

Chieftek Precision Co., LTD.

2023 Annual Shareholders' Meeting Handbook

Convention method of shareholders' meeting: convening physically

Time : 9:00 a.m., May 26, 2023 (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.
2023 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 and Election Items**
- 7. Extemporaneous Motion**
- 8. Meeting Adjourned**

Chieftek Precision Co., Ltd.

2023 Annual Shareholders' Meeting Agenda

1. Time : 9:00 a.m., May 26, 2023 (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 2022.
 - (2) Audit Committee's Audit Report on 2022 Financial Statements.
 - (3) Report on 2022 Employees' Profit Sharing Bonus and Directors' Compensation report.
 - (4) Report on the Resolution and Implementation on Company's Shares Buyback report.
 - (5) Report on 2022 Cash Distribution of Profit.
 - (6) Report on Amendments of the Company's "Rules of Procedure for Board of Directors' Meeting"
6. Proposed Items:
 - (1) To accept 2022 Business Report and Financial Statements.
 - (2) To approve the Proposal for Distribution of 2022 Profit.
7. Discussion and Election Items:
 - (1) Election on 9th session of Board of Directors.
 - (2) Release the Restrictions of Non-Compete Prohibition of New Directors Proposal.
8. Extemporary Motion
9. Meeting Adjournment

Report Items

1. Report on the Business of 2022.

Explanatory Notes: The 2022 Business Report, please refer to the Attachment 1 in the Handbook of 2023 Annual Shareholders' Meeting.

2. Audit Committee's Audit Report on 2022 Financial Statements.

Explanatory Notes: The 2022 Audit Committee's Audit Report, please refer to the Attachment 2 in the Handbook of 2023 Annual Shareholders' Meeting.

3. Report on 2022 Employees' Profit Sharing Bonus and Directors' Compensation.

Explanatory Notes: The 2022 Employees' Profit Sharing Bonus and Directors' Compensation Report, please refer to the Attachment 3 in the Handbook of 2023 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, 2022

Batch Order	The First Period	The Second Period	The Third Period
Purpose of the buy-back	Transferred the shares to employees	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	September 30, 2022 to November 29, 2022
Price range	NT\$22.30 to NT\$50.40, as the share price of the Company was lower than the price range of the lower limit, the Company continued buy-back.	NT\$37.25 to NT\$131.00, as the share price of the Company was lower than the price range of the lower limit, the Company continued buy-back.	NT\$46.20 to NT\$100.00 as the share price of the Company was lower than the price range of the lower limit, the Company continued to buy-back.
Type and amount of shares buyback	Common stock 3,000,000 shares	Common stocks 445,000 shares	Common stocks 2,000,000 shares

Batch Order	The First Period	The Second Period	The Third Period
Amount of shares buyback	NT\$ 118,543,503 (average buyback price per share is NT\$39.51)	NT\$ 26,550,420 (average buyback price per share is NT\$59.66)	NT\$ 147,569,895 (average buyback price per share is NT\$73.78)
Percentage of expected number of shares buyback held (%)	100.00%	8.90%	100.00%
Eliminated and transferred shares	3,000,000 shares have been eliminated (Note 1)	445,000 shares	0 shares
Accumulated number of Company shares held	0	0	2,000,000 shares
Percentage of total Company shares held(%)	0%	0%	2.24%

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 on 2022 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. 2022 earnings distribution statement was made (please refer to attachment 5 in the Handbook of 2023 Annual Shareholders' Meeting), distributed shareholder's cash dividend was NT\$174,523,608 (NT\$ 2.0 per share). After approved by a resolution of meeting of the board of directors on February 22, 2023, and reported to audit committee for approval, it shall be required report and acknowledgement of 2023 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 2023 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.

6. Report on Amendments of the Company's "Rules of Procedure for Board of Directors' Meeting"

Explanatory Notes:

- (1) Implemented in accordance with Chin Kuan Cheng Fa Tzu no. 1110383263 issued by Financial Supervisory Commission on August 5, 2022, and "Regulations Governing Procedure for Board of Directors Meetings of Public Companies".
- (2) Important matters of the Company's operation shall be specified in the reason of convenience, and directors can have enough information and time to evaluate the proposal before making a decision, it shall be specified in the reason of convenience, and shall not be proposed by extemporaneous motions, and refer to the Company Act and explanation letters of Ministry of Economic Affairs. Based on important matters of chairman's dismissal and election in associated companies, directors' election or dismissal shall be reported to the board of directors for discussion, and correspond to amend the Company's "Rules of Procedure for Board of Directors' Meeting".
- (3) Attached "Comparison of amendments of Rules of Procedure for Board of Directors' Meeting", please refer to attachment 6 in the Handbook of 2023 Annual Shareholders' Meeting.

Proposed Items

1. To accept 2022 Business Report and Financial Statements.

Proposed by the Board of Directors

Explanatory Notes:

- (1) The Company's 2022 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) 2022 business report, please refer to attachment 1, audit report and financial statements made by PwC Taiwan, please refer to attachment 4 of the Handbook in the 2023 Annual Shareholders' Meeting.

Resolution:

2. To Approve the Proposal for Distribution of 2022 Profit.

Proposed by the Board of Directors

Explanatory Notes:

- (1) The Company's 2022 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 February 22, 2023 and submitted to the audit committee for audit.
- (2) Earnings distribution statement, please refer to attachment 5 of the Handbook in the 2023 Annual Shareholders' Meeting.

Resolution:

Discussion and Election Items

1. Election on 9th session of Board of Directors

Proposed by the Board of Directors

Explanatory Notes:

- (1) The term of office of this session of the board of directors ends on June 7, 2023. They shall be re-elected in accordance with the law.
- (2) In accordance with the provisions in Articles of Incorporation and the resolution made on February 22, 2023, 9 directors (including 4 independent directors) shall be re-elected during the general shareholders' meeting by candidate nomination system. The newly elected directors and independent directors shall take office after the completion of the general shareholders' meeting. Their term of office lasts 3 years, starting from May 26, 2023 to May 25, 2026.
- (3) The election shall be conducted in accordance with "Procedures for Election of Directors", which can be referred to on Attachment 2 of the 2023 Annual Shareholders' Meeting.
- (4) The qualification criteria for the candidates of the directors and independent directors have been reviewed and approved by board of directors on April 12, 2023. Please refer to Attachment 7 of the 2023 Annual Shareholders' Meeting.

Resolution:

2. Release the Restrictions of Non-Compete Prohibition of New Directors

Proposal.

Proposed by the Board of Directors

Explanatory Notes:

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

Resolution:

Extemporaneous Motion

Meeting Adjournment

Chieftek Precision Co., Ltd.

