743</u> )
Buy-back of treasury shares	6(14)		<u>-</u>	(	<u>26,550</u> )
Net cash flows (used in) from financing activities		(	<u>159,106</u> )		<u>51,810</u>
Net increase (decrease) in cash and cash equivalents			<u>159,183</u>	(	<u>19,570</u> )
Cash and cash equivalents at beginning of year	6(1)		<u>399,455</u>		<u>419,025</u>

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

### **Opinion**

We have audited the accompanying consolidated balance sheets of CHIEFTEK PRECISION CO., LTD. and its subsidiaries (collectively referred herein as the "Group") as of December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, International Financial Reporting Interpretations Committee Interpretations, and Standing Interpretations Committee Interpretations as endorsed by the Financial Supervisory Commission.

### **Basis for opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2021 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2021 consolidated financial statements are stated as follows:

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

Description

Refer to Note 4(11) for the accounting policy on inventory, Note 5 for the information on accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(4) for the details of inventory. As of December 31, 2021, the balances of inventories and allowance for inventory valuation losses were NT\$510,806 thousand and NT\$68,908 thousand, respectively.

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

How our audit addressed the matter

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

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

## **Authenticity of sales revenue**

### Description

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

The Group sells a variety of linear guides, ball screws and linear modules with a global target market, including Taiwan, Asia, Europe, America and so forth. Since the customers are numerous and located in different countries, and the number of transactions is voluminous, it takes a longer time to verify the existence of sales revenue. Thus, we considered the authenticity of sales revenue as one of the key audit matters for this year's audit.

### How our audit addressed the matter

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

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

## **Other matter - Parent company only financial statements**

We have audited and expressed an unqualified opinion on the parent company only financial statements of CHIEFTEK PRECISION CO., LTD. as of and for the years ended December 31, 2021 and 2020.

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

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

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

Those charged with governance, including audit committee, are responsible for overseeing the Group's financial reporting process.

## **Auditors' responsibilities for the audit of the consolidated financial statements**

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

As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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



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

Lin, Yung-Chih

Independent Accountants

Tien, Chung-Yu

PricewaterhouseCoopers, Taiwan

Republic of China

March 2, 2022

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

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

**CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2021		December 31, 2020		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 801,950	21	\$ 654,597	19
1136	Financial assets at amortized cost - current	6(2)	70,412	2	7,360	-
1150	Notes receivable, net	6(3)	46,317	1	27,767	1
1170	Accounts receivable, net	6(3) and 12	401,437	11	344,675	10
1200	Other receivables		6,756	-	9,515	-
1220	Current income tax assets	6(23)	-	-	20,398	-
130X	Inventories	5 and 6(4)	441,898	12	556,943	16
1410	Prepayments		45,386	1	36,049	1
11XX	<b>Total current assets</b>		<u>1,814,156</u>	<u>48</u>	<u>1,657,304</u>	<u>47</u>
<b>Non-current assets</b>						
1600	Property, plant and equipment	6(5) and 8	1,711,186	45	1,532,120	44
1755	Right-of-use assets	6(6)	123,377	3	129,601	4
1780	Intangible assets	6(7)(8)	79,576	2	101,595	3
1840	Deferred income tax assets	6(23)	12,919	1	25,160	1
1915	Prepayments for equipment	6(5)	43,508	1	48,474	1
1920	Guarantee deposits paid		7,999	-	9,775	-
1990	Other non-current assets		4,478	-	5,312	-
15XX	<b>Total non-current assets</b>		<u>1,983,043</u>	<u>52</u>	<u>1,852,037</u>	<u>53</u>
1XXX	<b>Total assets</b>		<u>\$ 3,797,199</u>	<u>100</u>	<u>\$ 3,509,341</u>	<u>100</u>

(Continued)

**CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
<b>Liabilities</b>						
<b>Current liabilities</b>						
2100	Short-term borrowings	6(9)(26)	\$ 230,000	6	\$ 379,012	11
2130	Current contract liabilities	6(16)	2,626	-	4,807	-
2150	Notes payable		161,421	4	77,992	2
2170	Accounts payable		49,456	1	49,211	2
2200	Other payables	6(10)	169,011	5	110,835	3
2230	Current income tax liabilities	6(23)	50,557	2	3,848	-
2280	Current lease liabilities	6(6)(20)(26)	5,308	-	5,214	-
2320	Long-term liabilities, current portion	6(11)(26), 8 and 9	78,553	2	94,658	3
21XX	<b>Total current liabilities</b>		<u>746,932</u>	<u>20</u>	<u>725,577</u>	<u>21</u>
<b>Non-current liabilities</b>						
2540	Long-term borrowings	6(11)(26), 8 and 9	624,585	17	517,984	15
2570	Deferred income tax liabilities	6(23)	10,968	-	18,973	-
2580	Non-current lease liabilities	6(6)(20)(26)	121,278	3	126,586	4
2640	Net defined benefit liabilities	6(12)	7,481	-	7,163	-
25XX	<b>Total non-current liabilities</b>		<u>764,312</u>	<u>20</u>	<u>670,706</u>	<u>19</u>
2XXX	<b>Total liabilities</b>		<u>1,511,244</u>	<u>40</u>	<u>1,396,283</u>	<u>40</u>
<b>Equity</b>						
Share capital		6(13)				
3110	Common stock		811,876	21	811,876	23
Capital reserves		6(14)				
3200	Capital surplus		440,667	12	440,667	12
Retained earnings		6(15)				
3310	Legal reserve		182,266	5	162,016	5
3320	Special reserve		36,323	1	29,394	1
3350	Unappropriated retained earnings		891,999	23	731,978	21
3400	Other equity interest		( 50,626)	( 1)	( 36,323)	( 1)
3500	Treasury stocks	6(13)	( 26,550)	( 1)	( 26,550)	( 1)
3XXX	<b>Total equity</b>		<u>2,285,955</u>	<u>60</u>	<u>2,113,058</u>	<u>60</u>
Significant Contingent Liabilities and		6(6) and 9				
Unrecognized Contract Commitments						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 3,797,199</u>	<u>100</u>	<u>\$ 3,509,341</u>	<u>100</u>

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

**CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

	Items	Notes	Year ended December 31			
			2021		2020	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(16)	\$ 1,856,920	100	\$ 1,381,885	100
5000	Operating costs	6(4)(12)(21)(22)	( 1,083,133)	( 58)	( 815,950)	( 59)
5900	Net operating margin		<u>773,787</u>	<u>42</u>	<u>565,935</u>	<u>41</u>
	Operating expenses	6(7)(12)(21)(22) and 7				
6100	Selling expenses		( 103,858)	( 6)	( 89,881)	( 7)
6200	General and administrative expenses		( 124,813)	( 7)	( 136,440)	( 10)
6300	Research and development expenses		( 70,421)	( 4)	( 61,232)	( 4)
6450	Expected credit impairment gain (loss)	12	<u>8,685</u>	<u>1</u>	( <u>2,013</u> )	<u>-</u>
6000	Total operating expenses		( <u>290,407</u> )	( <u>16</u> )	( <u>289,566</u> )	( <u>21</u> )
6900	Operating profit		<u>483,380</u>	<u>26</u>	<u>276,369</u>	<u>20</u>
	Non-operating income and expenses					
7100	Interest income	6(2)(17)	2,009	-	2,020	-
7010	Other income	6(18)	10,387	-	15,587	1
7020	Other gains and losses	6(19) and 12	( 41,665)	( 2)	( 21,015)	( 1)
7050	Finance costs	6(5)(6)(20)	( 6,852)	-	( 11,466)	( 1)
7000	Total non-operating income and expenses		( <u>36,121</u> )	( <u>2</u> )	( <u>14,874</u> )	( <u>1</u> )
7900	<b>Profit before income tax</b>		<u>447,259</u>	<u>24</u>	<u>261,495</u>	<u>19</u>
7950	Income tax expense	6(23)	( <u>138,470</u> )	( <u>7</u> )	( <u>58,400</u> )	( <u>4</u> )
8200	<b>Profit for the year</b>		<u>\$ 308,789</u>	<u>17</u>	<u>\$ 203,095</u>	<u>15</u>
	<b>Other comprehensive income (loss) (Net)</b>					
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8311	Actuarial loss on defined benefit plans	6(12)	( \$ 593)	-	( \$ 750)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(23)	118	-	150	-
	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>					
8361	Financial statements translation differences of foreign operations		( <u>14,303</u> )	( <u>1</u> )	( <u>6,929</u> )	( <u>1</u> )
8300	<b>Total other comprehensive loss for the year</b>		( <u>\$ 14,778</u> )	( <u>1</u> )	( <u>\$ 7,529</u> )	( <u>1</u> )
8500	<b>Total comprehensive income for the year</b>		<u>\$ 294,011</u>	<u>16</u>	<u>\$ 195,566</u>	<u>14</u>
	Earnings per share (in dollars)	6(24)				
9750	Basic		<u>\$ 3.82</u>		<u>\$ 2.51</u>	
9850	Diluted		<u>\$ 3.81</u>		<u>\$ 2.51</u>	

