

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

## **2024 Annual Shareholders' Meeting Handbook**

Convention method of shareholders' meeting: convening physically

Time : 9:00 a.m., May 30, 2024 (Thursday)

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.**  
**2024 Annual Shareholders' Meeting**  
**Meeting Procedure**

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

# Chieftek Precision Co., Ltd.

## 2024 Annual Shareholders' Meeting Agenda

1. Time : 9:00 a.m., May 30, 2024 (Thursday)
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 2023.
  - (2) Audit Committee's Audit Report on 2023 Financial Statements.
  - (3) Report on 2023 Employees' Profit Sharing Bonus and Directors' Compensation report.
  - (4) Report on the Resolution and Execution of Purchasing Company Shares.
  - (5) Report on 2023 Report on Procedure for Making Endorsements/Guarantees for Others.
  - (6) Report on 2023 Cash Distribution of Profit.
  - (7) Report on Amendments of the Company's "Rules of Procedure for Board of Directors' Meeting"
6. Acknowledged Matters:
  - (1) To Acknowledge 2023 business report and financial statements proposal.
  - (2) To Acknowledge 2023 earnings distribution proposal.
7. Discussion Items:
  - (1) Amendments of Partial Articles of the Company's "Operating Procedures of Endorsements/Guarantees".
8. Extemporary Motion
9. Meeting Adjournment

## Report Items

### 1. Report on the Business of 2023.

**Explanation:** The 2023 Business Report, please refer to the Attachment 1 in the Handbook of 2024 Annual Shareholders' Meeting.

### 2. Audit Committee's Audit Report on 2023 Financial Statements.

**Explanation:** The 2023 Audit Committee's Audit Report, please refer to the Attachment 2 in the Handbook of 2024 Annual Shareholders' Meeting.

### 3. Report on 2023 Employees' Profit Sharing Bonus and Directors' Compensation.

**Explanation:** The 2023 Employees' Profit Sharing Bonus and Directors' Compensation Report, please refer to the Attachment 3 in the Handbook of 2024 Annual Shareholders' Meeting.

### 4. Report on the Resolution and Execution of Purchasing Company Shares.

**Explanation:** the resolution and execution of purchasing company shares are as follows:

1. The execution of purchasing company shares (the implementation was finished)

December 31, 2023

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 execution of purchasing company shares (still remains in the status of the implementation): None.

## 5. Report on 2023 Report on Procedure for Making Endorsements/ Guarantees for Others.

### Explanation:

1. As of December 31, 2023, the amount of making endorsements/ guarantees for others is as follows:

Company's Name	The balance of endorsements/guarantees (NT\$1,000)	Effective amount of expenses (NT\$1,000)	Relationship with the Company
cpc Europa GmbH	186,890	122,328	Subsidiary of 100% shareholding

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

## 6. Report on 2023 Cash Distribution of Profit.

### Explanation:

(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. 2023 earnings distribution statement was made (please refer to attachment 5 in the Handbook of 2024 Annual Shareholders' Meeting), distributed shareholder's cash dividend was NT\$69,809,443 (NT\$0.8 per share). After approved by a resolution of meeting of the board of directors on February 26, 2024, and reported to audit committee for approval, it shall be required report and acknowledgement of 2024 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 2024 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.

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

### **Explanation:**

- (1) Implemented in accordance with Chin Kuan Cheng Fa Tzu no. 1120383996 issued by Financial Supervisory Commission on January 11, 2024, and "Regulations Governing Procedure for Board of Directors Meetings of Public Companies".
- (2) To avoid unsurely arousing controversy by extending meeting time of board of directors' meeting, and practice consideration, when shareholders' meeting is in progress, and the chair can't host the meeting by any reason or announces adjournment without complying with regulations, avoiding affecting the operation of board of directors'

meeting, and corresponding 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 7 in the Handbook of 2024 Annual Shareholders' Meeting.

## **Acknowledged Matters**

### **1. To accept 2023 Business Report and Financial Statements.**

*Proposed by the Board of Directors*

#### **Explanation:**

- (1) The Company's 2023 financial statements were made, including the business report and financial statements, and they were audited by accountants Lin, Yung-Chih and Yeh, Fang-Ting 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 acknowledgement.
- (2) 2023 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 2024 Annual Shareholders' Meeting.

#### **Resolution:**

### **2. To Approve the Proposal for Distribution of 2023 Profit.**

*Proposed by the Board of Directors*

#### **Explanation:**

- (1) The Company's 2023 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 26, 2024 and submitted to the audit committee for audit.
- (2) Earnings distribution statement, please refer to attachment 5 of the Handbook in the 2024 Annual Shareholders' Meeting.

#### **Resolution:**

## **Discussion Items**

### **1. Amendments of Partial Articles of the Company’s “Operating Procedures of Endorsements/Guarantees”.**

*Proposed by the Board of Directors*

#### **Explanatory Notes:**

- (1) Implemented in accordance with Chin Kuan Cheng Fa Tzu no.1080304826 issued by Financial Supervisory Commission on March 7, 2019, and “Q&A of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”.
- (2) Attached “Comparison of Amendments of Partial Articles of the Company’s “Operating Procedures of Endorsements/Guarantees”, please refer to attachment 6 of the Handbook in the 2024 Annual Shareholders’ Meeting.

#### **Resolution:**

## **Extemporary Motion**

## **Meeting Adjournment**

## Chieftek Precision Co., Ltd.

### 2023 Business Report

Due to unobvious economic effects after the tendency of global economy declined and unblock of China in 2023, the need of global terminal goods has still remained weakness, and industry chain has continued to adjust stock, dragged down export an investment performance, and growth rate of global economy was lower than long-term tendency; furthermore, interference of geopolitics has continued, it was unfavorable for expansion of commodity trading, and production momentum has not improved yet. Domestic traditional industry tends to be conservative for equipment investment willingness, and lacks production momentum, the Company was affected by the above factors, and it caused that revenue of year 2023 was NT\$1,074,54 thousand, compared with NT\$1,635,779 thousand of year 2022, it decreased NT\$ 561,025 thousand, the reduction ratio is 34.30%, earnings per share was NT\$1.12, and it decreased, compared with NT\$3.91 of year 2022.

