

Stock Code : 6510



Chunghwa Precision Test Tech. Co., Ltd.

## 2020 Annual General Shareholders' Meeting

### Meeting Agenda (Translation)

Date: June 3, 2020

Venue: No. 398, Minquan Road, Zhongli District, Taoyuan City

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**Chunghwa Precision Test Tech. Co., Ltd.**  
**2020 Annual General Shareholders' Meeting Agenda**

Time: 9:00 am, June 3, 2020 (Wednesday)

Venue: No. 398, Minquan Road, Zhongli District, Taoyuan City

- 1. Call the Meeting to Order (announcing the total number of shares represented in the meeting)**
- 2. Chairman Remark**
- 3. Report Items:**
  - (1) 2019 Business Report
  - (2) 2019 Audit Committee's Review Report
  - (3) 2019 Employees' Compensation and Remuneration of Director Report
- 4. Acknowledgments:**
  - (1) 2019 Business Report and Financial Statements
  - (2) The Proposal for Distribution of 2019 Earnings
- 5. Proposed Resolutions:**
  - (1) Amendments to the "Rules of the Procedures for Shareholders Meetings"
  - (2) Amendments to the "Third Party Lending, Endorsements, and Guarantee Procedures"
- 6. Election Matters:** Election of Directors
- 7. Other Motions:** Removal of Restrictions on Competing Business Involvement for New Directors and their Representatives
- 8. Special Motions**
- 9. Meeting Adjourned**

## Report Items

### I. 2019 Business Report

Description: Details of the 2019 Business Report have been presented in pages 7~10, Attachment 1.

### II. 2019 Audit Committee's Review Report

Description: Details of the 2019 Audit Committee's Review Report have been presented in page 11, Attachment 2.

### III. 2019 Employees' Compensation and Remuneration of Director Report

Description: 1. According to Article 30 of the Company's Articles of Incorporation and based on the profit performance for the year 2019, employees' compensation NT\$79,211,038 and remuneration of director NT\$2,727,041 have been approved by the Board of Directors. Both will be distributed in cash.

2. Details of the employees' compensation and remuneration of directors are as follows:

Unit: NTD

Item	Amount	Percentage
2019 Profits (pre-tax profit before employees' compensation and remuneration of directors)	\$870,226,465	
Employees' compensation (cash)	79,211,038	9.10%
Directors' remuneration (cash)	<u>2,727,041</u>	0.31%
Income before income tax	<u>\$788,288,386</u>	

Chairman: Hsiu-Gu Huang

CEO: Shui-Ke Huang

Chief Accountant: Yi-Ping Hsu

## Acknowledgments

### Agenda #1

#### I. 2019 Business Report and Financial Statements

(Proposed by the Board of Directors)

Description: 1. The Company's 2019 consolidated and standalone financial statements have been audited by CPAs Dien-Sheng Chang and Ching-Pin Shih of Deloitte Taiwan. There are two (2) sets of financial statements, along with the business report, which were submitted for review by the Audit Committee, to which it has issued a written review statement.

2. For details of the 2019 Business Report, Independent Auditor's Report and the above mentioned financial statements, please refer to pages 7~10 (Attachment 1) and 12~21 (Attachment 3), and 22~30 (Attachment 4).

Resolution:

### Agenda #2

#### II. The Proposal for Distribution of 2019 Earnings

(Proposed by the Board of Directors).

Description: 1. The Company has finalized its accounts for 2019 and proposed earnings distribution as listed below, including NT\$327,890,220 in cash dividends. The cash dividend amounts to NT\$10 per share, and will be distributed to common stock shareholders according to the shareholder registry as of the ex-dividend base date.

Chunghwa Precision Test Tech. Co., Ltd.