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

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Capital reserve	Retained Earnings			Other Equity Interest	Treasury stocks	Total equity
				Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations		
<u>2020</u>									
Balance at January 1, 2020		\$ 811,876	\$ 440,667	\$ 144,552	\$ 17,047	\$ 640,037	(\$ 29,394 )	\$ -	\$ 2,024,785
Profit for the year		-	-	-	-	203,095	-	-	203,095
Other comprehensive loss for the year		-	-	-	-	( 600 )	( 6,929 )	-	( 7,529 )
Total comprehensive income (loss) for the year		-	-	-	-	202,495	( 6,929 )	-	195,566
Appropriations of 2019 earnings									
Legal reserve		-	-	17,464	-	( 17,464 )	-	-	-
Special reserve	6(15)	-	-	-	12,347	( 12,347 )	-	-	-
Cash dividends	6(15)	-	-	-	-	( 80,743 )	-	-	( 80,743 )
Purchase of treasury stocks	6(13)	-	-	-	-	-	-	( 26,550 )	( 26,550 )
Balance at December 31, 2020		\$ 811,876	\$ 440,667	\$ 162,016	\$ 29,394	\$ 731,978	(\$ 36,323 )	(\$ 26,550 )	\$ 2,113,058
<u>2021</u>									
Balance at January 1, 2021		\$ 811,876	\$ 440,667	\$ 162,016	\$ 29,394	\$ 731,978	(\$ 36,323 )	(\$ 26,550 )	\$ 2,113,058
Profit for the year		-	-	-	-	308,789	-	-	308,789
Other comprehensive loss for the year		-	-	-	-	( 475 )	( 14,303 )	-	( 14,778 )
Total comprehensive income (loss) for the year		-	-	-	-	308,314	( 14,303 )	-	294,011
Appropriations of 2020 earnings									
Legal reserve		-	-	20,250	-	( 20,250 )	-	-	-
Special reserve	6(15)	-	-	-	6,929	( 6,929 )	-	-	-
Cash dividends	6(15)	-	-	-	-	( 121,114 )	-	-	( 121,114 )
Balance at December 31, 2021		\$ 811,876	\$ 440,667	\$ 182,266	\$ 36,323	\$ 891,999	(\$ 50,626 )	(\$ 26,550 )	\$ 2,285,955

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

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2021	2020
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 447,259	\$ 261,495
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment (gain) loss	12	( 8,685 )	2,013
Loss on inventory market price decline	6(4)	4,610	16,434
Depreciation	6(5)(6)(21)	77,068	79,316
Gain arising from lease modifications	6(6)(19)	-	( 251 )
Loss on disposal of property, plant and equipment	6(19)	10	-
Amortization	6(7)(21)	10,479	11,146
Impairment loss	6(7)(8)(19)	12,874	9,049
Interest income	6(17)	( 2,009 )	( 2,020 )
Interest expense	6(20)	6,852	11,466
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		( 18,550 )	( 208 )
Accounts receivable		( 47,450 )	( 48,454 )
Other receivables		2,759	( 6,263 )
Inventories		113,014	63,300
Prepayments		( 9,337 )	( 7,511 )
Changes in operating liabilities			
Current contract liabilities		( 2,181 )	843
Notes payable		59,595	12,357
Accounts payable		245	30,500
Other payables		48,216	928
Advance receipts		-	( 1,699 )
Net defined benefit liabilities		( 275 )	( 251 )
Cash inflow generated from operations		694,494	432,190
Interest received		2,009	2,020
Interest paid		( 6,846 )	( 11,718 )
Income tax paid		( 67,009 )	( 74,846 )
Net cash flows from operating activities		<u>622,648</u>	<u>347,646</u>

(Continued)

	Notes	For the years ended December 31	
		2020	2019
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
(Increase) decrease in financial assets at amortized cost - current		(\$ 63,052 )	\$ 269
Cash paid for acquisition of property, plant and equipment	6(25)	( 203,131 )	( 300,388 )
Interest paid for acquisition of property, plant and equipment	6(5)(20)(25)	( 7,479 )	( 5,627 )
Proceeds from disposal of property, plant and equipment		17	-
Acquisition of intangible assets	6(7)	( 1,353 )	( 783 )
Increase in prepayments for equipment		( 5,898 )	( 46,597 )
Decrease (increase) in guarantee deposits paid		1,776	( 2,075 )
Decrease (increase) in other non-current assets		834	( 2,433 )
Net cash flows used in investing activities		( 278,286 )	( 357,634 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase in short-term borrowings	6(26)	934,000	1,241,000
Decrease in short-term borrowings	6(26)	( 1,081,866 )	( 1,175,553 )
Payments of lease liability	6(26)	( 5,214 )	( 4,869 )
Increase in long-term borrowings	6(26)	240,000	488,590
Decrease in long-term borrowings	6(26)	( 147,131 )	( 453,697 )
Payments of cash dividends	6(15)	( 121,114 )	( 80,743 )
Purchase of treasury stocks	6(13)	-	( 26,550 )
Net cash flows used in financing activities		( 181,325 )	( 11,822 )
Effect of foreign exchange rate changes on cash and cash equivalents		( 15,684 )	( 1,727 )
Net increase (decrease) in cash and cash equivalents		147,353	23,537

**Chieftek Precision Co., Ltd.**  
**2021 Profit Distribution Proposal**

Unit: NT\$ in dollar

Item	Amount	
	Subtotal	Total
2021 net profit after tax		\$ 308,788,884
Less: actuarial losses of defined benefit plan	( 474,419)	
Designated basis of legal reserve		308,314,165
Less: 10% Legal Reserve	( 30,831,417)	
Less: reverse special reverse	( 14,302,584)	
Distributable net profit		263,180,164
Beginning accumulated retained earning		<u>583,686,134</u>
Accumulated unappropriated earnings of the year		846,866,298
Designated distributed number of the year		
Cash dividend to shareholders (NT\$1.5 per share)	( 121,113,824)	
Stock dividend to shareholders (NT\$1.0 per share)	( 80,742,550)	
Sum of distributed amount		( 201,856,374)
Accumulated unappropriated retained earnings		<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 current capital shares minus 445,000 treasury shares = 80,742,549 outstanding preferred shares



## Chieftek Precision Co., Ltd.

### Comparison of Amendment of “Regulations Governing the Acquisition and Disposal of Assets”

Before Amendment	After Amendment	Explanation
<p>Article 4: Definition of terms</p> <p>1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.</p> <p>2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of Company Act.</p> <p>3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>4. Professional appraiser: Refers to a real property appraiser or other person duly</p>	<p>Article 4: Definition of terms</p> <p>1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) compacts.</p> <p>2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.</p> <p>3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>4. Professional appraiser: Refers to a real property appraiser or other person duly</p>	<p>To conform to laws, content was amended.</p>

Before Amendment	After Amendment	Explanation
<p>authorized by law to engage in the value appraisal of real property or equipment.</p> <p>5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p> <p>7. Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.</p> <p>8. Securities exchange: the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction</p>	<p>authorized by law to engage in the value appraisal of real property or equipment.</p> <p>5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p> <p>7. Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.</p> <p>8. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the</p>	

Before Amendment	After Amendment	Explanation
<p>where it is located.</p> <p>9. Over-the-counter venue ("OTC venue", "OTC"): refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.</p> <p>10. For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.</p> <p>11. In the case of a company whose shares have no par value or a par value other than NT\$ 10—for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations, 10 percent of equity attributable to owners of the parent shall be substituted; for calculations under the provisions of these Regulations regarding transaction amounts relative to paid-in capital of NT\$ 10 billion, NT\$ 20 billion of equity attributable to owners of the parent shall be substituted.</p>	<p>competent securities authorities of the jurisdiction where it is located.</p> <p>9. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.</p> <p>10. For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.</p> <p>11. In the case of a company whose shares have no par value or a par value other than NT\$ 10—for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations, 10 percent of equity attributable to owners of the parent shall be substituted; for calculations under the provisions of these Regulations regarding transaction amounts relative to paid-in capital of NT\$ 10 billion, NT\$ 20 billion of equity attributable to owners of the parent shall be substituted.</p>	
<p>Article 5: Related party exclusion Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p>	<p>Article 5: Related party exclusion Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p>	<p>Refer to Chin Kuan Cheng Fa Tzu letter no. 1110380465 issued by Financial Supervisory</p>

Before Amendment	After Amendment	Explanation
<p>1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</p> <p>2. May not be a related party or de facto related party of any party to the transaction.</p> <p>3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following provisions:</p> <p>1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>2. When auditing a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p>	<p>1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, Company Act, the Banking Act of the Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</p> <p>2. May not be a related party or de facto related party of any party to the transaction.</p> <p>3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the self-regulatory rules of the industry associations to which they belong and with the following provisions:</p> <p>1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>2. When conducting a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p>	<p>Commission on January 28, 2022 and relevant regulations, relevant amendment was made to meet the actual situation.</p>

Before Amendment	After Amendment	Explanation
<p>3. They shall undertake an item-by-item evaluation of the completeness, accuracy and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</p>	<p>2. They shall undertake an item-by-item evaluation of the appropriateness and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is appropriate and reasonable, and that they have complied with applicable laws and regulations.</p>	
<p>Article 6: operating procedures of acquiring and disposing real property, equipment or right-of-use assets</p> <p>1. Appraisal and operating procedures The Company's acquisition and disposal of real property, equipment or right-of-use assets, shall be conducted in accordance with relevant operation regulations of the Company's internal control system, real property, factories and equipment recycle.</p> <p>2. Determination procedures of transaction conditions and the degree of authority delegated (1) When acquiring and disposing real property, shall refer to the publicly announced current value, evaluation value, actual transaction price of real property in the neighborhood, etc., for determined transaction conditions and transaction price, when the amount is less than NT\$ 50 million, it shall be reported to chairman for approval, and notified the latest meeting of board of directors; when the amount exceeds NT\$ 50 million, it shall be reported to chairman for approval, and conducted after reported to the board of directors for approval.</p>	<p>Article 6: operating procedures of acquiring and disposing real property, equipment or right-of-use assets</p> <p>1. Appraisal and operating procedures The Company's acquisition and disposal of real property, equipment or right-of-use assets, shall be conducted in accordance with relevant operation regulations of the Company's internal control system, real property, factories and equipment recycle.</p> <p>2. Determination procedures of transaction conditions and the degree of authority delegated (1) When acquiring and disposing real property, shall refer to the publicly announced current value, evaluation value, actual transaction price of real property in the neighborhood, etc., for determined transaction conditions and transaction price, when the amount is less than NT\$ 50 million, it shall be reported to chairman for approval, and notified the latest meeting of board of directors; when the amount exceeds NT\$ 50 million, it shall be reported to chairman for approval, and conducted after reported to the board of directors for approval.</p>	<p>Refer to Chin Kuan Cheng Fa Tzu letter no. 1110380465 issued by Financial Supervisory Commission on January 28, 2022 and relevant regulations, relevant amendment was made to meet the actual situation.</p>