2022 Business Report

Under the influences of mutant virus, Russo-Ukrainian War, high inflation and climate change, etc., the main economy has initiated rate rising cycle to confront inflation, high rate has affected industry's investment willing, and manufacturing's activities of all countries has apparently slowed down. Global economic needs has changed to weak, in addition, manufacturers' capital investment has also transferred to conservative influenced by global weak economy and raise of lending rate, and it caused that the growth of private investment significantly slowed down. The Company has been influenced by factors above, and it caused that consolidated revenue of year 2022 was NT\$1,635,779 thousand, compared with NT1,856,920 thousand of year 2021, it decreased NT\$221,141 thousand, the reduction ratio is 11.91%. **cpc** created good results that earnings per cash of year 2022 reached to NT\$3.91, compared with year 2021.

The 2022 Business Report is as following:

1. The Result of Implement of Business Plan

(1) Consolidated Income Statement for the years ended December 31, 2022 and 2021.

Unit: NT\$ thousand

Items	2022	2021	Increase (Decrease) Amount
Sales Revenue	1,635,779	1,856,920	(221,141)
Operating Cost	(925,855)	(1,083,133)	(157,278)
Operating Margin	709,924	773,787	(63,863)
Operating Expenses	(333,970)	(290,407)	(43,563)
Operating Profit	375,954	483,380	(107,426)
Non-Operating Income and Expenses	63,414	(36,121)	99,535
Profit Before Income Tax	439,368	447,259	(7,891)
Profit for the year	346,787	308,789	37,998
Other comprehensive income(loss)	27,168	(14,778)	41,946
Comprehensive income (loss) for the year	373,955	294,011	79,944
Earnings per share	3.91	3.48	0.43

According to the above table

1. Turnover

- (1) The turnover of miniature linear slides was NT\$998,078 thousand, and decreased by 21.68%; the turnover of large linear slides was NT\$569,832 thousand, and increased by 7.24%; the turnover of linear motors was NT\$77,334 thousand, and increased by 23.07%.
- (2) If compared by regions, the turnover decreased 29.38% in Mainland, increased 14.84% in European region, increased 14.56% in the United States, decreased 49.22% in the domestic sales of Taiwan and decreased 2.85% in other regions.

2. Operating Margin Rate

Although 2022 high gross profit of miniature linear slides decreased proportion of revenue caused by decrease of semiconductor industry needs, however, revenues of large linear slides increased, and overall costs was controlled well, in addition, the combined impact of the devaluation when new Taiwan dollar exchanged for US dollars and RMB were separately 6.61% and 1.88%, revaluation of euro was 5.32%, and the operating margin of year 2022 was 43.40%, and compared with 41.67% of year 2021, it increased by 1.73%.

3. Profits

- (2) Profit before tax of year 2022 was NT\$346,787 thousand, which increased by NT\$ 37,998 thousand with comparison of NT\$308,789 thousand in 2021, and the increasing rate was 12.31%.
- (2) Basic earnings per share of year 2022 was NT\$3.91, which increased NT\$0.43, compared with NT\$3.48 in 2021.

(2) Parent Company Only Statement of Comprehensive Income for the years ended December 31, 2022 and 2021.

Unit: NT\$ thousand

Items	2022	2021	Increase (Decrease) Amount
Sales revenue	1,418,743	1,443,674	(24,931)
Operating costs	(893,324)	(939,851)	(46, 527)
Gross profit	525,419	503,823	21,596
Unrealized gain from inter-affiliate accounts	(91,619)	(44,889)	(46,730)
Realized gain from inter-affiliate accounts	44,889	68,823	(23,934)
Net operating margin	478,689	527,757	(49,068)
Operating expenses	(207,652)	(183,195)	(24,457)
Operating profit	271,037	344,562	(73,535)

Items	2022	2021	Increase (Decrease) Amount
Non-operating income and expenses	141,105	46,199	94,906
Profit before income tax	412,142	390,761	21,381
Income tax expense	(65,355)	(81,972)	(16,617)
Profit for the year	346,787	308,789	37,998
Other comprehensive income (loss)	27,168	(14,778)	41,946
Comprehensive income for the year	373,955	294,011	79,944

(3) Parent Company Only of Profitability Analysis for the 2022 and 2021

Items	2022	2021
Return on Total Assets (%)	9.26%	8.86%
Return on Equity (%)	14.73%	14.04%
Operating Income to Paid-in Capital Ratio (%)	30.36%	42.44%
Pre-tax Income to Paid-in Capital Ratio (%)	46.17%	48.13%
Net Margin (%)	24.44%	21.39%
Basic Earnings Per Share (NT\$)	3.91	3.48

(4) Consolidated Company Only of Profit ability Analysis for the 2022 and 2021

Items	2022	2021
Return on Total Assets (%)	9.00%	8.60%
Return on Equity (%)	14.73%	14.04%
Operating Income to Paid-in Capital Ratio (%)	42.12%	59.54%
Pre-tax Income to Paid-in Capital Ratio (%)	49.22%	55.09%
Net Margin (%)	21.20%	16.63%
Basic Earnings Per Share (NT\$)	3.91	3.48

2. Enterprise Development

The product application field of **cpc** is extensive, and significantly contributed to industries of global semiconductor, photoelectric, biomedical, electronic, precision measurement, machine tools, automation intellectualization, and digital transformation, and the Company is ranked the global top three manufacturers of miniature linear slides with celebrated factories of Japan.

cpc has continuously 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. Except continuing to proceed expansion of current product dimension and raise of specification, responding to multiple market needs, the Company has launched a whole new of series of cpcRobot miniature six axis robot arm and cpcStudio software PLC/IDE platform. C The series of cpcRobot miniature six axis robot arm simultaneously covers industrial robot arm DB0 and collaborative robot arm S0. cpcRobot is different from main streamed dimension on current market, therefore, in the global expositions around the world, it has attracted enormous reaction in the circle, the Company thinks that cpcRobot miniature robot arm has precisely supplied lacking dimension on current robot arm market, and it certainly can significantly rise production efficiency and space utilization, and bring great help for the raise of automation intellectualization in all industries, reach the effect of energy saving and carbon reduction, and meet the common strategic goals of net zero emissions around the world.