The 2023 Business Report is as following:

#### 1. Implement Result of Business Plan

##### (1) Comparison of consolidated and comprehensive income of the last two years

Unit: NT\$ thousand

Items	2023	2022	Increase (Decrease) Amount
Operating Revenues	1,074,754	1,635,779	(561,025)
Operating Cost	(606,107)	(925,855)	(319,748)
Operating Margin	468,647	709,924	(241,277)
Operating Expenses	(351,065)	(333,970)	(17,095)
Operating Profit	117,582	375,954	(258,372)
Non-Operating Income and Expenses	25,398	63,414	(38,016)
Profit Before Income Tax	142,980	439,368	(296,388)
Net profit after-tax	98,042	346,787	(248,745)
Other comprehensive income(loss)	(3,180)	27,168	(30,348)
Comprehensive income (loss) for the year	94,862	373,955	(279,093)
Earnings per share	1.12	3.91	(2.79)

According to the above table

### 1. Turnover

- (1) The turnover of miniature linear slides was NT\$612,175 thousand, and decreased by 38.04%; the turnover of large linear slides was NT\$394,940 thousand, and increased by 30.69%; the turnover of linear motors was NT\$66,615 thousand, and increased by 13.86%.
- (2) If compared by regions, the turnover decreased 52.62% in Mainland, decreased 21.89% in European region, decreased 12.70% in the United States, decreased 39.19% in the domestic sales of Taiwan and decreased 44.00% in other regions.

### 2. Operating Margin Rate

Although 2023 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 Euro were separately 4.46% and 7.56%, gross margin of year 2023 was 43.61%, and compared with 43.40% of year 2022, it increased by 0.21%.

### 3. Profits

- (1) Profit before tax of year 2023 was NT\$98,042 thousand, which decreased by NT\$248,745 thousand with comparison of NT\$346,787 thousand in 2022.
- (2) Basic earnings per share of year 2023 was NT\$1.12, which decreased NT\$2.79, compared with NT\$3.91 in 2022.

### (2) Comparison of consolidated and comprehensive income of the last two years

Unit: NT\$ thousand

Items	2023	2022	Increase (Decrease) Amount
Operating revenues	795,982	1,418,743	(621,761)
Operating costs	(526,661)	(893,324)	(366,663)
Gross profit	269,321	525,419	(256,098)
Unrealized gain from inter-affiliate accounts	(85,343)	(91,619)	(6,276)
Realized gain from inter-affiliate accounts	91,619	44,889	46,730
Net operating margin	275,597	478,689	(203,092)
Operating expenses	(199,416)	(207,652)	(8,236)
Operating profit	76,181	271,037	(194,856)
Non-operating income and expenses	52,629	141,105	(88,476)

Items	2023	2022	Increase (Decrease) Amount
Profit before income tax	128,810	412,142	(283,332)
Income tax expense	(30,768)	(65,355)	(34,587)
Net profit after-tax	98,042	346,787	(248,745)
Other comprehensive income (loss)	(3,180)	27,168	(30,348)
Comprehensive income for the year	94,862	373,955	(279,093)

### (3) Analysis of Profitability (individual)

Items	2023	2022
Return on Total Assets (%)	2.72%	9.26%
Return on Equity (%)	4.11%	14.73%
Operating Income to Paid-in Capital Ratio (%)	8.53%	30.36%
Pre-tax Income to Paid-in Capital Ratio (%)	14.43%	46.17%
Net Margin (%)	12.32%	24.44%
Basic Earnings Per Share (NT\$)	1.12	3.91

### (4) Analysis of Profitability (consolidated)

Items	2023	2022
Return on Total Assets (%)	2.67%	9.00%
Return on Equity (%)	4.11%	14.73%
Operating Income to Paid-in Capital Ratio (%)	13.17%	42.12%
Pre-tax Income to Paid-in Capital Ratio (%)	16.02%	49.22%
Net Margin (%)	9.12%	21.20%
Basic Earnings Per Share (NT\$)	1.12	3.91

## 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.

The three main product services of **cpc** are cpcCell, cpcRobot and cpsStudio now, we have 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 on cpcCell, 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 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 stream dimension on current market, it is the smallest and the most accuracy six axis robot arm on the market, and the main target is arm application field of small space need, energy saving and high accuracy assembly alignment, and has 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 developed 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 become technology service manufacturer of hardware, mechatronics and software, 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. **cpc** will assist user on breaking technology high wall of difficulty being automated, and let user, designer and system integrator use self innovative ideas to become practical success pioneers through current situation of technological colonization of software products.

Chairman: Chem, Li-Fen

Managerial officer: Hsu, Ming-Che

Accounting officer: Li, Po-Tsang

**Chieftek Precision Co., Ltd.**  
**2023 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 2023. Consolidated and Independent Financial Statements were duly audited by PwC TW Mr. Lin, Yung-Chih and Ms. Yeh, Fang-Ting, 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: Ho, Ming-Yu

February 26, 2024

## **2023 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 2023 of the Company were approved by the board of directors on February 2, 2024. The proposed distribution of the board of directors' approval is as follows:
  - (1) The remuneration for allotment of employees in cash is NT\$11,048,450, which is approximately 7.76% of the profit for the current year. The amount of employee compensation reported on the accounts is NT\$11,048,450, which is the same amount as the project is listed as annual profit of 2023.
  - (2) The distribution of directors by cash and the director's remuneration is NT\$2,429,690 in cash, which is approximately 1.71% of the profit for the year. The remuneration of directors listed in the accounts is NT\$2,429,690, which is the same amount as the project is listed as annual profit of 2023.
  - (3) The above-mentioned Employees' Profit Sharing Bonus and Directors Compensation have been expensed in 2023.

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, 2023 and 2022, 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 material 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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of 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 2023 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 2023 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.

The Company is primarily engaged 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(17) for the details of operating revenue.

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

#### How our audit addressed the matter

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

- A. We confirmed the process of revenue recognition, including reviewing customer basic information and credit limit table, revenue recognition basis, authorization procedures and collection processes. Also, we selected samples from different customers to evaluate the management's effectiveness of internal controls over sales revenue recognition.