2019 Earnings Distribution Proposal

Unit: NTD

Item	Amount
Unappropriated retained earnings of previous years	\$ 1,288,749,930
Less: Effect of retrospective application of IFRS 16	<u>1,192,878</u>
Unappropriated retained earnings after adjustment	1,287,557,052
Plus: Net income of 2019	625,163,740
Less: Provisioning for special reserve	3,229,943
Less: 10% provision for legal reserve	<u>62,516,374</u>
Distributable earnings	\$ <u>1,846,974,475</u>

Distributions:	
Shareholders' cash dividends (NT\$10 per share)	<u>327,890,220</u>
Unappropriated retained earnings	<u>\$ 1,519,084,255</u>

Chairman: Hsiu-Gu Huang

CEO: Shui-Ke Huang

Chief Accountant: Yi-Ping Hsu

2. Upon approval of cash dividends proposed during the 2020 Annual General Shareholders' Meeting, the Chairman shall be authorized to set the ex-dividend base date and details relating to the payment of cash dividends.
3. The amount of cash dividends per shareholder shall be calculated to the rounded-down full NT dollar; fractional amount be ignored. The sum of unpaid cash dividend resulting from the above rounded-down, will be distributed to each shareholder (in descending order) and their shareholder account numbers (in ascending order), until cash dividends have been fully distributed.
4. Should the Company encounter a change of share capital that changes the number of outstanding shares on a later date, the Chairman shall be fully authorized to make the necessary adjustments to the percentage of cash dividends allocated to shareholders.
5. The above cash dividend shall be distributed to shareholders from 2019 earnings as a priority.

Resolution:

## **Proposed Resolutions**

### Agenda #1

#### I. Amendments to the "Rules of the Procedures for Shareholders Meetings"

(Proposed by the Board of Directors)

Description: 1. In response to the Company Act and "Rules of the Procedures for Shareholders Meetings" formulated by the competent authority, it is hereby proposed to amend the "Rules of the Procedures for Shareholders Meetings" accordingly

2. Comparison Table for "Rules of the Procedures for Shareholders Meetings" Before and After Revision, please refer to pages 31~35, Attachment 5.

Resolution:

### Agenda #2

#### II. Amendments to the "Third Party Lending, Endorsements, and Guarantee Procedures"

(Proposed by the Board of Directors)

Description: 1. In response to the "Regulations Governing the Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", it is hereby proposed to amend the "Third Party Lending, Endorsements, and Guarantee Procedures".

2. Comparison Table for "Third Party Lending, Endorsements, and Guarantee Procedures" Before and After Revision, please refer to pages 36~45, Attachment 6.

Resolution:

## **Election Matters**

Proposal: Election of Directors (Proposed by the Board of Directors)

Description: 1. The term of the current directors of the company will expire on Jun. 7, 2020, and the election is scheduled on this annual general meeting.

2. Pursuant to Article 18 of the Company's Articles of Incorporation, seven directors (incl. three independent directors) are to be elected, and the candidate nomination system is adopted. For the list of candidates for directors (incl. independent directors), please refer to pages 46~48, Attachment 7.

3. The term of the new directors is three years, from Jun. 3, 2020 to Jun. 2, 2023, and the term of the current directors will end on the date of this Annual General Meeting.

4. This election was conducted pursuant to the Company's "Regulations for the Election of Directors", please refer to pages 77~79, Appendix 4.

Election results:

## **Other Motions**

Proposal: Removal of Restrictions on Competing Business Involvement for New Directors and their Representatives. (Proposed by the Board of Directors)

Description: 1. Pursuant to Article 209 of the Company Act, a director who does anything for themselves or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.

2. In order to draw on the expertise and relevant experience of the Directors of the Company, it is proposed to remove the restrictions on competing business involvement for new directors and their representatives.

3. For details on removal of restrictions on competing business involvement for new directors and their representatives, please refer to page 49~50, Attachment 8.