Another new product cpcStudio software PLC/IDE platform provides higher integration system for users to develop platform. **cpc** runtime equips RTOS, EtherCAT mater, PLC and sports control library, and it can utilize development of API to combine other software and hardware modules of other professional factories, flexibly expand control functions and integration of whole system.

cpcStudio software PLC/IDE platform has actively develop toward all domains, and gained favor from applicator of various domains, like industrial control, automation of agriculture and fishery, transportation, intelligent building and green energy control, etc. In addition, it also provides development environment of higher degrees of freedom for academia. cpcStudio offers program runtime environment of high compatibility for laboratories of colleges and universities, and let laboratories utilize algorithm developed themselves to directly compile before transmitting direction to control goals by the way of real-time control, even directly collocate industrial PLC standard language to use, and reach the method of industry application integration.

cpc has used accumulated electromechanical integration for many years this time, set base mechanical design, in addition, spanned a whole new domain of software, and promoted product service field to different hierarchy level. From high level sport critical components to integrated development to automation intellectualization, we have further spanned industrial 4.0 factory intellectual control, **cpc** has continuously contributed to industrial automation intellectualization and professional manufacture and development of high precision industry key technology to provide more complete and diverse product services for customers, and march toward international class industrial 4.0 core supplier.

Chairman: Chem, Li-Fen

Managerial officer: Hsu, Ming-Che

Accounting officer: Li, Po-Tsang

Chieftek Precision Co., Ltd.
2022 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 2022. 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

February 22, 2023

2022 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 and supervisors in the year 2022 of the Company were approved by the board of directors on January 16, 2023. The proposed distribution of the board of directors' approval is as follows:
 - (1) The remuneration for allotment of employees in cash is NT\$18,500,000, which is approximately 4.26% of the profit for the current year. The amount of employee compensation reported on the accounts is NT\$18,500,000, which is the same amount as the project is listed as annual profit of 2022.
 - (2) The distribution of directors by cash and the director's remuneration is NT\$4,000,000 in cash, which is approximately 0.92% of the profit for the year. The remuneration of directors listed in the accounts is NT\$4,000,000, which is the same amount as the project is listed as annual profit of 2022.
 - (3) The above-mentioned Employees' Profit Sharing Bonus and Directors Compensation have been expensed in 2022.

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, 2022 and 2021, 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, 2022 and 2021, 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 Standards on Auditing of 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 2022 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 2022 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, 2022, the balances of inventories and allowance for inventory valuation losses were NT\$516,082 thousand and NT\$38,785 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(25) for the accounting policy on revenue recognition and Note 6(18) 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 nature of the manual entries and checking the supporting documents. For the same purpose, we also checked the reasonableness of the debit notes issued after the balance sheet date and examined the related supporting documents.

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 Standards on Auditing of 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 Standards on Auditing of the Republic of China, we exercise professional judgment and 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
February 22, 2023

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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 504,913	13	\$ 558,638	15
1136	Financial assets at amortized cost - current	6(2) and 8	68,764	2	63,206	2
1150	Notes receivable, net	6(3)	7,690	-	29,896	1
1170	Accounts receivable, net	6(3) and 12	133,918	4	246,415	7
1180	Accounts receivable - related parties	6(3) and 7	313,502	8	150,487	4
1200	Other receivables	7	113	-	2,955	-
130X	Inventories	5 and 6(4)	477,297	12	386,155	10
1410	Prepayments		53,483	1	41,001	1
11XX	Total current assets		<u>1,559,680</u>	<u>40</u>	<u>1,478,753</u>	<u>40</u>
Non-current assets						
1550	Investments accounted for under equity method	6(5)	434,278	11	381,910	11
1600	Property, plant and equipment	6(6) and 8	1,659,368	43	1,549,834	42
1755	Right-of-use assets	6(7)	123,913	3	123,377	4
1780	Intangible assets	6(8)(9)	71,078	2	79,576	2
1840	Deferred income tax assets	6(25)	32,058	1	12,919	-
1915	Prepayments for equipment	6(6)	19,260	-	43,508	1
1920	Guarantee deposits paid		3,267	-	3,941	-
1990	Other non-current assets		2,749	-	3,730	-
15XX	Total non-current assets		<u>2,345,971</u>	<u>60</u>	<u>2,198,795</u>	<u>60</u>
1XXX	Total assets		<u>\$ 3,905,651</u>	<u>100</u>	<u>\$ 3,677,548</u>	<u>100</u>

(Continued)

CHIEFTEK PRECISION CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Liabilities						
Current liabilities						
2100	Short-term borrowings	6(10)(28)	\$ 225,000	6	\$ 230,000	6
2130	Current contract liabilities	6(18)	153	-	1,741	-
2150	Notes payable		160,497	4	161,421	5
2170	Accounts payable		46,513	1	49,114	1
2200	Other payables	6(11) and 7	122,708	3	137,871	4
2230	Current income tax liabilities	6(25)	69,484	2	43,987	1
2280	Current lease liabilities	6(7)(22)(28)	5,713	-	5,308	-
2320	Long-term liabilities, current portion	6(12)(28), 8 and 9	137,778	4	76,174	2
21XX	Total current liabilities		<u>767,846</u>	<u>20</u>	<u>705,616</u>	<u>19</u>
Non-current liabilities						
2540	Long-term borrowings	6(12)(28), 8 and 9	558,472	14	546,250	15
2570	Deferred income tax liabilities	6(25)	27,670	1	10,968	1
2580	Non-current lease liabilities	6(7)(22)(28)	122,488	3	121,278	3
2640	Net defined benefit liabilities	6(13)	5,945	-	7,481	-
25XX	Total non-current liabilities		<u>714,575</u>	<u>18</u>	<u>685,977</u>	<u>19</u>
2XXX	Total liabilities		<u>1,482,421</u>	<u>38</u>	<u>1,391,593</u>	<u>38</u>
Equity						
Share capital		6(14)(17)				
3110	Common stock		892,619	23	811,876	22
Capital reserves		6(16)				
3200	Capital surplus		446,121	11	440,667	12
Retained earnings		6(17)				
3310	Legal reserve		213,096	6	182,266	5
3320	Special reserve		50,626	1	36,323	1
3350	Unappropriated retained earnings		992,829	26	891,999	24
3400	Other equity interest	6(5)	(24,491)	(1)	(50,626)	(1)
3500	Treasury stocks	6(14)	(147,570)	(4)	(26,550)	(1)
3XXX	Total equity		<u>2,423,230</u>	<u>62</u>	<u>2,285,955</u>	<u>62</u>
Significant Contingent Liabilities and		6(7) and 9				
Unrecognized Contract Commitments						
3X2X	Total liabilities and equity		<u>\$ 3,905,651</u>	<u>100</u>	<u>\$ 3,677,548</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
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