- B. We performed a series verification sample test for the sales revenue transactions of the year, including vouching customers' orders, shipping orders, export declaration documents, customer receipt records and sales invoices or subsequent receipts, to confirm whether the sales revenue transactions really occurred.
- C. We sampled and 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 sampled and 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

Yeh, Fang-Ting

PricewaterhouseCoopers, Taiwan  
Republic of China

February 26, 2024

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The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report 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, 2023, DECEMBER 31, 2022 AND JANUARY 1, 2022**  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2023		(Adjusted) December 31, 2022		(Adjusted) January 1, 2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Current assets</b>								
1100	Cash and cash equivalents	6(1)	\$ 624,168	17	\$ 564,977	15	\$ 621,844	17
1136	Financial assets at amortized cost -	6(2) and 8						
	current		8,700	-	8,700	-	-	-
1150	Notes receivable, net	6(3)	5,855	-	7,690	-	29,896	1
1170	Accounts receivable, net	6(3) and 12	102,275	3	133,918	4	246,415	7
1180	Accounts receivable - related	6(3) and 7						
	parties		64,760	2	313,502	8	150,487	4
1200	Other receivables	7	1,606	-	113	-	2,955	-
130X	Inventories	5 and 6(4)	501,288	13	477,297	12	386,155	10
1410	Prepayments		56,074	2	53,483	1	41,001	1
11XX	<b>Total current assets</b>		<u>1,364,726</u>	<u>37</u>	<u>1,559,680</u>	<u>40</u>	<u>1,478,753</u>	<u>40</u>
<b>Non-current assets</b>								
1550	Investments accounted for under	6(5)						
	equity method		435,221	12	434,278	11	381,910	11
1600	Property, plant and equipment	6(6) and 8	1,739,775	47	1,659,368	43	1,549,834	42
1755	Right-of-use assets	6(7)	77,470	2	123,913	3	123,377	4
1780	Intangible assets	6(8)	62,265	1	71,078	2	79,576	2
1840	Deferred income tax assets	6(24)	34,967	1	32,058	1	12,919	-
1915	Prepayments for equipment	6(6)	7,377	-	19,260	-	43,508	1
1920	Guarantee deposits paid		2,604	-	3,267	-	3,941	-
1990	Other non-current assets		1,834	-	2,749	-	3,730	-
15XX	<b>Total non-current assets</b>		<u>2,361,513</u>	<u>63</u>	<u>2,345,971</u>	<u>60</u>	<u>2,198,795</u>	<u>60</u>
1XXX	<b>Total assets</b>		<u>\$ 3,726,239</u>	<u>100</u>	<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, 2023, DECEMBER 31, 2022 AND JANUARY 1, 2022  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2023		(Adjusted) December 31, 2022		(Adjusted) January 1, 2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Liabilities</b>								
<b>Current liabilities</b>								
2100	Short-term borrowings	6(9) and 8	\$ 365,000	10	\$ 225,000	6	\$ 230,000	6
2130	Current contract liabilities	6(17)	133	-	153	-	1,741	-
2150	Notes payable		41,913	1	160,497	4	161,421	5
2170	Accounts payable		17,972	-	46,513	1	49,114	1
2200	Other payables	6(10) and 7	94,548	3	122,708	3	137,871	4
2230	Current income tax liabilities	6(24)	25,545	1	69,484	2	43,987	1
2280	Current lease liabilities	6(7)	3,674	-	5,713	-	5,308	-
2320	Long-term liabilities, current portion	6(11), 8 and 9	78,472	2	137,778	4	76,174	2
21XX	<b>Total current liabilities</b>		<u>627,257</u>	<u>17</u>	<u>767,846</u>	<u>20</u>	<u>705,616</u>	<u>19</u>
<b>Non-current liabilities</b>								
2540	Long-term borrowings	6(11), 8 and 9	643,195	17	558,472	14	546,250	15
2570	Deferred income tax liabilities	6(24)	24,505	1	27,670	1	10,968	1
2580	Non-current lease liabilities	6(7)	78,778	2	122,488	3	121,278	3
2640	Net defined benefit liabilities	6(12)	8,936	-	5,945	-	7,481	-
25XX	<b>Total non-current liabilities</b>		<u>755,414</u>	<u>20</u>	<u>714,575</u>	<u>18</u>	<u>685,977</u>	<u>19</u>
2XXX	<b>Total liabilities</b>		<u>1,382,671</u>	<u>37</u>	<u>1,482,421</u>	<u>38</u>	<u>1,391,593</u>	<u>38</u>
<b>Equity</b>								
Share capital								
3110	Common stock	6(13)(16)	892,619	24	892,619	23	811,876	22
Capital reserves								
3200	Capital surplus	6(15)	446,121	12	446,121	11	440,667	12
Retained earnings								
3310	Legal reserve	6(16)	247,879	7	213,096	6	182,266	5
3320	Special reserve		24,491	1	50,626	1	36,323	1
3350	Unappropriated retained earnings		905,089	24	992,829	26	891,999	24
3400	Other equity interest	6(5)	( 25,061)	( 1)	( 24,491)	( 1)	( 50,626)	( 1)
3500	Treasury stocks	6(13)	( 147,570)	( 4)	( 147,570)	( 4)	( 26,550)	( 1)
3XXX	<b>Total equity</b>		<u>2,343,568</u>	<u>63</u>	<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	<b>Total liabilities and equity</b>		<u>\$ 3,726,239</u>	<u>100</u>	<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, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