Before Amendment	After Amendment	Explanation
<p>(2) When acquiring and disposing equipment or right-of-use assets, shall be conducted by one of the ways of inquiry, parity, bargain or bid, and when the amount is less than NT\$ 50 million, it shall be approved stepwise in accordance with verification authority management procedures; when the amount exceeds NT\$ 50 million, it shall be conducted after reported to the board of directors for approval.</p> <p>3. The units responsible for implementation When acquiring and disposing real property, equipment or right-of-use assets, shall be conducted by utilized department and relevant responsible unit after approved in accordance with the preceding verification authority.</p> <p>4. Appraisal report on real property, equipment or right-of-use assets In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$ 300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions: (1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be</p>	<p>(2) When acquiring and disposing equipment or right-of-use assets, shall be conducted by one of the ways of inquiry, parity, bargain or bid, and when the amount is less than NT\$ 50 million, it shall be approved stepwise in accordance with verification authority management procedures; when the amount exceeds NT\$ 50 million, it shall be conducted after reported to the board of directors for approval.</p> <p>3. The units responsible for implementation When acquiring and disposing real property, equipment or right-of-use assets, shall be conducted by utilized department and relevant responsible unit after approved in accordance with the preceding verification authority.</p> <p>4. Appraisal report on real property, equipment or right-of-use assets In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$ 300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions: (1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors;</p>	

Before Amendment	After Amendment	Explanation
<p>followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>(2) Where the transaction amount is NT\$ 1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(3) Where one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, shall be conducted in accordance with Statements on Auditing Standards no. 20 issued by Accounting Research and Development Foundation (hereinafter referred to as ARDF) and a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>i. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>ii. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>(4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the</p>	<p>the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>(2) Where the transaction amount is NT\$ 1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>i. he discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>ii. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>(4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the</p>	

Before Amendment	After Amendment	Explanation
<p>original professional appraiser.</p> <p>(5) Where a public company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p> <p>5. The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 12, paragraph 1, subparagraph 8 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p>	<p>original professional appraiser.</p> <p>(5) Where a public company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p> <p>5. The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 12, paragraph 1, subparagraph 8 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p>	
<p>Article 7: operating procedures of acquiring and disposing securities investment</p> <p>1. Appraisal and operating procedures The transaction process of the Company's acquisition and disposal of assets, shall be conducted in accordance with relevant operation regulations of the Company's internal control system, and investment recycle.</p> <p>2. Determination procedures of transaction conditions and the degree of authority delegated</p> <p>(1) When acquiring and disposing securities with publicly quoted prices that have an active market, shall be judged and determined by responsible units in accordance with the market, when the amount is less than NT\$ 50 million, the board of directors shall authorize chairman to determine; when the amount exceeds NT\$ 50 million, it shall be conducted after approved by the board of directors.</p>	<p>Article 7: operating procedures of acquiring and disposing securities investment</p> <p>1. Appraisal and operating procedures The transaction process of the Company's acquisition and disposal of assets, shall be conducted in accordance with relevant operation regulations of the Company's internal control system, and investment recycle.</p> <p>2. Determination procedures of transaction conditions and the degree of authority delegated</p> <p>(1) When acquiring and disposing securities with publicly quoted prices that have an active market, shall be judged and determined by responsible units in accordance with the market, when the amount is less than NT\$ 50 million, the board of directors shall authorize chairman to determine; when the amount exceeds NT\$ 50 million, it shall be conducted after approved by the board of directors.</p>	<p>Refer to Chin Kuan Cheng Fa Tzu letter no. 1110380465 issued by Financial Supervisory Commission on January 28, 2022 and relevant regulations, relevant amendment was made to meet the actual situation.</p>



Before Amendment	After Amendment	Explanation
<p>(2) When acquiring and disposing securities with publicly quoted prices that not have an active market, shall be judged and determined by responsible units in accordance with the market, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and net worth per share, profitability and future development potential, etc., shall be considered, when the amount is less than NT\$ 50 million, the board of directors shall authorize chairman to determine; when the amount exceeds NT\$ 50 million, it shall be conducted after approved by the board of directors.</p> <p>3. The units responsible for implementation the Company acquires and disposes securities, shall be conducted by financial department after approved by the preceding verification authority.</p> <p>4. Acquisition of expert's opinions  (1) A public company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$ 300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the</p>	<p>(2) When acquiring and disposing securities with publicly quoted prices that not have an active market, shall be judged and determined by responsible units in accordance with the market, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and net worth per share, profitability and future development potential, etc., shall be considered, when the amount is less than NT\$ 50 million, the board of directors shall authorize chairman to determine; when the amount exceeds NT\$ 50 million, it shall be conducted after approved by the board of directors.</p> <p>3. The units responsible for implementation  When the Company acquires and disposes securities, shall be conducted by financial department after approved by the preceding verification authority.</p> <p>4. Acquisition of expert's opinions  (1) A public company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$ 300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the</p>	

Before Amendment	After Amendment	Explanation
<p>transaction price, when the accountant needs to adopt expert's report, shall be conducted in accordance with Statements on Auditing Standards no. 20 issued by Accounting Research and Development Foundation. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>(2) When the Company acquires and disposes securities, and meeting the following circumstances, may not apply to Article of 10 of Regulations Governing the Acquisition and Disposal of Assets, financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant shall be obtained in advance, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$ 300 million or more, the Company shall additionally engage a certified public accountant to provide an opinion regarding the reasonableness of the transaction price:</p> <ul style="list-style-type: none"> <li>i. Securities acquired through cash contribution in an incorporation by promotion or by public offering in accordance with Company Act, and recognition rights of securities are equal to contribution ratio.</li> <li>ii. The securities issued at face value by an issuing company carrying out a cash capital</li> </ul>	<p>reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>(2) When the Company acquires and disposes securities, and meeting the following circumstances, may not obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, and shall engage a certified public accountant to provide an opinion regarding the reasonableness of the transaction price:</p> <ul style="list-style-type: none"> <li>i. Securities acquired through cash contribution in an incorporation by promotion or by public offering in accordance with laws, and recognition rights of securities are equal to contribution ratio.</li> <li>ii. Securities issued at face value by an issuing company carrying out a cash capital increase in accordance</li> </ul>	

Before Amendment	After Amendment	Explanation
<p>increase in accordance with relevant laws and regulations.</p> <p>iii. Securities issued by an investee company participating subscription which reinvests 100 percent, is carrying out a cash capital increase to issue securities.</p> <p>iv. Securities listed and traded on the Taiwan Stock Exchange (TWSE) or on the GreTai Securities Market (GTSM) and emerging stocks.</p> <p>v. Government bonds or bonds in repurchase or reverse purchase agreements.</p> <p>vi. Domestic and foreign public placement funds.</p> <p>vii. TWSE or GTSM listed securities acquired or disposed of in accordance with the TWSE or GTSM rules governing the purchase of listed securities by reverse auction or rules governing the auction of acquiring and disposing listed securities.</p> <p>viii. Securities acquired through the Company's sponsorship of a cash capital increase by a public company, when the securities acquired are not privately placed.</p> <p>ix. A company the subscribing domestic private equity, or subscription or redemption of domestic private placement funds before the fund was established in accordance with Article 11, paragraph 1 of</p>	<p>with relevant laws and regulations.</p> <p>iii. Securities issued by an investment company participating subscription in which it directly or indirectly holds 100 percent of the issued shares, is carrying out a cash capital increase to issue securities, or securities issued by subsidiaries in which holds 100 percent of the issued shares, is participating in a cash capital increase to issue securities each other.</p> <p>iv. Securities listed and traded on the Taiwan Stock Exchange (TWSE) or on the GreTai Securities Market (GTSM) and emerging stocks.</p> <p>v. Government bonds or bonds in repurchase or reverse purchase agreements.</p> <p>vi. Public placement funds.</p> <p>vii. TWSE or GTSM listed securities acquired or disposed of in accordance with the TWSE or GTSM rules governing the purchase of listed securities by reverse auction or rules governing the auction of acquiring and disposing listed securities.</p> <p>viii. Securities acquired through the Company's sponsorship of a cash capital increase by a domestic public company, when the securities acquired are not privately placed.</p> <p>ix. A company subscribing domestic private equity, or subscription or redemption of domestic private placement funds before the fund was established in accordance with Article 11, paragraph 1 of</p>	