Items	Notes	Year ended December 31			
		2022		2021	
		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(18) and 7	\$ 1,418,743	100	\$ 1,443,674	100
5000 Operating costs	6(4)(13)(23)(24) and 7	(893,324)	(63)	(939,851)	(65)
5900 Gross profit		525,419	37	503,823	35
5910 Unrealized gain from inter-affiliate accounts	6(5)	(91,619)	(6)	(44,889)	(3)
5920 Realized gain from inter-affiliate accounts	6(5)	44,889	3	68,823	5
5950 Net operating margin		478,689	34	527,757	37
Operating expenses	6(8)(13)(15)(23)(24) and 7				
6100 Selling expenses		(53,454)	(4)	(39,307)	(3)
6200 General and administrative expenses		(80,033)	(6)	(73,696)	(5)
6300 Research and development expenses		(74,130)	(5)	(70,437)	(5)
6450 Expected credit impairment (loss) gain	12	(35)	-	245	-
6000 Total operating expenses		(207,652)	(15)	(183,195)	(13)
6900 Operating profit		271,037	19	344,562	24
Non-operating income and expenses					
7100 Interest income	6(2)(19)	1,247	-	138	-
7010 Other income	6(20)	1,403	-	6,831	-
7020 Other gains and losses	6(8)(9)(21) and 12	71,016	5	(42,633)	(3)
7050 Finance costs	6(6)(7)(22)	(5,524)	-	(4,443)	-
7070 Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(5)	72,963	5	86,306	6
7000 Total non-operating income and expenses		141,105	10	46,199	3
7900 Profit before income tax		412,142	29	390,761	27
7950 Income tax expense	6(25)	(65,355)	(5)	(81,972)	(6)
8200 Profit for the year		\$ 346,787	24	\$ 308,789	21
Other comprehensive income (loss)(Net)					
Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311 Actuarial gain (loss) on defined benefit plan	6(13)	\$ 1,291	-	(\$ 593)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(25)	(258)	-	118	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operations	6(5)	26,135	2	(14,303)	(1)
8300 Other comprehensive income (loss) for the year		\$ 27,168	2	(\$ 14,778)	(1)
8500 Total comprehensive income for the year		\$ 373,955	26	\$ 294,011	20
Earnings per share (in dollars)	6(26)				
9750 Basic		\$ 3.91		\$ 3.48	
9850 Diluted		\$ 3.90		\$ 3.47	

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
YEARS ENDED DECEMBER 31, 2022 AND 2021
(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>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(17)	-	-	-	6,929	(6,929)	-	-	-
Cash dividends	6(17)	-	-	-	-	(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
<u>2022</u>									
Balance at January 1, 2022		\$ 811,876	\$ 440,667	\$ 182,266	\$ 36,323	\$ 891,999	(\$ 50,626)	(\$ 26,550)	\$ 2,285,955
Profit for the year		-	-	-	-	346,787	-	-	346,787
Other comprehensive income for the year	6(5)	-	-	-	-	1,033	26,135	-	27,168
Total comprehensive income for the year		-	-	-	-	347,820	26,135	-	373,955
Appropriations of 2021 earnings:									
Legal reserve		-	-	30,830	-	(30,830)	-	-	-
Special reserve	6(17)	-	-	-	14,303	(14,303)	-	-	-
Cash dividends	6(17)	-	-	-	-	(121,114)	-	-	(121,114)
Stock dividends	6(14)(17)	80,743	-	-	-	(80,743)	-	-	-
Compensation cost recognized for transfer of treasury stocks	6(15)	-	5,534	-	-	-	-	-	5,534
Treasury stocks transferred to employees	6(14)(16)	-	(80)	-	-	-	-	26,550	26,470
Purchase of treasury stocks	6(14)	-	-	-	-	-	-	(147,570)	(147,570)
Balance at December 31, 2022		\$ 892,619	\$ 446,121	\$ 213,096	\$ 50,626	\$ 992,829	(\$ 24,491)	(\$ 147,570)	\$ 2,423,230

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
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31,	
		2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 412,142	\$ 390,761
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment loss (gain)	12	35	(245)
Loss on inventory market price decline	6(4)	3,649	7,542
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(5)	(72,963)	(86,306)
Unrealized gain from inter-affiliate accounts	6(5)	91,619	44,889
Realized gain from inter-affiliate accounts	6(5)	(44,889)	(68,823)
Depreciation	6(6)(7)(23)	69,175	71,412
Gain on disposal of property, plant and equipment	6(21)	(19)	-
Amortization	6(8)(23)	9,900	10,153
Impairment loss	6(8)(9)(21)	-	12,874
Prepayments for equipment transferred to loss		138	-
Interest income	6(19)	(1,247)	(138)
Interest expense	6(22)	5,524	4,443
Compensation cost recognized for transfer of treasury stocks	6(15)(24)	5,534	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		22,206	(14,416)
Accounts receivable		112,462	(75,978)
Accounts receivable - related parties		(163,015)	60,058
Other receivables		2,842	6,028
Inventories		(94,791)	56,320
Prepayments		(12,482)	(7,672)
Changes in operating liabilities			
Current contract liabilities		(1,588)	1,644
Notes payable		11,885	59,595
Accounts payable		(2,601)	1,389
Other payables		(4,510)	32,936
Net defined benefit liabilities		(245)	(275)
Cash inflow generated from operations		348,761	506,191
Dividends received	6(5)	-	126,071
Interest received		1,247	138
Interest paid		(5,375)	(4,451)
Income tax paid		(42,553)	(30,251)
Net cash flows from operating activities		<u>302,080</u>	<u>597,698</u>

(Continued)

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
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31,	
		2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in financial assets at amortized cost - current		(\$ 5,558)	(\$ 63,206)
Cash paid for acquisition of property, plant and equipment	6(27)	(144,804)	(201,501)
Proceeds from disposal of property, plant and equipment		19	-
Interest paid for acquisition of property, plant and equipment	6(6)(22)(27)	(8,416)	(7,479)
Acquisition of intangible assets	6(8)	(1,402)	(1,353)
Increase in prepayments for equipment		(18,299)	(5,898)
Decrease (increase) in guarantee deposits paid		674	(704)
Decrease in other non-current assets		981	732
Net cash flows used in investing activities		(176,805)	(279,409)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(28)	1,315,000	934,000
Decrease in short-term borrowings	6(28)	(1,320,000)	(1,062,000)
Payments of lease liability	6(28)	(5,612)	(5,214)
Increase in long-term borrowings	6(28)	200,000	240,000
Decrease in long-term borrowings	6(28)	(126,174)	(144,778)
Payments of cash dividends	6(17)	(121,114)	(121,114)
Treasury stocks transferred to employees	6(14)	26,470	-
Purchase of treasury stocks	6(14)	(147,570)	-
Net cash flows used in financing activities		(179,000)	(159,106)
Net (decrease) increase in cash and cash equivalents		(53,725)	159,183
Cash and cash equivalents at beginning of year	6(1)	558,638	399,455
Cash and cash equivalents at end of year	6(1)	\$ 504,913	\$ 558,638

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

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, 2022 and 2021, 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, 2022 and 2021, 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 that came into effect 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 Standards on Auditing of 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 2022 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 2022 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, 2022, the balances of inventories and allowance for inventory valuation losses were NT\$713,627 thousand and NT\$77,986 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(25) for the accounting policy on revenue recognition and Note 6(17) 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 nature of the manual entries and checking the supporting documents. For the same purpose, we also checked the reasonableness of the debit notes issued after the balance sheet date and examined the related supporting documents.