	Items	Notes	Year ended December 31			
			2023		2022 (Adjusted)	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(17) and 7	\$ 795,982	100	\$ 1,418,743	100
5000	Operating costs	6(4)(12)(14)(22)(23) and 7	( 526,661)	( 66)	( 893,324)	( 63)
5900	Gross profit		269,321	34	525,419	37
5910	Unrealized gain from inter-affiliate accounts	6(5)	( 85,343)	( 11)	( 91,619)	( 6)
5920	Realized gain from inter-affiliate accounts	6(5)	91,619	11	44,889	3
5950	Net operating margin		275,597	34	478,689	34
	Operating expenses	6(8)(12)(14)(22)(23) and 7				
6100	Selling expenses		( 37,003)	( 5)	( 53,454)	( 4)
6200	General and administrative expenses		( 89,970)	( 11)	( 80,033)	( 6)
6300	Research and development expenses		( 72,492)	( 9)	( 74,130)	( 5)
6450	Expected credit impairment gain (loss)	12	49	-	( 35)	-
6000	Total operating expenses		( 199,416)	( 25)	( 207,652)	( 15)
6900	Operating profit		76,181	9	271,037	19
	Non-operating income and expenses					
7100	Interest income	6(2)(18)	5,289	1	1,247	-
7010	Other income	6(19)	2,291	-	1,403	-
7020	Other gains and losses	6(20) and 12	20,371	3	71,016	5
7050	Finance costs	6(6)(7)(21)	( 7,245)	( 1)	( 5,524)	-
7070	Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(5)	31,923	4	72,963	5
7000	Total non-operating income and expenses		52,629	7	141,105	10
7900	<b>Profit before income tax</b>		128,810	16	412,142	29
7950	Income tax expense	6(24)	( 30,768)	( 4)	( 65,355)	( 5)
8200	<b>Profit for the year</b>		\$ 98,042	12	\$ 346,787	24
	<b>Other comprehensive income (loss)(Net)</b>					
	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>					
8311	Actuarial (loss) gain on defined benefit plan	6(12)	( \$ 3,263)	-	\$ 1,291	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(24)	653	-	( 258)	-
	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>					
8361	Financial statements translation differences of foreign operations	6(5)	( 570)	-	26,135	2
8300	<b>Other comprehensive (loss) income for the year</b>		( \$ 3,180)	-	\$ 27,168	2
8500	<b>Total comprehensive income for the year</b>		\$ 94,862	12	\$ 373,955	26
	Earnings per share (in dollars)	6(25)				
9750	Basic		\$ 1.12		\$ 3.91	
9850	Diluted		\$ 1.12		\$ 3.90	

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, 2023 AND 2022  
(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>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(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 of treasury stocks	6(14)(15)(23)	-	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
<u>2023</u>									
Balance at January 1, 2023		\$ 892,619	\$ 446,121	\$ 213,096	\$ 50,626	\$ 992,829	(\$ 24,491)	(\$ 147,570)	\$ 2,423,230
Profit for the year		-	-	-	-	98,042	-	-	98,042
Other comprehensive loss for the year	6(5)	-	-	-	-	( 2,610 )	( 570 )	-	( 3,180 )
Total comprehensive income (loss) for the year		-	-	-	-	95,432	( 570 )	-	94,862
Appropriations of 2022 earnings:									
Legal reserve		-	-	34,783	-	( 34,783 )	-	-	-
Cash dividends	6(16)	-	-	-	-	( 174,524 )	-	-	( 174,524 )
Reversal of special reserve	6(16)	-	-	-	( 26,135 )	26,135	-	-	-
Balance at December 31, 2023		\$ 892,619	\$ 446,121	\$ 247,879	\$ 24,491	\$ 905,089	(\$ 25,061)	(\$ 147,570)	\$ 2,343,568

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, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31,	
		2023	2022(Adjusted)
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 128,810	\$ 412,142
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment (gain) loss	12	( 49 )	35
Loss on inventory market price decline	6(4)	12,319	3,649
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(5)	( 31,923 )	( 72,963 )
Unrealized gain from inter-affiliate accounts	6(5)	85,343	91,619
Realized gain from inter-affiliate accounts	6(5)	( 91,619 )	( 44,889 )
Depreciation	6(6)(7)(22)	59,283	69,175
Gain on disposal of property, plant and equipment	6(20)	-	( 19 )
Amortization	6(8)(22)	10,094	9,900
Prepayments for equipment transferred to loss		-	138
Interest income	6(18)	( 5,289 )	( 1,247 )
Interest expense	6(21)	7,245	5,524
Compensation cost recognized for transfer of treasury stocks	6(14)(15)(23)	-	5,534
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		1,835	22,206
Accounts receivable		31,692	112,462
Accounts receivable - related parties		248,742	( 163,015 )
Other receivables		( 1,493 )	2,842
Inventories		( 36,310 )	( 94,791 )
Prepayments		( 2,591 )	( 12,482 )
Changes in operating liabilities			
Current contract liabilities		( 20 )	( 1,588 )
Notes payable		( 97,243 )	11,885
Accounts payable		( 28,541 )	( 2,601 )
Other payables		( 28,324 )	( 4,510 )
Net defined benefit liabilities		( 272 )	( 245 )
Cash inflow generated from operations		261,689	348,761
Dividends received	6(5)	36,686	-
Interest received		5,289	1,247
Interest paid		( 6,793 )	( 5,375 )
Income tax paid		( 80,128 )	( 42,553 )
Net cash flows from operating activities		<u>216,743</u>	<u>302,080</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, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31,	
		2023	2022(Adjusted)
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Increase in financial assets at amortized cost - current		\$ -	(\$ 8,700 )
Cash paid for acquisition of property, plant and equipment	6(26)	( 91,870 )	( 144,804 )
Interest paid for acquisition of property, plant and equipment	6(6)(21)(26)	( 13,687 )	( 8,416 )
Proceeds from disposal of property, plant and equipment		-	19
Acquisition of intangible assets	6(8)	( 1,281 )	( 1,402 )
Increase in prepayments for equipment		( 39,576 )	( 18,299 )
Decrease in guarantee deposits paid		663	674
Decrease in other non-current assets		915	981
Net cash flows used in investing activities		( 144,836 )	( 179,947 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase in short-term borrowings	6(27)	1,116,900	1,315,000
Decrease in short-term borrowings	6(27)	( 976,900 )	( 1,320,000 )
Payments of lease liability	6(27)	( 3,609 )	( 5,612 )
Increase in long-term borrowings	6(27)	300,000	200,000
Decrease in long-term borrowings	6(27)	( 274,583 )	( 126,174 )
Payments of cash dividends	6(16)	( 174,524 )	( 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		( 12,716 )	( 179,000 )
Net increase (decrease) in cash and cash equivalents		59,191	( 56,867 )
Cash and cash equivalents at beginning of year	6(1)	564,977	621,844
Cash and cash equivalents at end of year	6(1)	\$ 624,168	\$ 564,977

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, 2023 and 2022, 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 material 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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of 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 2023 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 2023 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.