Before Amendment	After Amendment	Explanation
<p>Securities Investment Trust and Consulting Act, provided that the trust agreement for the fund specifies an investment strategy in which, aside from securities margin transactions and open positions held in securities-related products, the investment scope of the remaining portion is the same as that of a publicly offered fund.</p> <p>(3) Where a public company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p> <p>5. The calculation of the transaction amounts shall be done in accordance with Article 12, paragraph 1, subparagraph 8 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p> <p>6. The Company shall not renounce capital increase of the years in the future for cpc Europa GmbH 、CHIEFTEK PRECISION HOLDING CO.,LTD.(hereinafter referred to as Chiefteck Holing Co., Ltd.) and CHIEFTEK PRECISION USA CO.,LTD.; Chiefteck Holing Co., Ltd. shall not renounce capital increase of the years in the future for Chieftek (Hong Kong) Co., Ltd. (hereinafter referred to as Chieftek Hong Kong); Chieftek Hong Kong shall not renounce capital increase of the years in the future for Chieftek Mechanical (Kunshan) Co., Ltd.; if the Company consider the strategic alliance or other</p>	<p>Securities Investment Trust and Consulting Act, provided that the trust agreement for the fund specifies an investment strategy in which, aside from securities margin transactions and open positions held in securities-related products, the investment scope of the remaining portion is the same as that of a publicly offered fund.</p> <p>(3) Where a public company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p> <p>5. The calculation of the transaction amounts shall be done in accordance with Article 12, paragraph 1, subparagraph 8 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p> <p>Omitted.</p>	

Before Amendment	After Amendment	Explanation
<p>GreTai Securities Markets agree, needs to renounce capital increase of listed public companies or disposal of equity of listed public companies, it shall be approved by a special resolution of the board of directors of Chieftek Precision Co., Ltd.</p>		
<p>Article 8:operating procedures of acquiring and disposing intangible assets or right-of-use assets or memberships</p> <p>1. Appraisal and operating procedures The transaction process of the Company’s acquiring and disposing intangible assets or right-of-use assets or memberships, shall be conducted in accordance with relevant regulations of the Company’s internal control system, real property, factories and equipment recycle.</p> <p>2. Determination procedures of transaction conditions and the degree of authority delegated</p> <p>(1) When acquiring and disposing memberships, shall refer to fair market value, determined transaction conditions and transaction price, when the amount is less than NT\$ 50 million, it shall be approved stepwise by verification authority management procedures; when the amount exceeds NT\$ 50 million, it shall be conducted after approved by the board of directors.</p> <p>(2) When acquiring and disposing intangible assets or right-of-use assets, shall refer to expert’s appraisal report or fair market value, determined transaction conditions and transaction price, when the amount is less than NT\$ 50 million, it shall be approved by chairman and notified the latest meeting of board of directors; when the amount exceeds NT\$ 50 million, it shall be approved by</p>	<p>Article 8:operating procedures of acquiring and disposing intangible assets or right-of-use assets or memberships</p> <p>1. Appraisal and operating procedures The transaction process of the Company’s acquiring and disposing intangible assets or right-of-use assets or memberships, shall be conducted in accordance with relevant regulations of the Company’s internal control system, real property, factories and equipment recycle.</p> <p>2. Determination procedures of transaction conditions and the degree of authority delegated</p> <p>(1) When acquiring and disposing memberships, shall refer to fair market value, determined transaction conditions and transaction price, when the amount is less than NT\$ 50 million, it shall be approved stepwise by verification authority management procedures; when the amount exceeds NT\$ 50 million, it shall be conducted after approved by the board of directors.</p> <p>(2) When acquiring and disposing intangible assets or right-of-use assets, shall refer to expert’s appraisal report or fair market value, determined transaction conditions and transaction price, when the amount is less than NT\$ 50 million, it shall be approved by chairman and notified the latest meeting of board of directors; when the amount exceeds NT\$ 50 million, it shall be approved by</p>	<p>Refer to Chin Kuan Cheng Fa Tzu letter no. 1110380465 issued by Financial Supervisory Commission on January 28, 2022 and relevant regulations, relevant amendment was made to meet the actual situation.</p>

Before Amendment	After Amendment	Explanation
<p>chairman and conducted after approved by the board of directors.</p> <p>3. The units responsible for implementation When the Company acquires and disposes intangible assets or right-of-use assets or memberships, shall be conducted by utilized department and relevant responsible units after approved by the preceding verification authority.</p> <p>4. Expert's appraisal opinion and report of intangible assets or right-of-use assets</p> <p>Where a public company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$ 300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price, and the accountant shall conduct in accordance with Statements on Auditing Standards no. 20 issued by Accounting Research and Development Foundation.</p> <p>5. Where a public company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p> <p>6. The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 12, paragraph 1, subparagraph 8 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction.</p>	<p>chairman and conducted after approved by the board of directors.</p> <p>3. The units responsible for implementation When the Company acquires and disposes intangible assets or right-of-use assets or memberships, shall be conducted by utilized department and relevant responsible units after approved by the preceding verification authority.</p> <p>4. Expert's appraisal opinion and report of intangible assets or right-of-use assets</p> <p>Where a public company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$ 300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.</p> <p>5. Where a public company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p> <p>6. The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 12, paragraph 1, subparagraph 8 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report</p>	

Before Amendment	After Amendment	Explanation
<p>Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p>	<p>from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p>	
<p>Article 9: operating procedures of related party transactions</p> <p>1. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in Article 6-9.</p> <p>The calculation of the transaction amounts shall be done in accordance with Article 12, paragraph 1, subparagraph 8 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p> <p>When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p>2. Appraisal and operating procedures When a public company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10</p>	<p>Article 9: operating procedures of related party transactions</p> <p>1. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with Article 6-9.</p> <p>The calculation of the transaction amounts shall be done in accordance with Article 12, paragraph 1, subparagraph 8 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p> <p>When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p>2. Appraisal and operating procedures When a public company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10</p>	<p>Refer to Chin Kuan Cheng Fa Tzu letter no. 1110380465 issued by Financial Supervisory Commission on January 28, 2022 and relevant regulations, relevant amendment was made to meet the actual situation.</p>

Before Amendment	After Amendment	Explanation
<p>percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:</p> <ol style="list-style-type: none"> <li>(1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</li> <li>(2) The reason for choosing the related party as a transaction counterparty.</li> <li>(3) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 9, paragraph 3, subparagraph 1, 4 and 6.</li> <li>(4) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.</li> <li>(5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</li> <li>(6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</li> </ol>	<p>percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:</p> <ol style="list-style-type: none"> <li>(1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</li> <li>(2) The reason for choosing the related party as a transaction counterparty.</li> <li>(3) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 9, paragraph 3, subparagraph 1, 4 and 6.</li> <li>(4) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.</li> <li>(5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</li> <li>(6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</li> </ol>	



Before Amendment	After Amendment	Explanation
<p>(7) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts shall be made in accordance with Article 12, paragraph 1, subparagraph 8 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount. Where an audit committee has been established in accordance with Securities and Exchange Act, according to matters recognized by the supervisors, it shall first be approved by one-half or more of all audit committee members and then submitted to the board of directors for a resolution, if approval of one-half or more of all audit committee members is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</p> <p>The terms "all audit committee members" and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</p> <p>With respect to the types of transactions listed below, when to be conducted between the Company and subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the company's board of directors may pursuant to Article 6, paragraph 2, Article 7, paragraph 2, and Article 8, paragraph 2 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted</p>	<p>(7) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts shall be made in accordance with Article 12, paragraph 1, subparagraph 8 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the shareholders meeting or board of directors need not be counted toward the transaction amount. Where an audit committee has been established in accordance with Securities and Exchange Act, shall first be approved by one-half or more of all audit committee members and then submitted to the board of directors for a resolution, if approval of one-half or more of all audit committee members is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</p> <p>If the Company or a subsidiary thereof that is not a domestic public company will have a transaction set out in paragraph 1 and the transaction amount will reach 10 percent or more of the public company's total assets, the public company shall submit the materials in all the subparagraphs of paragraph 1 to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the Company and its subsidiaries or between its subsidiaries. With respect to the types of transactions listed below, when to be conducted between the Company and subsidiaries, or between its subsidiaries in which it</p>	

Before Amendment	After Amendment	Explanation
<p>to and ratified by the next board of directors meeting:</p> <p>(1) Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>(2) Acquisition or disposal of real property right-of-use assets held for business use.</p> <p>3. Reasonableness evaluation of the transaction costs</p> <p>(1) The Company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>i. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>ii. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more.</p>	<p>directly or indirectly holds 100 percent of the issued shares or authorized capital, the company's board of directors may pursuant to Article 6, paragraph 2, Article 7, paragraph 2, and Article 8, paragraph 2 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <p>(1) Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>(2) Acquisition or disposal of real property right-of-use assets held for business use.</p> <p>3. Reasonableness evaluation of the transaction costs</p> <p>(1) The Company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>i. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>ii. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more.</p>	

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<p>However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.</p> <p>(2) Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in Article 9, paragraph 3, subparagraph 1.</p> <p>(3) A public company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with Article 9, paragraph 3, subparagraph 1 and 2 shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>i. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>(4) When the results of a public company's appraisal conducted in accordance with Article 9, paragraph 3, subparagraph 1 and 2 are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 9, paragraph 3, subparagraph 5. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>i. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following</p>	<p>However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.</p> <p>(2) Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in Article 9, paragraph 3, subparagraph 1.</p> <p>(3) A public company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with Article 9, paragraph 3, subparagraph 1 and 2 shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>i. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>(4)</p>	

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<p>conditions:</p> <p>A. Where undeveloped land is appraised in accordance with the means in the Article 9, paragraph 3, subparagraph 1-3 and 6, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>B. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.</p> <p>ii. Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the</p>	<p>Where undeveloped land is appraised in accordance with the means in the Article 9, paragraph 3, subparagraph 1-3 and 6, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>B. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.</p> <p>ii. Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the</p>	

