

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 equipments;
- (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 in-dependent 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 electronical 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 summited 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 2.2: 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.

Managing Director: Li-fen Chen  
Chieftek Precision Co., Ltd