The Group is primarily engaged 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(16) for the details of operating revenue.

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

#### How our audit addressed the matter

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

- A. We confirmed the process of revenue recognition, including reviewing customer basic information and credit limit table, revenue recognition basis, authorization procedures and collection processes.

Also, we selected samples from different customers to evaluate the management's effectiveness of internal controls over sales revenue recognition.

- B. We performed a series verification sample test for the sales revenue transactions of the year, including vouching customers' orders, shipping orders, export declaration documents, customer receipt records and sales invoices or subsequent receipts, to confirm whether the sales revenue transactions really occurred.
- C. We sampled and 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 sampled and 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, 2023 and 2022.

### **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

Yeh, Fang-Ting

PricewaterhouseCoopers, Taiwan

Republic of China

February 26, 2024

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

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

**CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2023, DECEMBER 31, 2022 AND JANUARY 1, 2022**  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2023		(Adjusted) December 31, 2022		(Adjusted) January 1, 2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Current assets</b>								
1100	Cash and cash equivalents	6(1)	\$ 834,093	21	\$ 924,218	23	\$ 865,156	23
1136	Financial assets at amortized cost -	6(2) and 8						
	current		32,639	1	16,746	1	7,206	-
1150	Notes receivable, net	6(3)	15,656	-	13,930	-	46,317	1
1170	Accounts receivable, net	6(3) and 12	224,709	6	281,809	7	401,437	11
1200	Other receivables		2,960	-	5,269	-	6,756	-
130X	Inventories	5 and 6(4)	647,192	16	635,641	16	441,898	12
1410	Prepayments		57,739	2	55,795	1	45,386	1
11XX	<b>Total current assets</b>		<u>1,814,988</u>	<u>46</u>	<u>1,933,408</u>	<u>48</u>	<u>1,814,156</u>	<u>48</u>
<b>Non-current assets</b>								
1600	Property, plant and equipment	6(5) and 8	1,942,263	49	1,861,738	46	1,711,186	45
1755	Right-of-use assets	6(6)	77,470	2	123,913	3	123,377	3
1780	Intangible assets	6(7)	63,322	2	71,078	2	79,576	2
1840	Deferred income tax assets	6(23)	34,967	1	32,058	1	12,919	1
1915	Prepayments for equipment	6(5)	7,377	-	19,260	-	43,508	1
1920	Guarantee deposits paid		12,099	-	9,351	-	7,999	-
1990	Other non-current assets		2,498	-	3,495	-	4,478	-
15XX	<b>Total non-current assets</b>		<u>2,139,996</u>	<u>54</u>	<u>2,120,893</u>	<u>52</u>	<u>1,983,043</u>	<u>52</u>
1XXX	<b>Total assets</b>		<u>\$ 3,954,984</u>	<u>100</u>	<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, 2023, DECEMBER 31, 2022 AND JANUARY 1, 2022**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2023		(Adjusted) December 31, 2022		(Adjusted) January 1, 2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Liabilities</b>								
<b>Current liabilities</b>								
2100	Short-term borrowings	6(8) and 8	\$ 365,000	9	\$ 225,000	6	\$ 230,000	6
2130	Current contract liabilities	6(16)	440	-	664	-	2,626	-
2150	Notes payable		41,913	1	160,497	4	161,421	4
2170	Accounts payable		17,975	1	46,525	1	49,456	1
2200	Other payables	6(9)	112,141	3	164,912	4	169,011	5
2230	Current income tax liabilities	6(23)	29,880	1	88,497	2	50,557	2
2280	Current lease liabilities	6(6)	3,674	-	5,713	-	5,308	-
2320	Long-term liabilities, current portion	6(10), 8 and 9	81,259	2	140,494	3	78,553	2
21XX	<b>Total current liabilities</b>		<u>652,282</u>	<u>17</u>	<u>832,302</u>	<u>20</u>	<u>746,932</u>	<u>20</u>
<b>Non-current liabilities</b>								
2540	Long-term borrowings	6(10), 8 and 9	846,915	21	642,666	16	624,585	17
2570	Deferred income tax liabilities	6(23)	24,505	1	27,670	1	10,968	-
2580	Non-current lease liabilities	6(6)	78,778	2	122,488	3	121,278	3
2640	Net defined benefit liabilities	6(11)	8,936	-	5,945	-	7,481	-
25XX	<b>Total non-current liabilities</b>		<u>959,134</u>	<u>24</u>	<u>798,769</u>	<u>20</u>	<u>764,312</u>	<u>20</u>
2XXX	<b>Total liabilities</b>		<u>1,611,416</u>	<u>41</u>	<u>1,631,071</u>	<u>40</u>	<u>1,511,244</u>	<u>40</u>
<b>Equity</b>								
Share capital								
3110	Common stock	6(12)(15)	892,619	23	892,619	22	811,876	21
Capital reserves								
3200	Capital surplus	6(14)	446,121	11	446,121	11	440,667	12
Retained earnings								
3310	Legal reserve	6(15)	247,879	6	213,096	5	182,266	5
3320	Special reserve		24,491	1	50,626	1	36,323	1
3350	Unappropriated retained earnings		905,089	23	992,829	25	891,999	23
3400	Other equity interest		( 25,061)	( 1)	( 24,491)	-	( 50,626)	( 1)
3500	Treasury stocks	6(12)	( 147,570)	( 4)	( 147,570)	( 4)	( 26,550)	( 1)
3XXX	<b>Total equity</b>		<u>2,343,568</u>	<u>59</u>	<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	<b>Total liabilities and equity</b>		<u>\$ 3,954,984</u>	<u>100</u>	<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, 2023 AND 2022**