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<p>property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.</p> <p>(5) Where a public company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with Article 9, paragraph 3, subparagraph 1-4 are uniformly lower than the transaction price, the following steps shall be taken. Where the Company uses the equity method to account for its investment in the Company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company, it shall be recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>i. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion</p>	<p>property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.</p> <p>(5) Where a public company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with Article 9, paragraph 3, subparagraph 1-4 are uniformly lower than the transaction price, the following steps shall be taken. Where the Company uses the equity method to account for its investment in the Company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company, it shall be recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>i. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion</p>	

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<p>consistent with the share of public company's equity stake in the other company.</p> <p>ii. Supervisors shall conduct matters in accordance with Article 218 of Company Act, where an audit committee has been established in accordance with Securities and Exchange Act, the preceding part of this subparagraph shall apply mutatis mutandis to the independent director members of the audit committee.</p> <p>iii. Actions taken pursuant to no. 1 and 2 of this subparagraph shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>(6) When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, and one of the following circumstances exists, shall conduct in accordance with Article 9, paragraph 2, and shall not apply to Article 9, paragraph 3, subparagraph 1-3:</p> <p>i. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.</p> <p>ii. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.</p> <p>iii. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.</p> <p>iv. The real property right-of-use assets for business use are acquired by the public company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or</p>	<p>consistent with the share of public company's equity stake in the other company.</p> <p>ii. The audit committee shall compare with responsibility of supervisors, conduct matters in accordance with Article 218 of Company Act.</p> <p>iii. Actions taken pursuant to no. 1 and 2 of this subparagraph shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>(6) When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, and one of the following circumstances exists, shall conduct in accordance with Article 9, paragraph 2, and shall not apply to Article 9, paragraph 3, subparagraph 1-3:</p> <p>i. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.</p> <p>ii. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.</p> <p>ii. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.</p> <p>iv. The real property right-of-use assets for business use are acquired by the public company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</p> <p>(7) When a public company obtains real property or right-of-use assets thereof from a related party, it shall also comply with Article 9, paragraph 3,</p>	

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<p>authorized capital.</p> <p>(7) When the Company obtains real property from a related party, it shall also comply with Article 9, paragraph 3, subparagraph 5 if there is other evidence indicating that the acquisition was not an arm's length transaction.</p>	<p>subparagraph 5 if there is other evidence indicating that the acquisition was not an arms length transaction.</p>	
<p>Article 10: operating procedures of acquiring and disposing derivatives</p> <p>1. Trading principle and strategies</p> <p>(1) Transaction types</p> <p>i. When the Company engages in transactions of derivative products, its purpose is divided into two types: non-transactional (hedging transactions with non-transactional purpose) and transactional (transactions with transactional purpose.</p> <p>ii. When the Company currently engages in transaction type of derivative products limited in foreign exchange forward contract, if there's a need of other transactions of derivative products, shall be traded after approved by the board of directors.</p> <p>(2) Operating and hedging strategies</p> <p>i. When the Company engages in transactions of derivative products, and the purpose is risk aversion, averting risk caused by the Company's business operation shall be chosen to use for transaction products as the main reason.</p> <p>ii. For the transaction object of the Company's engaging in transactions of derivative products, financial institutions with better conditions shall be chosen to engage in hedging transactions for avoiding causing credit risk.</p> <p>(3) Segregation of duties</p> <p>i. Responsible officer: financial supervisor takes charge of the preceding assessment of trading risk</p>	<p>Article 10: operating procedures of acquiring and disposing derivatives</p> <p>1. Trading principle and strategies</p> <p>(1) Transaction types</p> <p>i. When the Company engages in transactions of derivative products, its purpose is divided into two types: non-transactional (hedging transactions with non-transactional purpose) and transactional (transactions with transactional purpose.</p> <p>ii. When the Company currently engages in transaction type of derivative products limited in foreign exchange forward contract, if there's a need of other transactions of derivative products, shall be traded after approved by the board of directors.</p> <p>(2) Operating and hedging strategies</p> <p>i. When the Company engages in transactions of derivative products, and the purpose is risk aversion, averting risk caused by the Company's business operation shall be chosen to use for transaction products as the main reason.</p> <p>ii. For the transaction object of the Company's engaging in transactions of derivative products, financial institutions with better conditions shall be chosen to engage in hedging transactions for avoiding causing credit risk.</p> <p>(3) Segregation of duties</p> <p>i. Responsible officer: financial supervisor takes charge of the preceding assessment of trading risk</p>	<p>Refer to Chin Kuan Cheng Fa Tzu letter no. 1110380465 issued by Financial Supervisory Commission on January 28, 2022 and relevant regulations, relevant amendment was made to meet the actual situation.</p>

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<p>and daily management.</p> <p>ii. Trader</p> <p>A. This person shall be authorized by chairman in writing, and take charge of engaging in transactions of derivative products with financial institutions.</p> <p>B. Market information shall be noticed at any time, and variation situation of product analysis from methods of fundamental aspect and technology aspect, etc. shall be made, the latest information shall be reported to responsible supervisors.</p> <p>iii. Transaction confirmation: transaction confirmation personnel shall verify and confirm transaction confirmation (or statement of accounts) and dealing slip written by trader.</p> <p>iv. Settlement personnel: capital dispatcher.</p> <p>v. Trader, transaction confirmation personnel and settlement personnel shall not serve in other operations.</p> <p>vi. Monitoring and control</p> <p>A. The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives.</p> <p>B. Senior executives authorized by the board of directors shall notice monitoring and control of derivatives dealing risk.</p> <p>vii. Filing: all dealing slips bank statements, transaction confirmation and appraisal report shall be filed by accounting department.</p> <p>(4) Performance evaluation</p> <p>i. "Non-transactional" (hedging) derivatives: according to the type of transaction products, performed net profit or loss position shall be made as basis of performance evaluation after closing quotation was made by financial department on each contract</p>	<p>and daily management.</p> <p>ii. Trader</p> <p>A. This person shall be authorized by chairman in writing, and take charge of engaging in transactions of derivative products with financial institutions.</p> <p>B. Market information shall be noticed at any time, and variation situation of product analysis from methods of fundamental aspect and technology aspect, etc. shall be made, the latest information shall be reported to responsible supervisors.</p> <p>iii. Transaction confirmation: transaction confirmation personnel shall verify and confirm transaction confirmation (or statement of accounts) and dealing slip written by trader.</p> <p>iv. Settlement personnel: capital dispatcher.</p> <p>v. Trader, transaction confirmation personnel and settlement personnel shall not serve in other operations.</p> <p>vi. Monitoring and control</p> <p>A. The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives.</p> <p>B. Senior executives authorized by the board of directors shall notice monitoring and control of derivatives dealing risk.</p> <p>vii. Filing: all dealing slips bank statements, transaction confirmation and appraisal report shall be filed by accounting department.</p> <p>(4) Performance evaluation</p> <p>i. "Non-transactional" (hedging) derivatives: according to the type of transaction products, performed net profit or loss position shall be made as basis of performance evaluation after closing quotation was made by financial department on each contract</p>	



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<p>expired trading date.</p> <p>ii. “Transactional” (financial) derivatives: actual profit or loss position shall be made as basis of performance evaluation by financial department, not performed position liquidates net profit or loss and total amount of open interest position day by day in accordance with weekly closing quotation as basis of performance evaluation.</p> <p>(5) Total amount of engaging in contracts and the amount of the maximum loss limit, and formulation of the maximum loss limit</p> <p>i. Hedging transactions As operating regarding the Company’s actual needs, the loss amount of separate contracts shall not exceed 10 percent of transaction contracts as the maximum limit, and the maximum amount of total contracts loss shall not exceed 10 percent of the amount of total transaction contracts as the maximum limit. If derivatives transactions exceed the maximum limit, shall be conducted in accordance with Article 7, paragraph 2 of the Regulations so that risk can be controlled timely.</p> <p>ii. Financial transactions Loss amount of separate contracts shall be US\$ 100 thousand as the maximum limit, and total amount of separate contracts loss shall not exceed US\$ 1 million as the maximum limit. If derivatives transactions exceed the maximum limit, shall be conducted in accordance with Article 7 of the Regulations so that risk can be control timely.</p> <p>2. Risk management measures (1) Credit risk management: Base on market variation influenced by various factors, it’s early to cause</p>	<p>expired trading date.</p> <p>ii. “Transactional” (financial) derivatives: actual profit or loss position shall be made as basis of performance evaluation by financial department, not performed position liquidates net profit or loss and total amount of open interest position day by day in accordance with weekly closing quotation as basis of performance evaluation.</p> <p>(5) Total amount of engaging in contracts and the amount of the maximum loss limit, and formulation of the maximum loss limit</p> <p>i. Hedging transactions As operating regarding the Company’s actual needs, the loss amount of separate contracts shall not exceed 10 percent of transaction contracts as the maximum limit, and the maximum amount of total contracts loss shall not exceed 10 percent of the amount of total transaction contracts as the maximum limit. If derivatives transactions exceed the maximum limit, shall be conducted in accordance with Article 7, paragraph 2 of the Regulations so that risk can be controlled timely.</p> <p>ii. Financial transactions Loss amount of separate contracts shall be US\$ 100 thousand as the maximum limit, and total amount of separate contracts loss shall not exceed US\$ 1 million as the maximum limit. If derivatives transactions exceed the maximum limit, shall be conducted in accordance with Article 7 of the Regulations so that risk can be control timely.</p> <p>2. Risk management measures (1) Credit risk management: Base on market variation influenced by various factors, it’s early to cause</p>	