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, 2022 and 2021.

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 that came into effect 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 Standards on Auditing of 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 Standards on Auditing of the Republic of China, we exercise professional judgment and 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

February 22, 2023

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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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 864,154	21	\$ 801,950	21
1136	Financial assets at amortized cost	6(2) and 8				
	- current		76,810	2	70,412	2
1150	Notes receivable, net	6(3)	13,930	-	46,317	1
1170	Accounts receivable, net	6(3) and 12	281,809	7	401,437	11
1200	Other receivables		5,269	-	6,756	-
130X	Inventories	5 and 6(4)	635,641	16	441,898	12
1410	Prepayments		55,795	2	45,386	1
11XX	Total current assets		<u>1,933,408</u>	<u>48</u>	<u>1,814,156</u>	<u>48</u>
Non-current assets						
1600	Property, plant and equipment	6(5) and 8	1,861,738	46	1,711,186	45
1755	Right-of-use assets	6(6)	123,913	3	123,377	3
1780	Intangible assets	6(7)(8)	71,078	2	79,576	2
1840	Deferred income tax assets	6(24)	32,058	1	12,919	1
1915	Prepayments for equipment	6(5)	19,260	-	43,508	1
1920	Guarantee deposits paid		9,351	-	7,999	-
1990	Other non-current assets		3,495	-	4,478	-
15XX	Total non-current assets		<u>2,120,893</u>	<u>52</u>	<u>1,983,043</u>	<u>52</u>
1XXX	Total assets		<u>\$ 4,054,301</u>	<u>100</u>	<u>\$ 3,797,199</u>	<u>100</u>

(Continued)

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
Liabilities						
Current liabilities						
2100	Short-term borrowings	6(9)	\$ 225,000	6	\$ 230,000	6
2130	Current contract liabilities	6(17)	664	-	2,626	-
2150	Notes payable		160,497	4	161,421	4
2170	Accounts payable		46,525	1	49,456	1
2200	Other payables	6(10)	164,912	4	169,011	5
2230	Current income tax liabilities	6(24)	88,497	2	50,557	2
2280	Current lease liabilities	6(6)(21)	5,713	-	5,308	-
2320	Long-term liabilities, current portion	6(11), 8 and 9	140,494	3	78,553	2
21XX	Total current liabilities		<u>832,302</u>	<u>20</u>	<u>746,932</u>	<u>20</u>
Non-current liabilities						
2540	Long-term borrowings	6(11), 8 and 9	642,666	16	624,585	17
2570	Deferred income tax liabilities	6(24)	27,670	1	10,968	-
2580	Non-current lease liabilities	6(6)(21)	122,488	3	121,278	3
2640	Net defined benefit liabilities	6(12)	5,945	-	7,481	-
25XX	Total non-current liabilities		<u>798,769</u>	<u>20</u>	<u>764,312</u>	<u>20</u>
2XXX	Total liabilities		<u>1,631,071</u>	<u>40</u>	<u>1,511,244</u>	<u>40</u>
Equity						
Share capital						
6(13)(16)						
3110	Common stock		892,619	22	811,876	21
Capital reserves						
6(15)						
3200	Capital surplus		446,121	11	440,667	12
Retained earnings						
6(16)						
3310	Legal reserve		213,096	5	182,266	5
3320	Special reserve		50,626	1	36,323	1
3350	Unappropriated retained earnings		992,829	25	891,999	23
3400	Other equity interest		(24,491)	-	(50,626)	(1)
3500	Treasury stocks	6(13)	(147,570)	(4)	(26,550)	(1)
3XXX	Total equity		<u>2,423,230</u>	<u>60</u>	<u>2,285,955</u>	<u>60</u>
Significant Contingent Liabilities and						
6(6) and 9						
Unrecognized Contract Commitments						
3X2X	Total liabilities and equity		<u>\$ 4,054,301</u>	<u>100</u>	<u>\$ 3,797,199</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
YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	Items	Notes	Year ended December 31			
			2022		2021	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(17)	\$ 1,635,779	100	\$ 1,856,920	100
5000	Operating costs	6(4)(12)(14)(22)(23)	(925,855)	(57)	(1,083,133)	(58)
5900	Net operating margin		<u>709,924</u>	<u>43</u>	<u>773,787</u>	<u>42</u>
	Operating expenses	6(7)(12)(14)(22)(23) and 7				
6100	Selling expenses		(126,228)	(8)	(103,858)	(6)
6200	General and administrative expenses		(133,684)	(8)	(124,813)	(7)
6300	Research and development expenses		(73,929)	(4)	(70,421)	(4)
6450	Expected credit impairment (loss) gain	12	(129)	-	8,685	1
6000	Total operating expenses		(333,970)	(20)	(290,407)	(16)
6900	Operating profit		<u>375,954</u>	<u>23</u>	<u>483,380</u>	<u>26</u>
	Non-operating income and expenses					
7100	Interest income	6(2)(18)	3,304	-	2,009	-
7010	Other income	6(19)	4,808	-	10,387	-
7020	Other gains and losses	6(7)(8)(20) and 12	63,280	4	(41,665)	(2)
7050	Finance costs	6(5)(6)(21)	(7,978)	-	(6,852)	-
7000	Total non-operating income and expenses		<u>63,414</u>	<u>4</u>	<u>(36,121)</u>	<u>(2)</u>
7900	Profit before income tax		<u>439,368</u>	<u>27</u>	<u>447,259</u>	<u>24</u>
7950	Income tax expense	6(24)	(92,581)	(6)	(138,470)	(7)
8200	Profit for the year		<u>\$ 346,787</u>	<u>21</u>	<u>\$ 308,789</u>	<u>17</u>
	Other comprehensive income (loss) (Net)					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Actuarial gain (loss) on defined benefit plans	6(12)	\$ 1,291	-	(\$ 593)	-
8349	Income tax related to components of other comprehensive (loss) income that will not be reclassified to profit or loss	6(24)	(258)	-	118	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		<u>26,135</u>	<u>2</u>	<u>(14,303)</u>	<u>(1)</u>
8300	Total other comprehensive income (loss) for the year		<u>\$ 27,168</u>	<u>2</u>	<u>(\$ 14,778)</u>	<u>(1)</u>
8500	Total comprehensive income for the year		<u>\$ 373,955</u>	<u>23</u>	<u>\$ 294,011</u>	<u>16</u>
	Earnings per share (in dollars)	6(25)				
9750	Basic		<u>\$ 3.91</u>		<u>\$ 3.48</u>	
9850	Diluted		<u>\$ 3.90</u>		<u>\$ 3.47</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
YEARS ENDED DECEMBER 31, 2022 AND 2021
(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>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(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
<u>2022</u>									
Balance at January 1, 2022		\$ 811,876	\$ 440,667	\$ 182,266	\$ 36,323	\$ 891,999	(\$ 50,626)	(\$ 26,550)	\$ 2,285,955
Profit for the year		-	-	-	-	346,787	-	-	346,787
Other comprehensive income for the year		-	-	-	-	1,033	26,135	-	27,168
Total comprehensive income for the year		-	-	-	-	347,820	26,135	-	373,955
Appropriations of 2021 earnings									
Legal reserve		-	-	30,830	-	(30,830)	-	-	-
Special reserve	6(16)	-	-	-	14,303	(14,303)	-	-	-
Cash dividends	6(16)	-	-	-	-	(121,114)	-	-	(121,114)
Stock dividends	6(13)(16)	80,743	-	-	-	(80,743)	-	-	-
Compensation cost recognized for transfer	6(14)								
of treasury stocks		-	5,534	-	-	-	-	-	5,534
Treasury stocks transferred to employees	6(13)(15)	-	(80)	-	-	-	-	26,550	26,470
Purchase of treasury stocks	6(13)	-	-	-	-	-	-	(147,570)	(147,570)
Balance at December 31, 2022		\$ 892,619	\$ 446,121	\$ 213,096	\$ 50,626	\$ 992,829	(\$ 24,491)	(\$ 147,570)	\$ 2,423,230