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

	Items	Notes	Year ended December 31			
			2023		2022 (Adjusted)	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(16)	\$ 1,074,754	100	\$ 1,635,779	100
5000	Operating costs	6(4)(11)(13)(21)(22)	( 606,107)	( 56)	( 925,855)	( 57)
5900	Net operating margin		<u>468,647</u>	<u>44</u>	<u>709,924</u>	<u>43</u>
	Operating expenses	6(7)(11)(13)(21)(22) and 7				
6100	Selling expenses		( 121,824)	( 11)	( 126,228)	( 8)
6200	General and administrative expenses		( 152,673)	( 14)	( 133,684)	( 8)
6300	Research and development expenses		( 72,493)	( 7)	( 73,929)	( 4)
6450	Expected credit impairment loss	12	( 4,075)	( 1)	( 129)	-
6000	Total operating expenses		<u>( 351,065)</u>	<u>( 33)</u>	<u>( 333,970)</u>	<u>( 20)</u>
6900	Operating profit		<u>117,582</u>	<u>11</u>	<u>375,954</u>	<u>23</u>
	Non-operating income and expenses					
7100	Interest income	6(2)(17)	8,121	-	3,304	-
7010	Other income	6(18)	9,187	1	4,808	-
7020	Other gains and losses	6(19) and 12	19,403	2	63,280	4
7050	Finance costs	6(5)(6)(20)	( 11,313)	( 1)	( 7,978)	-
7000	Total non-operating income and expenses		<u>25,398</u>	<u>2</u>	<u>63,414</u>	<u>4</u>
7900	<b>Profit before income tax</b>		<u>142,980</u>	<u>13</u>	<u>439,368</u>	<u>27</u>
7950	Income tax expense	6(23)	( 44,938)	( 4)	( 92,581)	( 6)
8200	<b>Profit for the year</b>		<u>\$ 98,042</u>	<u>9</u>	<u>\$ 346,787</u>	<u>21</u>
	<b>Other comprehensive (loss) income (Net)</b>					
	<b>Components of other comprehensive (loss) income that will not be reclassified to profit or loss</b>					
8311	Actuarial (loss) gain on defined benefit plans	6(11)	( \$ 3,263)	-	\$ 1,291	-
8349	Income tax related to components of other comprehensive income (loss) that will not be reclassified to profit or loss	6(23)	653	-	( 258)	-
	<b>Components of other comprehensive (loss) income that will be reclassified to profit or loss</b>					
8361	Financial statements translation differences of foreign operations		( 570)	-	26,135	2
8300	<b>Total other comprehensive (loss) income for the year</b>		<u>( \$ 3,180)</u>	<u>-</u>	<u>\$ 27,168</u>	<u>2</u>
8500	<b>Total comprehensive income for the year</b>		<u>\$ 94,862</u>	<u>9</u>	<u>\$ 373,955</u>	<u>23</u>
	Earnings per share (in dollars)	6(24)				
9750	Basic		<u>\$ 1.12</u>		<u>\$ 3.91</u>	
9850	Diluted		<u>\$ 1.12</u>		<u>\$ 3.90</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, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

	Notes	Retained Earnings					Other Equity Interest	Treasury stocks	Total equity
		Share capital - common stock	Capital reserve	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations		
<b>2022</b>									
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(15)	-	-	-	14,303	( 14,303 )	-	-	-
Cash dividends	6(15)	-	-	-	-	( 121,114 )	-	-	( 121,114 )
Stock dividends	6(12)(15)	80,743	-	-	-	( 80,743 )	-	-	-
Compensation cost recognized for transfer of treasury stocks	6(13)(14)(22)	-	5,534	-	-	-	-	-	5,534
Treasury stocks transferred to employees	6(12)(14)	-	( 80 )	-	-	-	-	26,550	26,470
Purchase of treasury stocks	6(12)	-	-	-	-	-	-	( 147,570 )	( 147,570 )
Balance at December 31, 2022		<u>\$ 892,619</u>	<u>\$ 446,121</u>	<u>\$ 213,096</u>	<u>\$ 50,626</u>	<u>\$ 992,829</u>	<u>(\$ 24,491)</u>	<u>(\$ 147,570)</u>	<u>\$ 2,423,230</u>
<b>2023</b>									
Balance at January 1, 2023		\$ 892,619	\$ 446,121	\$ 213,096	\$ 50,626	\$ 992,829	(\$ 24,491)	(\$ 147,570)	\$ 2,423,230
Profit for the year		-	-	-	-	98,042	-	-	98,042
Other comprehensive loss for the year		-	-	-	-	( 2,610 )	( 570 )	-	( 3,180 )
Total comprehensive income (loss) for the year		-	-	-	-	95,432	( 570 )	-	94,862
Appropriations of 2022 earnings									
Legal reserve		-	-	34,783	-	( 34,783 )	-	-	-
Cash dividends	6(15)	-	-	-	-	( 174,524 )	-	-	( 174,524 )
Reversal of special reserve	6(15)	-	-	-	( 26,135 )	26,135	-	-	-
Balance at December 31, 2023		<u>\$ 892,619</u>	<u>\$ 446,121</u>	<u>\$ 247,879</u>	<u>\$ 24,491</u>	<u>\$ 905,089</u>	<u>(\$ 25,061)</u>	<u>(\$ 147,570)</u>	<u>\$ 2,343,568</u>

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, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2023	2022 (Adjusted)
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 142,980	\$ 439,368
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment loss	12	4,075	129
Loss on inventory market price decline	6(4)	1,840	6,164
Depreciation	6(5)(6)(21)	69,746	75,048
Gain on disposal of property, plant and equipment	6(19)	-	( 19 )
Amortization	6(7)(21)	10,094	9,900
Prepayments for equipment transferred to loss		-	138
Interest income	6(17)	( 8,121 )	( 3,304 )
Interest expense	6(20)	11,313	7,978
Compensation cost recognized for transfer of treasury stocks	6(13)(14)(22)	-	5,534
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		( 1,726 )	32,387
Accounts receivable		53,294	119,244
Other receivables		2,309	1,487
Inventories		( 13,977 )	( 202,821 )
Prepayments		( 1,944 )	( 10,409 )
Changes in operating liabilities			
Current contract liabilities		( 224 )	( 1,962 )
Notes payable		( 97,243 )	11,885
Accounts payable		( 28,550 )	( 2,931 )
Other payables		( 53,539 )	6,545
Net defined benefit liabilities		( 272 )	( 245 )
Cash inflow generated from operations		90,055	494,116
Interest received		8,121	3,304
Interest paid		( 10,257 )	( 7,820 )
Income tax received		-	10
Income tax paid		( 108,976 )	( 57,346 )
Net cash flows (used in) from operating activities		( 21,057 )	432,264