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<p>operating risk of derivatives, so market risk management shall be conducted in accordance with the following principles:</p> <ul style="list-style-type: none"> <li>i. Transaction object: domestic and foreign famous financial institutions.</li> <li>ii. Products provided by domestic and foreign famous financial institutions.</li> </ul> <p>(2) Market risk management: Choose the market where quotation information can be fully disclosed.</p> <p>(3) Liquidity risk management: To assure market liquidity, when choosing financial products, higher liquidity (flatten on the market at any time) shall be the main reason, entrusted transaction financial institutions shall have full information and trading capacity on any market at any time.</p> <p>(4) Cash flow risk management To assure the stability of the Company's operating capital turnover, the capital resources of the Company's engaging in derivatives transactions shall be private capital as limit, and its operating amount shall consider capital needs of cash receipts and payments forecast in the next three months.</p> <p>(5) Operating risk management</p> <ul style="list-style-type: none"> <li>i. The Company's degree of authority delegated, operating process and integration of internal audit shall be followed in deed to avoid operating risk.</li> <li>ii. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.</li> <li>ii. Risk measurement, monitoring, and control personnel shall be assigned to a different department that the personnel in the preceding subparagraph and shall report to the board of directors or senior</li> </ul>	<p>operating risk of derivatives, so market risk management shall be conducted in accordance with the following principles:</p> <ul style="list-style-type: none"> <li>i. Transaction object: domestic and foreign famous financial institutions</li> <li>ii. Products provided by domestic and foreign famous financial institutions.</li> </ul> <p>(2) Market risk management: Choose the market where quotation information can be fully disclosed.</p> <p>(3) Liquidity risk management: To assure market liquidity, when choosing financial products, higher liquidity (flatten on the market at any time) shall be the main reason, entrusted transaction financial institutions shall have full information and trading capacity on any market at any time.</p> <p>(4) Cash flow risk management To assure the stability of the Company's operating capital turnover, the capital resources of the Company's engaging in derivatives transactions shall be private capital as limit, and its operating amount shall consider capital needs of cash receipts and payments forecast in the next three months.</p> <p>(5) Operating risk management</p> <ul style="list-style-type: none"> <li>i. The Company's degree of authority delegated, operating process and integration of internal audit shall be followed in deed to avoid operating risk.</li> <li>ii. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.</li> <li>iii. Risk measurement, monitoring, and control personnel shall be assigned to a different department that the personnel in the preceding subparagraph and shall report to the board of directors or senior</li> </ul>	

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<p>management personnel with no responsibility for trading or position decision-making.</p> <p>iv. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.</p> <p>v. Other important risk management measures.</p> <p>(6) Legal risk management: Document signed by financial institutions shall be inspected by professional personnel, of exchange and legal or legal consultant, and then it shall be formally signed to avoid legal risk.</p> <p>3. Internal audit system The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report, if any material violation is discovered, all supervisors shall be notified in writing. Where independent directors have been appointed in accordance with the provisions of the Act, for matters for which notice shall be given to the supervisors under the preceding paragraph, written notice shall also be given to the independent directors. Where an audit committee has been established in accordance with the regulations relating to supervisors shall apply mutatis mutandis to the audit committee.</p>	<p>management personnel with no responsibility for trading or position decision-making.</p> <p>iv. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.</p> <p>v. Other important risk management measures.</p> <p>(6) Legal risk management: Document signed by financial institutions shall be inspected by professional personnel, of exchange and legal or legal consultant, and then it shall be formally signed to avoid legal risk.</p> <p>3. Internal audit system The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report, if any material violation is discovered, all independent directors or the audit committee shall be notified in writing.</p>	

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<p>4. Regular evaluation methods and the handling of irregular circumstances</p> <p>(1) The board of directors shall authorize senior executives to regularly supervise and evaluate whether engaging in derivatives transactions is conducted in accordance with the regulations in deed, and undertaken risk is within the permitted scope of undertaking. When there's irregular circumstance in evaluation report (if holding position exceeded loss limit), it shall be reported to the board and directors, and adopted counter measures.</p> <p>(2) The preceding evaluation operation shall be conducted in accordance with this Article, paragraph 2, subparagraph 5, no.4.</p> <p>5. Monitoring and management of board of directors</p> <p>(1) The board of directors shall faithfully supervise and manage such trading in accordance with the following principles</p> <p>i. The board of directors shall designate senior executives to notice monitoring and control of derivatives transaction risk, its management principle is as follows:</p> <p>A. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the company.</p> <p>B. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors, an independent director shall be present at the meeting and express an opinion.</p> <p>ii. Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.</p>	<p>4. Regular evaluation methods and the handling of irregular circumstances</p> <p>(1) The board of directors shall authorize senior executives to regularly supervise and evaluate whether engaging in derivatives transactions is conducted in accordance with the regulations in deed, and undertaken risk is within the permitted scope of undertaking. When there's irregular circumstance in evaluation report (if holding position exceeded loss limit), it shall be reported to the board and directors, and adopted counter measures.</p> <p>(2) The preceding evaluation operation shall be conducted in accordance with this Article, paragraph 2, subparagraph 5, no.4.</p> <p>5. Monitoring and management of board of directors</p> <p>(1) The board of directors shall faithfully supervise and manage such trading in accordance with the following principles</p> <p>i. The board of directors shall designate senior executives to notice monitoring and control of derivatives transaction risk, its management principle is as follows:</p> <p>A. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the company.</p> <p>B. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors, an independent director shall be present at the meeting and express an opinion.</p> <p>ii. Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken</p>	

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<p>iii. The Company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.</p> <p>(2) A public company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under this Article, paragraph 2, subparagraph 5, no. 4, paragraph 5, subparagraph 2 and paragraph 5, subparagraph 1 no.1, of the preceding article shall be recorded in detail in the log book.</p>	<p>is within the company's permitted scope of tolerance.</p> <p>iii. The Company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.</p> <p>(2) A public company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under this Article, paragraph 2, subparagraph 5, no. 4, paragraph 5, subparagraph 2 and paragraph 5, subparagraph 1 no.1, of the preceding article shall be recorded in detail in the log book.</p>	
<p>Article 11: management procedures of conducting mergers and consolidations, splits, acquisition and assignment of shares</p> <p>1. Appraisal and operating procedures</p> <p>(1) The Company that conducts a merger, demerger, acquisition, or transfer of shares shall appoint certified public accounts, attorneys or securities underwriters, etc., to discuss an estimated timeline of legal procedures together, and organize a task force to conduct in accordance with legal procedures. Prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage.</p> <p>However, the requirement of obtaining an aforesaid opinion on reasonableness</p>	<p>Article 11: management procedures of conducting mergers and consolidations, splits, acquisition and assignment of shares</p> <p>1. Appraisal and operating procedures</p> <p>(1) The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage.</p> <p>However, the requirement of obtaining an aforesaid opinion on reasonableness</p>	<p>Refer to Chin Kuan Cheng Fa Tzu letter no. 1110380465 issued by Financial Supervisory Commission on January 28, 2022 and relevant regulations, relevant amendment was made to meet the actual situation.</p>

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<p>issued by an expert may be exempted in the case of a merger by a public company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.</p> <p>(2) The Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the shareholders meeting fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, and the reason, the follow-up measures, and the preliminary date of the next shareholders meeting shall immediately publicly explained.</p> <p>2. Other precautions of implement</p> <p>(1) Date of meeting of board of directors: A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act</p>	<p>issued by an expert may be exempted in the case of a merger by a public company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.</p> <p>(2) The Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the shareholders meeting fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, and the reason, the follow-up measures, and the preliminary date of the next shareholders meeting shall immediately publicly explained.</p> <p>2. Other precautions of implement</p> <p>(1) Date of meeting of board of directors: A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act</p>	

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<p>provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p> <p>A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:</p> <ul style="list-style-type: none"> <li>i. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.</li> <li>ii. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.</li> <li>iii. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.</li> </ul> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the board of</p>	<p>provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p> <p>A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:</p> <ul style="list-style-type: none"> <li>i. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.</li> <li>ii. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.</li> <li>iii. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.</li> </ul> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the board of</p>	

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<p>directors, report (in the prescribed format and via the Internet-based information system) the information set out in Article 11, paragraph 2, subparagraph 1, no.3-1 and 2 to the FSC for recordation.</p> <p>Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by Article 11, paragraph 2, subparagraph 1 no. 3 and 4.</p> <p>(2) Undertaking of confidentiality in advance: Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.</p> <p>(3) Formulation and alternation principle of alter the share exchange ratio or acquisition price: the Company participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:</p> <p>i. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants,</p>	<p>directors, report (in the prescribed format and via the Internet-based information system) the information set out in Article 11, paragraph 2, subparagraph 1, no.3-1 and 2 to the FSC for recordation.</p> <p>Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by Article 11, paragraph 2, subparagraph 1 no. 3 and 4.</p> <p>(2) Undertaking of confidentiality in advance: Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.</p> <p>(3) Formulation and alternation principle of alter the share exchange ratio or acquisition price: the Company participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:</p> <p>i. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants,</p>	