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

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 439,368	\$ 447,259
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment loss (gain)	12	129	(8,685)
Loss on inventory market price decline	6(4)	6,164	4,610
Depreciation	6(5)(6)(22)	75,048	77,068
(Gain) loss on disposal of property, plant and equipment	6(20)	(19)	10
Amortization	6(7)(22)	9,900	10,479
Impairment loss	6(7)(8)(20)	-	12,874
Prepayments for equipment transferred to loss		138	-
Interest income	6(18)	(3,304)	(2,009)
Interest expense	6(21)	7,978	6,852
Compensation cost recognized for transfer of treasury stocks	6(14)	5,534	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		32,387	(18,550)
Accounts receivable		119,244	(47,450)
Other receivables		1,487	2,759
Inventories		(202,821)	113,014
Prepayments		(10,409)	(9,337)
Changes in operating liabilities			
Current contract liabilities		(1,962)	(2,181)
Notes payable		11,885	59,595
Accounts payable		(2,931)	245
Other payables		6,545	48,216
Net defined benefit liabilities		(245)	(275)
Cash inflow generated from operations		494,116	694,494
Interest received		3,304	2,009
Interest paid		(7,820)	(6,846)
Income tax received		10	-
Income tax paid		(57,346)	(67,009)
Net cash flows from operating activities		<u>432,264</u>	<u>622,648</u>

(Continued)

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

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in financial assets at amortized cost - current		(\$ 6,398)	(\$ 63,052)
Cash paid for acquisition of property, plant and equipment	6(26)	(173,504)	(203,131)
Interest paid for acquisition of property, plant and equipment	6(5)(21)(26)	(8,416)	(7,479)
Proceeds from disposal of property, plant and equipment		19	17
Acquisition of intangible assets	6(7)	(1,402)	(1,353)
Increase in prepayments for equipment		(18,299)	(5,898)
(Increase) decrease in guarantee deposits paid		(1,352)	1,776
Decrease in other non-current assets		983	834
Net cash flows used in investing activities		(208,369)	(278,286)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(27)	1,315,000	934,000
Decrease in short-term borrowings	6(27)	(1,320,000)	(1,081,866)
Payments of lease liability	6(27)	(5,612)	(5,214)
Increase in long-term borrowings	6(27)	200,000	240,000
Decrease in long-term borrowings	6(27)	(128,740)	(147,131)
Payments of cash dividends	6(16)	(121,114)	(121,114)
Treasury stocks transferred to employees	6(13)	26,470	-
Purchase of treasury stocks	6(13)	(147,570)	-
Net cash flows used in financing activities		(181,566)	(181,325)
Effect of foreign exchange rate changes on cash and cash equivalents		19,875	(15,684)
Net increase in cash and cash equivalents		62,204	147,353
Cash and cash equivalents at beginning of year	6(1)	801,950	654,597
Cash and cash equivalents at end of year	6(1)	\$ 864,154	\$ 801,950

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

Chieftek Precision Co., Ltd.
2022 Profit Distribution Proposal

Unit: NT\$ in dollar

Item	Amount	
	Subtotal	Total
2022 net profit after tax		\$ 346,786,297
Less: actuarial losses of defined benefit plan	<u>1,032,968</u>	
Designated basis of legal reserve		347,819,265
Less: 10% Legal Reserve	(34,781,927)	
Less: reverse special reserve	<u>26,134,438</u>	
Distributable net profit		339,171,776
Beginning accumulated retained earning		<u>645,009,924</u>
Accumulated unappropriated earnings of the year		984,181,700
Designated distributed number of the year		
Cash dividend to shareholders (NT\$2.0per share)	(<u>174,523,608</u>)	
Sum of distributed amount		(<u>174,523,608</u>)
Accumulated unappropriated retained earnings		<u>\$ 809,658,092</u>

Notes:

1. The surplus distribution for this time will give priority to distribution of 2022 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. 89,261,804 current capital shares minus 2,000,000 treasury shares = 87,261,804 outstanding common shares.

Chieftek Precision Co., Ltd.
Comparison of Amendment of “Rules of Procedure for Board of Directors Meeting”