Resolution:

## **Special Motion**

## **Meeting Adjourned**



## Chunghwa Precision Test Tech. Co., Ltd.

### 2019 Business Report

#### I. 2019 Business Report:

##### (I) Results of business plan

##### **Business results**

Despite the tension between the US and China intensifying and the global semiconductor market declining, Chunghwa Precision Test Tech has converted challenges into opportunities and grown against the adversity in a versatile environment through its advanced technology, outstanding business strategies, and manufacturing and operating strategies. Our continuous advancement in advanced semiconductor process technology, innovative development of niche product probe cards, and the introduction of smart manufacturing have laid a good foundation for the Company's future development and potential. In addition to the continuous development of high-end test boards in 2019 to meet the technological evolution of the industry, the Company's Netcom chip probe card products and RF system on a chip (SoC) have also been verified, and the product quality and services have been well-received by international manufacturers. We look forward to providing customers with more complete semiconductor test solutions in the future.

##### **Corporate development**

The operation of Chunghwa Precision Test Tech (CHPT) has grown rapidly. The current plant is insufficient for use, so the Board of Directors approved the construction and operation of the R&D headquarters in 2017, and the R&D headquarters was completed in Q4 2019 and it has started production. In addition to increasing demand for production capacity, high-precision machining centers have also been deployed to attract more R&D talent. The center will gradually integrate mechanical, electrical, optical, chemical, magnetic, and other technologies to assist the Company develop more comprehensively, and at the same time introduce more advanced industrial technology and more employment opportunities into the Taoyuan area.

##### **Honors and Awards**

CHPT focuses on R&D of high-level test boards. The Company has key and unique technologies in specific fields and possesses global competitiveness. In 2019, it was honored as one of the top TOP 5000 companies with outstanding business performance by the China Credit Information Service in 2019, and one of the top 2000 companies by Common Wealth Magazine in 2019.

## (II) Revenues, expenses, and profitability analysis:

CHPT adopts a stable financial strategy and focuses on its business operations. Pursuing revenue and profit growth under the control of operational risks, the operating income for 2019 was NT\$ 3.39 billion, with a 3.3% increase from the previous year. Gross profit margin remained at 53.1%. Earnings per share decreased slightly to NT\$ 19.07, which was mainly due to the termination of production plans for specific-purpose PCBs in order to fulfill the demand from semiconductor customers and focus on high value-added products for profitable growth.

Unit: NTD thousands

Item	2019	2018
Net Revenue	3,386,538	3,279,030
Gross profit	1,799,177	1,746,564
Income before Operations	870,023	898,521
Net income	625,164	716,024
EPS (\$)	19.07	21.84

## (III) Research and development

“R&D” is the core of CHPT. With constant innovation and improvements, we persist in the development of advanced technology. The Company has developed the capacity to design high-frequency and high-speed PCB/Substrates. By working closely with manufacturers, we are able to develop advanced production procedures, create customized test interfaces, and develop mass production technology within the shortest time to satisfy customers' needs for wafer or package testing and raise the efficiency of the tests that are conducted. In the future, the Company will continue to carry out R&D in forward-looking technologies and innovative applications, implement product design, research and system management, and continue to enhance the Company's leading position in core competitiveness. The Company successfully developed the following technologies or products in 2019:

1. Successfully introduced the Periodic Pulse Reverse plating process, meeting the IPC-CLASS 3 standards.
2. Increased back drill depth of Pitch 0.5mm to 5.5mm.
3. Completed verification of new materials for high-frequency.
4. Developed 5G mmWave OTA measurement methodology
5. Conducted research on 5G mmWave transmittance architecture and high-frequency dielectric properties
6. Developed a 125GHz related measurement methodology
7. Completed the development and application of smart logistics system technology
8. Developed an edge computing system in vertical continuous copper wire application technology
9. Passed the verification of Netcom chip and RF SoC probe card products