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<p>preferred shares with warrants, stock warrants, or other equity based securities.</p> <p>ii. An action, such as a disposal of major assets, that affects the company's financial operations.</p> <p>iii. iAn event, such as a major disaster or major change in technology, that affects shareholder equity or share price.</p> <p>iv. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.</p> <p>v. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.</p> <p>vi. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.</p> <p>(4) Content specified in contracts: the contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, except regulations of Article 317-1 of Company Act and Article 22 of Business Mergers and Acquisitions Act, and shall also record the following:</p> <p>i. Handling of breach of contract.</p> <p>ii. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.</p> <p>iii. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for</p>	<p>preferred shares with warrants, stock warrants, or other equity based securities.</p> <p>ii. An action, such as a disposal of major assets, that affects the company's financial operations.</p> <p>iii. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.</p> <p>iv. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.</p> <p>v. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.</p> <p>vi. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.</p> <p>(4) Content specified in contracts: the contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, except regulations of Article 317-1 of Company Act and Article 22 of Business Mergers and Acquisitions Act, and shall also record the following:</p> <p>i. Handling of breach of contract.</p> <p>ii. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.</p> <p>iii. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for</p>	

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<p>handling thereof.</p> <p>iv. The manner of handling changes in the number of participating entities or companies.</p> <p>v. Preliminary progress schedule for plan execution, and anticipated completion date.</p> <p>vi. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.</p> <p>(5) When the number of companies participating in the merger, demerger, acquisition, or share transfer: After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.</p> <p>(6) Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the public company(s) shall sign an agreement with the non-public company whereby the latter is required to abide by Article 9, paragraph 2, subparagraph 1, 2 and 5.</p>	<p>handling thereof.</p> <p>iv. The manner of handling changes in the number of participating entities or companies.</p> <p>v. Preliminary progress schedule for plan execution, and anticipated completion date.</p> <p>vi. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.</p> <p>(5) When the number of companies participating in the merger, demerger, acquisition, or share transfer: After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.</p> <p>(6) Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the public company(s) shall sign an agreement with the non-public company whereby the latter is required to abide by Article 9, paragraph 2, subparagraph 1, 2 and 5.</p>	
Article 12: public disclosure of	Article 12: public disclosure of	Refer to Chin

Before Amendment	After Amendment	Explanation
<p>information</p> <p>1. Publicly announced and reported items and standards of public announcement and report:</p> <p>(1) Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$ 300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(2) Merger, demerger, acquisition, or transfer of shares.</p> <p>(3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p>(4) Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <p>i. For a public company whose paid-in capital is less than NT\$ 10 billion, the transaction amount reaches NT\$ 500 million or more.</p> <p>ii. For a public company whose paid-in capital is NT\$ 10 billion or more, the transaction amount reaches NT\$ 1 billion or more.</p> <p>(5) Acquisition or disposal by a public company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$ 500 million; among such cases, if the</p>	<p>information</p> <p>1. Publicly announced and reported items and standards of public announcement and report:</p> <p>(1) Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$ 300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(2) Merger, demerger, acquisition, or transfer of shares.</p> <p>(3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p>(4) Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <p>i. For a public company whose paid-in capital is less than NT\$ 10 billion, the transaction amount reaches NT\$ 500 million or more.</p> <p>ii. For a public company whose paid-in capital is NT\$ 10 billion or more, the transaction amount reaches NT\$ 1 billion or more.</p> <p>(5) Acquisition or disposal by a public company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches</p>	<p>Kuan Cheng Fa Tzu letter no. 1110380465 issued by Financial Supervisory Commission on January 28, 2022 and relevant regulations, relevant amendment was made to meet the actual situation.</p>

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<p>public company has paid-in capital of NT\$ 10 billion or more, and it is disposing of real property from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NT\$ 1 billion or more.</p> <p>(6) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$ 500 million.</p> <p>(7) Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$ 300 million; provided, this shall not apply to the following circumstances:</p> <p>A. Trading of domestic government bonds.</p> <p>B. Where done by professional investors-securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p>	<p>NT\$ 500 million; among such cases, if the public company has paid-in capital of NT\$ 10 billion or more, and it is disposing of real property from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NT\$ 1 billion or more.</p> <p>(6) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$ 500 million.</p> <p>(7) Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$ 300 million; provided, this shall not apply to the following circumstances:</p> <p>A. Trading of domestic government bonds or foreign bonds with credit rating not lower than domestic sovereign rating level.</p> <p>B. Where done by professional investors-securities trading on securities exchanges or OTC markets, or subscription of foreign bonds or ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription or redemption of exchange traded note, or subscription by a securities</p>	

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<p>C. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(8) The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> <li>i. The amount of any individual transaction.</li> <li>ii. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</li> <li>iii. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.</li> <li>iv. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</li> </ol> <p>2. Timeline of conducting public announcement and report Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the announcement items and the transaction amount in the appropriate format as prescribed by Article 23, paragraph 1 within 2 days counting inclusively from the date of occurrence of the event:</p> <p>The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed</p>	<p>firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>C. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(8) The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> <li>i. The amount of any individual transaction.</li> <li>ii. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</li> <li>iii. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.</li> <li>iv. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</li> </ol> <p>2. Timeline of conducting public announcement and report Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the announcement items and the transaction amount in the appropriate format as prescribed by Article 23, paragraph 1 within 2 days counting inclusively from the date of occurrence of the event:</p> <p>The Company shall compile monthly reports on the status of derivatives</p>	

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<p>format into the information reporting website designated by the FSC by the 10th day of each month.</p> <p>3. Procedures of public announcement and report</p> <p>(1) Relevant information shall be made by the Company on the information reporting website designated by the FSC.</p> <p>(2) The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</p> <p>(3) When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.</p> <p>(4) The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.</p> <p>(5) Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of</p>	<p>trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</p> <p>3. Procedures of public announcement and report</p> <p>(1) Relevant information shall be made by the Company on the information reporting website designated by the FSC.</p> <p>(2) The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</p> <p>(3) When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.</p> <p>(4) The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.</p> <p>(5) Where any of the following</p>	

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<p>relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:</p> <ul style="list-style-type: none"> <li>i. Change, termination, or rescission of a contract signed in regard to the original transaction.</li> <li>ii. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</li> <li>iii. Change to the originally publicly announced and reported information.</li> </ul>	<p>circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:</p> <ul style="list-style-type: none"> <li>i. Change, termination, or rescission of a contract signed in regard to the original transaction.</li> <li>ii. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</li> <li>iii. Change to the originally publicly announced and reported information.</li> </ul>	
<p>Article 14: control and management procedures of subsidiary’s acquiring and disposing assets</p> <ul style="list-style-type: none"> <li>1. A subsidiary shall also draw up “Regulations Governing the Acquisition and Disposal of Assets” in accordance with “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”.</li> <li>2. When a subsidiary acquires and disposes assets, shall be conducted in accordance with the company’s operating procedures.</li> <li>3. Information required to be publicly announced and reported in accordance with Article 10 on acquisitions and disposals of assets by a subsidiary that is not itself a public company in Taiwan shall be reported by the parent company.</li> <li>4. In the standards of public announcement and report of a subsidiary, “reaches 20 percent of the Company’s paid-up capital or 10</li> </ul>	<p>Article 14: control and management procedures of subsidiary’s acquiring and disposing assets</p> <ul style="list-style-type: none"> <li>1. A subsidiary shall also draw up “Regulations Governing the Acquisition and Disposal of Assets” in accordance with “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”.</li> <li>2. When a subsidiary acquires and disposes assets, shall be conducted in accordance with the company’s operating procedures.</li> <li>3. Information required to be publicly announced and reported in accordance with Article 10 on acquisitions and disposals of assets by a subsidiary that is not itself a public company in Taiwan shall be reported by the parent company.</li> <li>4. In the standards of public announcement and report of a subsidiary, “reaches 20 percent of the Company’s paid-up capital or 10</li> </ul>	<p>In response to the establishment of audit committee, it was amended.</p>

Before Amendment	After Amendment	Explanation
<p>percent of total assets” means that the paid-in capital or total assets of the Company shall be applicable.</p> <p>5. When there’s a circumstance of a subsidiary’s acquiring and disposing assets, operating and implement of acquiring and disposing assets shall be audited at least quarterly, and made a record in writing. If any material violation is discovered, the Company’s audit unit shall be notified in writing; and the Company’s audit unit shall submit written information to all supervisors. Where an audit committee has been established in accordance with Securities and Exchange Act, regulations relating to supervisors shall apply mutatis mutandis to the audit committee.</p> <p>6. When the Company’s audit personnel audits in a subsidiary in accordance with the annual audit plan, shall understand implementation of a subsidiary’s conducting acquisition and disposal of assets together, if there’s deficiency, it shall be continued to track its improvement, and a tracking report shall be made and submitted to all supervisors. Where an audit committee has been established in accordance with Securities and Exchange Act, regulations relating to supervisors shall apply mutatis mutandis to the audit committee.</p>	<p>percent of total assets” means that the paid-in capital or total assets of the Company shall be applicable.</p> <p>5. When there’s a circumstance of a subsidiary’s acquiring and disposing assets, operating and implement of acquiring and disposing assets shall be audited at least quarterly, and made a record in writing. If any material violation is discovered, the Company’s audit unit shall be notified in writing; and the Company’s audit unit shall submit written information to all independent directors or the audit committee.</p>	
<p>Article 17: implementation and amendment</p> <p>After operating procedures of acquiring and disposing assets made by the Company are approved by the board of directors, and the procedures shall be submitted to all supervisors and reported to shareholders’ meeting for approval, the same applies when the procedures are amended. If a director expresses dissent and it is contained in the minutes or a written statement, the company shall</p>	<p>Article 17: implementation and amendment</p> <p>After operating procedures of acquiring and disposing assets made by the Company are approved by the board of directors, and the procedures shall be submitted to shareholders’ meeting for approval, the same applies when the procedures are amended. When the procedures are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of</p>	<p>In response to the establishment of audit committee, it was amended.</p>



Before Amendment	After Amendment	Explanation
<p>submit the director's dissenting opinion to each supervisor. In addition, when the procedures are reported to the board of directors for discussion, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>Where an audit committee has been established in accordance with Securities and Exchange Act, when the procedures for the acquisition and disposal of assets are adopted or amended they shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution. If approval of one-half or more of all audit committee members is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. The terms "all audit committee members" and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</p>	<p>directors shall take into full consideration each director's and independent director's opinions, if a director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>Where an audit committee has been established in accordance with Securities and Exchange Act, when the procedures for the acquisition and disposal of assets are adopted or amended they shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution. If approval of one-half or more of all audit committee members is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. The terms "all audit committee members" and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</p>	

### **Chieftek Precision Co., Ltd.**

### **Rules of Procedure for Shareholders Meetings**

#### Article 1: Establishment basis

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

#### Article 2: Scope of the rules

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

#### Article 3: Convening a Board meeting and meeting notice

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

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

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

Election or dismissal of directors or supervisors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.