(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, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2023	2022 (Adjusted)
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Increase in financial assets at amortized cost - current		(\$ 15,893 )	(\$ 9,540 )
Cash paid for acquisition of property, plant and equipment	6(25)	( 101,088 )	( 173,504 )
Interest paid for acquisition of property, plant and equipment	6(5)(20)(25)	( 13,687 )	( 8,416 )
Proceeds from disposal of property, plant and equipment		-	19
Acquisition of intangible assets	6(7)	( 2,330 )	( 1,402 )
Increase in prepayments for equipment		( 39,576 )	( 18,299 )
Increase in guarantee deposits paid		( 2,748 )	( 1,352 )
Decrease in other non-current assets		997	983
Net cash flows used in investing activities		( 174,325 )	( 211,511 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase in short-term borrowings	6(26)	1,116,900	1,315,000
Decrease in short-term borrowings	6(26)	( 976,900 )	( 1,320,000 )
Payments of lease liability	6(26)	( 3,609 )	( 5,612 )
Increase in long-term borrowings	6(26)	421,392	200,000
Decrease in long-term borrowings	6(26)	( 277,341 )	( 128,740 )
Payments of cash dividends	6(15)	( 174,524 )	( 121,114 )
Treasury stocks transferred to employees	6(12)	-	26,470
Purchase of treasury stocks	6(12)	-	( 147,570 )
Net cash flows from (used in) financing activities		105,918	( 181,566 )
Effect of foreign exchange rate changes on cash and cash equivalents		( 661 )	19,875
Net (decrease) increase in cash and cash equivalents		( 90,125 )	59,062
Cash and cash equivalents at beginning of year	6(1)	924,218	865,156
Cash and cash equivalents at end of year	6(1)	\$ 834,093	\$ 924,218

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

**Chieftek Precision Co., Ltd.**  
**2023 Profit Distribution Proposal**

Unit: NT\$ in dollar

Item	Amount	
	Subtotal	Total
2023 net profit after tax		\$ 98,041,826
Deduct: actuarial losses of defined benefit plan	( 2,610,605)	
Designated basis of legal reserve		95,431,221
Deduct: Designated 10% Legal Reserve	( 9,543,122)	
Deduct: Designated reverse special reverse	( 570,450)	
Distributable net profit		85,317,649
Beginning accumulated retained earning		<u>809,658,092</u>
Accumulated unappropriated earnings of the year		894,975,741
Designated distributed number of the year		
Cash dividend to shareholders (NT\$0.8per share)	( 69,809,443)	
Sum of distributed amount		( 69,809,443)
Accumulated unappropriated retained earnings		<u>\$ 825,166,298</u>

## Notes:

1. The surplus distribution for this time will give priority to distribution of 2023 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 Amendments of Articles of the Company's "Operating Procedures of Endorsements/Guarantees"

Before Amendment	After Amendment	Explanation
<p><b>Article 5: Amount of making endorsements/guarantees</b></p> <p>3. Companies in which the Company holds, directly or indirectly, 100% or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 50% of the net worth of the Company. The amount of endorsements/guarantees for a single enterprise reaches <u>20</u> percent of the Company's net worth as stated in its latest financial statement as limit.</p> <p>4. The aggregate amount of endorsements/guarantees by the Company and its subsidiaries reaches 50 percent of the Company's net worth as stated in its latest financial statement. The amount of endorsements/guarantees for a single enterprise reaches <u>20</u> percent of the Company's net worth as stated in its latest financial statement as limit.</p>	<p><b>Article 5: Amount of making endorsements/guarantees</b></p> <p>3. Companies in which the Company holds, directly or indirectly, 100% or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 50% of the net worth of the Company.</p> <p>4. The aggregate amount of endorsements/guarantees by the Company and its subsidiaries reaches <u>50</u> percent of the Company's net worth as stated in its latest financial statement. The amount of endorsements/guarantees for a single enterprise reaches <u>50</u> percent of the Company's net worth as stated in its latest financial statement as limit.</p>	<p>Amended the amount limit for companies in which the Company holds, directly or indirectly, 100% or more of the voting shares may make endorsements/guarantees for single enterprise.</p>

**Chieftek Precision Co., Ltd.**  
**Comparison of Amendments of “Procedure for Board of Directors Meeting”**

Before Amendment	After Amendment	Explanation
<p><b>Article 12: Convention of board of directors’ meeting</b>  When the time of a meeting has arrived and one-half all board directors are not present, the chairman may announce postponement of the meeting time, provided that only two postponements may be made. If the quorum is still not met after two such delays, the chairman shall re-call the meeting following the procedures provided in Article 3, paragraph 2.  The term “all board directors” as used in the preceding paragraph and in Article 17, paragraph 2, subparagraph 2 shall be calculated as the number of directors then in office.</p>	<p><b>Article 12: Convention of board of directors’ meeting</b>  When the time of a meeting has arrived and one-half all board directors are not present, the chairman may announce postponement of the meeting time <u>on the same day</u>, provided that only two postponements may be made. If the quorum is still not met after two such delays, the chairman shall re-call the meeting following the procedures provided in Article 3, paragraph 2.  The term “all board directors” as used in the preceding paragraph and in Article 17, paragraph 2, subparagraph 2 shall be calculated as the number of directors then in office.</p>	<p>To avoid being unsure to arouse controversy by extending meeting time of board of directors’ meeting, when the number of attendees is not enough, the chair shall announce postponement of meeting’s time, and it’s limited to the same day.</p>
<p><b>Article 13: Proposal discussion</b>  A board of directors meeting shall be conducted in accordance with the order of business on the agenda as specified in the meeting notice. However, the order may be changed with the approval of a majority of directors present at the meeting.  The meeting chairman may not declare the meeting closed without the approval of a majority of directors present at the meeting.</p>	<p><b>Article 13: Proposal discussion</b>  A board of directors meeting shall be conducted in accordance with the order of business on the agenda as specified in the meeting notice. However, the order may be changed with the approval of a majority of directors present at the meeting.  The meeting chairman may not declare the meeting closed without the approval of a majority of directors present at the meeting.  <u>When board of directors’ meeting in progress, the chairman can’t host the meeting by any reason or declare adjournment without complying with paragraph 2 of regulation, the election of substitute shall be conducted in accordance with paragraph 3 of Article 10.</u></p>	<p>Considering practice, when board of directors’ meeting in progress, the chairman can’t host the meeting by any reason or declare adjournment without complying with regulations, to avoid affecting operation of board of directors’ meeting, and added paragraph 4, it specifies that election method of substitute shall be conducted in accordance with paragraph 3 of Article 10.</p>