Before Amendment	After Amendment	Explanation
<p>Article 3: Convening and notice of board meetings The board of directors shall meet at least quarterly. A notice of the reasons for convening a board meeting shall be given to each director and supervisor before 7 days before the meeting is convened. In emergency circumstances, however, a board meeting may be called on shorter notice. The notice to be given under the preceding paragraph may be effected by means of electronic transmission with the prior consent of the recipients. All matters set forth under Article 7, paragraph 1 of these Rules shall be specified in the notice of the reasons for convening a board meeting. None of those matters may be raised by an extraordinary motion <u>except in the case of an emergency or for other legitimate reason.</u></p>	<p>Article 3: Convening and notice of board meetings The board of directors shall meet at least quarterly. A notice of the reasons for convening a board meeting shall be given to each director and supervisor before 7 days before the meeting is convened. In emergency circumstances, however, a board meeting may be called on shorter notice. The notice to be given under the preceding paragraph may be effected by means of electronic transmission with the prior consent of the recipients. All matters set forth under Article 7, paragraph 1 of these Rules shall be specified in the notice of the reasons for convening a board meeting. None of those matters may be raised by an extraordinary motion.</p>	<p>To conform to Chin Kuen Cheng Fa Tzu letterno. 1110383263 issued by Financial Supervisory Commission, amendments of important matters of incorporation operation shall be specified in the convenance reasons, make directors have sufficient information and time to evaluate the proposal before making decision. Those matters shall be listed in convenance reason, and none of those matters may be raised by an extraordinary motion</p>
<p>Article 7: Matters requiring discussion at a board meeting The matters listed below as they relate to the Company shall be raised for discussion at a board meeting: 1. The Company’s business plan. 2. Annual and semi-annual financial reports, with the exception of semi-annual financial reports that are not required under relevant laws and</p>	<p>Article 7: Matters requiring discussion at a board meeting The matters listed below as they relate to the Company shall be raised for discussion at a board meeting: 1. The Corporation’s business plan. 2. Annual and semi-annual financial reports, with the exception of semi-annual financial reports that are not required under relevant laws and</p>	<p>To conform to Chin Kuen Cheng Fa Tzu letterno. 1110383263 issued by Financial Supervisory Commission, refer to the</p>

Before Amendment	After Amendment	Explanation
<p>regulations to be audited and attested by a certified public accountant (CPA).</p> <p>3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act and assessment of the effectiveness of the internal control system.</p> <p>4. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.</p> <p>5. The offering, issuance, or private placement of equity-type securities.</p> <p><u>6.</u> The appointment or discharge of a financial, accounting, or internal audit officer.</p> <p><u>7.</u> A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.</p> <p><u>8.</u> Any matter that, under Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw, must be approved by resolution at a shareholder meeting or board meeting, or any material matter as may be prescribed by the competent authority.</p> <p>The term “related party” in subparagraph <u>7</u> of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term “major</p>	<p>regulations to be audited and attested by a certified public accountant (CPA).</p> <p>3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act and assessment of the effectiveness of the internal control system.</p> <p>4. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.</p> <p>5. The offering, issuance, or private placement of equity-type securities.</p> <p><u>6. If there are no managing directors, the election or dismissal of the chairman.</u></p> <p><u>7.</u> The appointment or discharge of a financial, accounting, or internal audit officer.</p> <p><u>8.</u> A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.</p> <p><u>9.</u> Any matter that, under Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw, must be approved by resolution at a shareholder meeting or board meeting, or any material matter as may be prescribed by the competent authority.</p> <p>The term “related party” in subparagraph <u>8</u> of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term “major</p>	<p>Company and letters of Ministry of Economic Affairs, based on important matters of dismissal of chairman and election of associated company, election or dismissal of chairman shall be reported to the board of directors meeting for discussion.</p>

Before Amendment	After Amendment	Explanation
<p>donation to a non-related party” means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.</p>	<p>donation to a non-related party” means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.</p>	

Candidate List of Directors and independent directors

1. Candidates of directors (elected five) and independent directors (elected four) were reviewed and approved by the Company's board of directors meeting on April 12, 2023.

Title	Name	Education and Experiences	Current Position	Shareholding number
Director	Chen, Li-Fen	Study of Art History, Universität , Stuttgart, Germany, Founding president of Innovation Sodality, National Cheng Kung University, Chairman of Century Anniversary, Alumni Association of National Tainan Girls' Senior High School 20th President of "Yi Chia Association"	Chairman and Chief strategy officer of Chieftek Precision Co., Ltd., Chairman of Te Nung Yang Kuang Investment Co., Ltd., Chairman of DE YUAN INTERNATIONAL INVESTMENT CO., LTD., Chairman of Chen Shan Mei Investment Co., Ltd., Chairman of Kwe Jen Te Fu Investment Co., Ltd., Chairman of Yi Chi Te Management Consulting Co., Ltd., Chairman of Kwang Ming Pu Yuen Investment Co., Ltd., Chairman of Shin Chi Te Investment Co. Ltd., Chairman of BRIGHT BIOMEDICAL CO., LTD., Vice president of the Allied Association for Science Park Industry, Executive director of Academia-Industry Consortium for Southern Taiwan Science Park, Chairman of Tainan City Chinese Studies Traditional Culture Foundation, The Hatta Yoichi Memorial Foundation for the Culture and Arts, (Note 1)	4,019,675
Director	Hsu, Ming-Che	Master degree of mechanical engineering, Universität Stuttgart, Germany, General manager and R&D director of Chieftek Precision Co., Ltd.	Director of Chieftek Precision Co., Ltd., General manager and R&D director of Chieftek Precision Co., Ltd.	6,137,271

Title	Name	Education and Experiences	Current Position	Shareholding number
Director	Anne Li	Bachelor of Nutrition, Fu Jen Catholic University, Master degree of Nutrition, New York University, Master degree of Computer, University of Denver, Computer engineer, National Renewable Energy Laboratory, NREL, USA Senior computer engineer, Telecom Company, US West Chief information officer of Motech Industries, Inc.	Director of Chieftek Precision Co., Ltd.,	1,507,752
Director	Wang Chen, Pi-Hsia	National Tainan Girls' Senior High School, Chairman of YU CHENG STARCH ENTERPRISE CO., LTD., Director of DE YUAN INTERNATIONAL INVESTMENT CO., LTD., Supervisor of ST&T Electric Corp.	Director of Chieftek Precision Co., Ltd., Chairman of YU CHENG STARCH ENTERPRISE CO., LTD., Supervisor of ST&T Electric Corp.	610,890

Title	Name	Education and Experiences	Current Position	Shareholding number
Director	Chen, Chia-Hao	Bachelor of Shipbuilding and Naval Mechatronic Engineering, National Cheng Kung University, Master degree of mechanical, Old Dominion University USA, Phd of engineering mechanics, University of Florida USA, Teaching assistant of Mechanical Engineering, Shu-Te Junior College, Engineer of compressor factory, Panasonic Taiwan Co., Ltd., Associate professor of Mechanical Engineering, National Cheng Kung University, Visiting researcher of Manufacturing Research Group, Green Design AIST Japan/Advanced Manufacturing Graduate School), Professor of Department of Mechanical Engineering, National Cheng Kung University, Adjunct professor of Department of Mechanical Engineering, National Cheng Kung University	Director of David Industrial Co., Ltd.	1,030,895