A shareholder holding one percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda.

However, a shareholder may propose a recommendation for urging the corporation to promote public interests or fulfill its social responsibilities, it will not be included in the meeting agenda. In addition, a proposal made by a shareholder has one of the

circumstances in Article 172-1, paragraph 4 of Company Act, and the board of directors may not include it in the meeting agenda.

Prior to the book closure date before a regular shareholders meeting is held, the Company shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

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

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

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

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

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

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

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

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

**Article 6: Preparation of signature book and other documents**

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

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

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

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

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

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

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

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

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

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

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

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

This Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

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

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

The chair shall call the meeting to order at the appointed meeting time and disclose relevant information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting, etc.

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

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

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

#### Article 10: Discussion on Agenda

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

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

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

#### Article 11: Shareholder speech

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

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

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

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

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

#### Article 12: Calculation of voting shares

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

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

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

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

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

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

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

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

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

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Corporation, by the same means by

which the voting rights were exercised, before 2 business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

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

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

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

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

Article 14: The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected, and the names of directors and supervisors not elected and number of votes they received.

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

Article 15: Meeting minutes and signature

Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form. This Corporation may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

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

Article 16: Public disclosure

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

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or GreTai Securities Market) regulations, this Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17: Maintaining order at the meeting place

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

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

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

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

Article 18: Recess and resumption of a shareholders meeting

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

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article 19: Supplementary Provisions

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



## Appendix 2

### Chieftek Precision Co., Ltd. Articles of Incorporation

#### Chapter 1 General Provisions

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

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

- (i) CB01990 Other Machinery Manufacturing;
- (ii) F401010 International Trading.

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

- (a) Miniature linear guide;
- (b) Miniature ball screw;
- (c) Miniature linear modules;
- (d) Photoelectric and semi-conductor machinery equipment; (e) International trading relating to aforesaid products.

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

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

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

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

#### Chapter 2 Shares

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

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

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

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

Article 7.1: The company shall buy shares in accordance with the provisions of company law, the object of its transfer, the object of the employee's equity voucher, the employees who acquire the issuance of new shares, and the object of issuing new shares restricting the rights of employees, including employees of subordinate companies who meet certain conditions.

### Chapter 3 Shareholders Meeting

Article 8: There are two types of shareholders meeting, namely, regular meeting and special meeting. The regular meeting shall be convened within six months after close of each fiscal year. Whereas, special meetings are held in accordance with law, when necessary.

Article 8.1: The Notice of Shareholders Meeting shall be done electronically with the consent of the shareholders.

Article 8.2: In accordance with Articles 193-1 of Company Act, the Company will electronically be listed as one of the exercise of voting rights. The elections for directors of the Company shall proceed with the candidate nomination system; the shareholders shall elect the directors from among the nominees listed in the roster of candidates.

Article 9: When a shareholder is unable to attend the shareholders meeting for whatever reason, that shareholder shall appoint a proxy to attend by offering company issued solicitation document stipulating the extent of the authorization with signature or company seal thereon.

Article 10: A shareholder, unless otherwise provided for in article 179 of the Company Act relating to the circumstances of certain shares having no voting right, shall have one voting right in respect of each share in his/her/its possession.

Article 11: A resolution is passed at the shareholders meeting by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares.

Article 12: Resolutions adopted at a shareholders meeting shall be recorded in the minutes of the meeting. The preparation, distribution, and safekeeping thereof must be proceeded in accordance with article 183 of the Company Act.

### Chapter 4 Directors and Supervisors

Article 13: The Company shall appoint five to nine directors and two to three supervisors, and a three-year term and may be re-elected after the term.

The Company shall by law purchase liability insurance in order to cover liability that may arise from the directors and supervisors exercising their duties during their term.

The appointed number of the aforesaid director shall have no less than two independent directors and the same shall not be less than one fifth of the total number of directors of the Company. The appointment of independent director is by electing from among the nominated candidates by the shareholders. The professional qualification, shareholding, part-time job restrictions, nominations, means of election as well as other relevant issues are proceeded in accordance with the regulations of the competent authority.

The Company shall subject to the Securities and Exchange Act establish an audit committee. The members of the committee are composed of the entire number of independent directors. It shall not be less than three persons in number and at least one thereof shall have accounting or financial expertise. The provisions of relevant regulations or Company's Articles of Incorporation shall apply mutatis mutandis to the exercise of power, committee charter, as well as other applicable matters of the audit committee. Upon the establishment of the audit committee, the supervisor shall be

released from duty. The provisions regarding supervisor in this Articles of Incorporation shall be void with immediate effect.

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

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

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

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

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

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

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

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

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

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

#### Chapter 5 Managerial Personnel

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

## Chapter 6 Accounting

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

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

(i) Withholding Tax

(ii) Covering the deficit

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

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

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

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

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

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

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

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

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

When the issuance of new shares is issued, it shall be governed by a resolution of the shareholders' meeting in accordance with the provisions.

#### Chapter 7 Supplementary Provisions

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

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

First amended on January 6, 1999.

The second amendment was on October 14, 1999.

The third amendment was on January 1, 2000.

The fourth amendment was on June 22, 2000.

The fifth amendment was on April 4, 2001.

The sixth amendment was on May 15, 2001.

The seventh amendment was on April 3, 2002.

The eighth amendment was on June 6, 2002.

The ninth amendment was on June 20, 2003.

The tenth amendment was on August 25, 2003.

The eleventh amendment was on November 25, 2003.

The twelfth amendment was on April 15, 2004.

The thirteenth amendment was on December 30, 2004.

The fourteenth amendment was on November 17, 2006.

The fifteenth amendment was on June 29, 2007.

The sixteenth amendment was on June 30, 2008.

The seventeenth amendment was on November 12, 2010.

The eighteenth amendment was on June 17, 2011.

The nineteenth amendment was on June 20, 2012.

The twentieth amendment was on June 27, 2013.

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

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

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

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

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

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

Chieftek Precision Co., Ltd

Chairman: Li-fen Chen

## Appendix 3

### Directors and Supervisors' Shareholdings

- I. As of the book closure date for the shareholders' meeting on March 27, 2022, the paid-in capital of the Company is NT\$811,875,490 and the total number of issued shares is 81,187,549 shares.
- II. In accordance with Article 26 of Securities and Exchange Act and Article 2 of Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, the minimum numbers of shares required to be held by the entire bodies of directors is 6,495,004 shares.
- III. As of March 27, 2022, the shareholdings of all directors and supervisors:

Position	Name	Date of Election	Term of Office (year)	Shareholdings recorded on the shareholders roster as of the book closure date for the shareholders' meeting	Shareholding ratio %
Chairman	CHEN LI-FEN	109.06.08	3	3,653,107	4.50%
Director	HSU MING-CHE	109.06.08	3	5,579,338	6.87%
Director	CHENG SHENG -FEN	109.06.08	3	554,736	0.68%
Director	WANG CHEN PI-HSIA	109.06.08	3	555,355	0.68%
Director	Anne Li	109.06.08	3	1,075,290	1.32%
Independent director	WU CHUNG - JEN	109.06.08	3	29,403	0.04%
Independent director	WEI NAICHANG	109.06.08	3	0	0.00%
Independent director	Ming Tzu Ho	109.06.08	3	0	0.00%
<b>Total shares of the entire bodies of directors</b>				<b>11,447,229</b>	<b>14.10%</b>

Note: The shareholdings of independent directors elected by a public company shall not be counted in the total referred to in the preceding paragraph; if a public company has elected two or more independent directors, the shareholding of all directors other than the independent directors shall be decreased by 20 percent in accordance with the calculation of quorum ratio.

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

## Appendix 4

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

2021 the Company's earnings distribution proposal was approved by a resolution of board of directors on March 2, 2022, stock dividends of common stock were NT\$ 80,742,550, issuing new shares of transferred common stock were 8,074,255 shares (100 shares per thousand shares), and paid-up capital after capital increase was NT\$ 892,618,040, 2021 earnings per share was NT\$ 3.82, earnings per share after retroactive adjustment, and the dilution ratio was NT\$ 3.48, as the Company's further operation shall continue to grow, in general, 2021 distribution of bonus shares shall not bring the Company's operational performance, earnings per share and return on equity important influence.

## Appendix 5

### **Other Explanation Matter**

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

Explanation:

- I. In accordance with Article 172-1 of the Company Act, a shareholder holding 1 percent or more of the total number of issued shares may submit to this Corporation a written proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only and limited to 300 words.
- II. The Company handles the submission of proposals for the shareholders' meeting. The period of submission is from March 21, 2022 to March 30, 2022. The information has been announced on the Market Observation Post System.
- III. The Company has not received any proposals from the shareholders.