**Chieftek Precision Co., Ltd.**  
**Rules of Procedure for Shareholders Meetings**

**Article 1: Establishment basis**

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

**Article 2: Scope of the rules**

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

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

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

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

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

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

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

However, a shareholder may propose a recommendation for urging the corporation to promote public interests or fulfill its social responsibilities, it will not be included in the meeting agenda. In addition, a proposal made by a shareholder has one of the circumstances in Article 172-1, paragraph 4 of Company Act, and the board of directors may not include it in the meeting agenda.

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

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

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

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

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

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

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

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

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

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

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

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

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

This Corporation shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials.

Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### Article 10: Discussion on Agenda

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

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

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

#### Article 11: Shareholder speech

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

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

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

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

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

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

#### Article 12: Calculation of voting shares

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

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

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

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

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

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

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

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

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

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Corporation, by the same means by which the voting rights were exercised, before 2 business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

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

results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

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

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

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

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

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

Article 15: Meeting minutes and signature

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

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

Article 16: Public disclosure

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

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

Article 17: Maintaining order at the meeting place

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

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

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

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

Article 18: Recess and resumption of a shareholders meeting

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

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

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

Article 19: Supplementary Provisions

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

### 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 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 electronic means. The resolution of the Board of Directors shall, except as otherwise provided by law, be attended by a majority of the directors and be represented by a majority of the directors.

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

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

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

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

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

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

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

#### Chapter 5 Managerial Personnel

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

#### Chapter 6 Accounting

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

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

- (i) Withholding Tax
- (ii) Covering the deficit

- (iii) The deposit of 10% is the legal surplus reserve. However, if the statutory surplus reserve has reached the amount of capital received, it would be an exception.
- (iv) If necessary, providing for the listing of rotation of the special surplus reserve by order of law or by the competent authority.
- (v) After deducting the balance of the preceding paragraphs 1-4, and with the undistributed surplus of the previous year, the Board shall subject to the operational requirements, propose an allocation motion to be submitted to the shareholders' meeting for the allocation of dividends or reservations to shareholders. However, the dividend distribution amount shall not be less than 20% of the remaining amount after the annual return is deducted according to the amount specified in paragraph 1 to 4.

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

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

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

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

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

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

#### Chapter 7 Supplementary Provisions

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

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

First amended on January 6, 1999.

The second amendment was on October 14, 1999.

The third amendment was on January 1, 2000.

The fourth amendment was on June 22, 2000.

The fifth amendment was on April 4, 2001.

The sixth amendment was on May 15, 2001.  
The seventh amendment was on April 3, 2002.  
The eighth amendment was on June 6, 2002.  
The ninth amendment was on June 20, 2003.  
The tenth amendment was on August 25, 2003.  
The eleventh amendment was on November 25, 2003.  
The twelfth amendment was on April 15, 2004.  
The thirteenth amendment was on December 30, 2004.  
The fourteenth amendment was on November 17, 2006.  
The fifteenth amendment was on June 29, 2007.  
The sixteenth amendment was on June 30, 2008.  
The seventeenth amendment was on November 12, 2010.  
The eighteenth amendment was on June 17, 2011.  
The nineteenth amendment was on June 20, 2012.  
The twentieth amendment was on June 27, 2013.  
The twenty-first amendment was on June 6, 2014.  
The twenty-second amendment was on June 25, 2015.  
The twenty-third amendment was on June 26, 2016.  
The twenty-fourth amendment was on June 22, 2017.  
The twenty-fifth amendment was on May 28, 2018.  
The twenty-sixth amendment was on June 12, 2019.

Chieftek Precision Co., Ltd

Chairman: Li-Fen Chen

## Appendix 3

### Directors Shareholdings

- I. As of the book closure date for the shareholders’ meeting on April 1, 2024, 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 April 1, 2024, 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	2023.05.26	3	4,019,675	4.50%
Director	HSU MING-CHE	2023.05.26	3	6,137,271	6.88%
Director	CHEN, CHIA-HAO	2023.05.26	3	1,030,895	1.15%
Director	WANG CHEN PI-HSIA	2023.05.26	3	610,890	0.68%
Director	ANNE LI	2023.05.26	3	1,507,752	1.69%
Independent director	HO, MING-TZU	2023.05.26	3	0	-
Independent director	TSENG, HSU-WEN	2023.05.26	3	93,150	0.10%
Independent director	WU LING LING	2023.05.26	3	37,747	0.04%
Independent director	WANG YUNG CHANG	2023.05.26	3	177,943	0.20%
<b>Total shares of the entire bodies of directors</b>				<b>13,615,323</b>	<b>15.25%</b>

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

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

## **Appendix 4**

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

The Company's earnings distribution proposal was approved by the resolution of board of directors meeting on February 26, 2024, the Company has no stock grants distribution situation, so it is not applicable.

## **Appendix 5**

### **Other Explanation Matter**

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

Explanation:

- I. In accordance with Article 172-1 of the Company Act, a shareholder holding 1 percent or more of the total number of issued shares may submit to this Corporation a written proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only and limited to 300 words.
- II. The Company handles the submission of proposals for the shareholders' meeting. The period of submission is from March 22, 2024 to April 1, 2024. The information has been announced on the Market Observation Post System.
- III. The Company has not received any proposals from the shareholders.