Title	Name	Education and Experiences	Current Position	Shareholding number
Independent director	Ho, Ming-Yu	Bachelor of Department of Engineering Science, National Cheng Kung University, Master degree of Electrical Engineering, Texas A&M University USA, Phd of Electrical Engineering, Texas A&M University USA Researcher of Research headquarters, RITEK Co.,Ltd., Assistant professor of Department of Engineering Science, National Cheng Kung University, Associate professor of Department of Engineering Science, National Cheng Kung University	Independent director of Chieftek Precision Co., Ltd., Associate professor of Department of Engineering Science, National Cheng Kung University	0
Independent director	Tseng, Hsu-Wen	Bachelor of Department of Business Administration, National Cheng Kung University, Director of planning team, General office office of TECO Corporation, Supervisor of Protech Pharmaservices Corporation (from February, 1997 to June, 2011) Supervisor of Chieftek Precision Co., Ltd. (from June 17, 2011 to June 21, 2020)	None	126,600
Independent director	Wu, Ling-Ling	Master degree of Department of Special Education, University of Southern California USA, Supervisor of Chieftek Precision Co., Ltd. (from November 12, 2010 to June 20, 2012)	Chairman of Lu Po Shi Shang Agriculture Lo., Ltd., Chairman of Fu Sun Sho Shi Planning Co., Ltd., Director of Rolando Hotel Lo., Ltd., Supervisor of Chia Chan Enterprise Lo., Ltd., Supervisor of Shin Kong Mega Co., Ltd.	37,747

Title	Name	Education and Experiences	Current Position	Shareholding number
Independent director	Wang, Yung-Chang	Director of Chieftek Precision Co., Ltd. (from March 17, 2011 to June 16, 2014), Master degree of Department of Electrical Engineering, Princeton University USA, Vice general manager of Da Hwang Electronics Corporation, Vice general manager of Acer Incorporated, Vice general manager of Hsinchu Park, Hon Hai Precision Industry Co., Ltd., Vice general manager of Anchor Fasteners Technology Co., Ltd., CEO of Kwang Chuen Technogy Co., Ltd., General manager of DSG Technology Inc Special assistant of CEO, Chi Mei Optoelectronics Corporation		187,943

Note 1: Chairman Chen, Li-Fen currently adjoint serves concurrently positions of the Company and other companies, including: chairman of subsidiaries of CHIEFTEK PRECISION HOLDING CO., LTD., cpc Europa GmbH, CHIEFTEK PRECISION USA CO., LTD., CHIEFTEK PRECISION HOLDING CO., LTD. (Kunshan) and Chieftek Precision International LLC, etc.

2. Take office the Company's independent director for three consecutive years, the reason of continually nominated to serve as independent director: none.

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.

Chieftek Precision Co., Ltd. Procedures for Election of Directors

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

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

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

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

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

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

Article 3: The qualifications and election for the independent directors of the Company shall comply with Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

Article 4: Elections of directors at the Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company

Act. To review independent director candidates' qualification condition, education and experiences, and matters of circumstances listed in Article 30 of the Company Act, certified documents of other qualification condition shall not be arbitrarily added, and review results shall be reported to shareholders for reference, and competent independent directors shall be elected.

Elections of independent directors at the Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act.

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

When the number of independent directors falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, regulations of Taiwan stock Exchange Corporation Rules Governing Review of Securities Listings or subparagraph 8 of "identification standard of unsuitable to have its stocks traded deemed by TPEx in Article 10, paragraph 1 of Taipei Exchange Rules Governing the Review of Securities for Trading on the TPEx", a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

Article 5: The cumulative voting method shall be used for election of the directors at the 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 6: The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors or supervisors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

Article 7: The number of directors will be as specified in the Company's articles of incorporation, with voting rights separately calculated for independent and non-independent director

positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

Article 8: Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.

Article 9: When the elected has shareholder status, the electors shall fill shareholder account name and account number on each ballot; when the elected has no shareholder status, the name and I. D. number of the elected shall be filled in. When the elected is the government or a juristic shareholder, in the column of the account name of the elected on the ballots, shall be filled in the government or the name of juridical person and representative's name; when there are several representatives, the names of representatives shall be added.

Article 10: A ballot is invalid under any of the following circumstances:

1. The ballot was not prepared by the Company's board of directors.
2. A blank ballot without writing is placed in the ballot box.
3. The writing is unclear and indecipherable.
4. Any writing column has been altered on the ballot.
5. When the filled elected has the shareholder status, the account name and shareholder account number do not conform to the shareholder roster; when the elected has no shareholder status, the name and I. D. number of the elected do not conform.
6. Other words or marks are entered in addition to filled name of the elected, shareholder account number (name) or shareholder account number (I.D. number) and the number of allocated voting rights.
7. Two or more elected has been filled in the same ballot.
8. The filled name of the elected is the same as other shareholder without filling shareholder account number or I.D. number is identifiable.

Article 11: Except approval of the competent authority, more than half of the Company's directors shall not have one of the relationships below:

1. Spousal relationship
2. A relationship within the second degree of kinship

Article 12: When the elected directors or supervisors do not conform the preceding regulation, the elected directors or supervisor shall be determined in accordance with the following regulations:

1. Directors do not conform the regulation, directors who received votes representing the lower portion of voting rights in non-compliant directors, the elected is void.
2. Supervisors do not conform the regulation is applied mutatis mutandis the regulation of the preceding subparagraph.
3. Directors and supervisors do not conform the regulation, supervisors who received votes representing the lower portion of voting rights in non-compliant directors, the elected is void.

Article 13: The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the chair on the site.

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

Article 14: These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

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 4

Directors Shareholdings

- I. As of the book closure date for the shareholders' meeting on March 27, 2023, the paid-in capital of the Company is NT\$892,618,040 and the total number of issued shares is 89,261,804 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 7,140,944 shares.
- III. As of March 27, 2023, the shareholdings of all directors:

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	2020.06.08	3	4,019,675	4.50%
Director	HSU MING-CHE	2020.06.08	3	6,137,271	6.88%
Director	CHENG SHENG -FEN	2020.06.08	3	610,209	0.68%
Director	WANG CHEN PI-HSIA	2020.06.08	3	610,890	0.68%
Director	Anne Li	2020.06.08	3	1,507,752	1.69%
Independent director	WU CHUNG -JEN	2020.06.08	3	32,343	0.04%
Independent director	WEI NAICHANG	2020.06.08	3	0	0.00%
Independent director	Ming Tzu Ho	2020.06.08	3	0	0.00%
Total shares of the entire bodies of directors				12,918,140	14.47%

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 5

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

The Company's earnings distribution proposal was approved by the resolution of board of directors meeting on February 22, 2023, the Company has no stock grants distribution situation, so it is not applicable.

Appendix 6

Other Explanation Matter

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

Explanation:

- I. In accordance with Article 172-1 of the Company Act, a shareholder holding 1 percent or more of the total number of issued shares may submit to this Corporation a written proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only and limited to 300 words.
- II. The Company handles the submission of proposals for the shareholders' meeting. The period of submission is from March 20, 2023 to March 29, 2023. The information has been announced on the Market Observation Post System.
- III. The Company has not received any proposals from the shareholders.