## II. 2020 Business plans

### (I) Operational guidelines

Looking forward to 2020, 5G applications will drive an increase in demand for semiconductor test interfaces, and the demand for light, thin, short, compact 5G smart phone designs, and the demand for heterogeneous integrated packaging. Among them, 5G IoT and Sub-6GHz will drive growth in the technology of System in Package (SiP), while 5G mmWave drives the development of technologies in Antenna in Package (AiP) and Antenna on a Chip (AoC). As a result, wafer testing operations are more complex and time-consuming. The role of semiconductor testing in the front-end wafer testing and back-end system-level testing has gained importance. Therefore, the demand for test interfaces and test fixtures has also increased. Besides the automotive electronics and the IoT, the widening of application and diversification of Artificial Intelligence (AI) and High Performance Computing (HPC) have also contributed to the demand for semiconductors. In addition to the Company's domination of about 70% of the market for smartphone application processor (AP) test boards, the Company also has long-term layout in other chip testing areas, such as Netcom chip, automotive electronics, and market development of niche product of probe cards. The Company works closely with world-renowned manufacturers. There will also be closer interactions with expertise in other semi-conductor fields. The Company has adhered to its business philosophy of "technology, customer satisfaction, profitability, and employee care". It currently maintains a market-leading position in semiconductor testing, and will continue to ensure its leading position by anticipating the demands of the next-generation products and early investment in R&D resources, in an effort to implement the Company's operational guidelines "Long-term, Stability, Developing, Innovation, International" to create more shareholder value.

### (II) Key production and marketing strategies

1. Answer to customer needs. Satisfy future production plans.
2. Strengthen the distribution channels of probe cards.
3. Follow the trend of 5G, adjust the production strategy.

## III. The company's future strategies; impacts of the competitive environment, regulatory environment, and the overall business environment

At a time where the international situation is fluctuating and the global economy is uncertain, the Company will continue to focus on R&D, persistently pursue excellence in manufacturing, and strengthen management to maintain the competitiveness of the Company. In addition, the Company also strengthens the understanding in the external competitive environment, regulatory environment, and overall operating environment, and pays more

attention to corporate governance, corporate social responsibility and the implementation of green environmental protection laws and regulations to provide the most advanced and comprehensive test solutions for the future market application of the semiconductor industry.

Looking to the future, in order to meet the diverse needs of the market, CHPT will continue to strengthen the coverage of each product line and the quality of R&D and service. By possessing the leading core technology, the Company strengthens its competitiveness and technical energy, and works with customers to create market opportunities, in an effort to continue the industry's leading position and create higher shareholder value. Thanks to all the colleagues of the Company for their diligence and continued support and trust from all shareholders, CHPT will continue to promote future growth, create value for customers and society, and allow shareholders and employees to enjoy the fruits of the Company's operation results.

Chairman: Hsiu-Gu Huang

CEO: Shui-Ke Huang

Chief Accountant: Yi-Ping Hsu

**Chunghwa Precision Test Tech. Co., Ltd.**  
**Audit Committee's Review Report**

This is to certify that

We have reviewed the Company's 2019 Business Report, Consolidated Financial Statements, Standalone Financial Statements, and Earnings Distribution Proposal prepared by the Board of Directors. The standalone and consolidated financial statements have been audited by CPAs Dien-Sheng Chang and Ching-Pin Shih of Deloitte Taiwan, to which they issued an independent auditor's report. The Audit Committee found no misstatement in the above Business Report, Consolidated Financial Statements, Standalone Financial Statements, or Earnings Distribution Proposal, and has issued the report as presented above in accordance with Article 219 of The Company Act and Article 14-4 of the Securities and Exchange Act.

Yours sincerely

For

The 2020 Annual General Shareholders' Meeting of  
Chunghwa Precision Test Tech. Co., Ltd.

Chunghwa Precision Test Tech. Co., Ltd.

Wen-Nan Tsan

Chairman of the Audit Committee

February 12, 2020

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Chunghwa Precision Test Tech. Co., Ltd.

### **Opinion**

We have audited the accompanying consolidated financial statements of Chunghwa Precision Test Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

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, 2019 and 2018, 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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2019 is as follows:

#### Revenue Recognition

Since a large number of inventories are stored at third-party storage facilities and the amount is significant, there may be a risk of revenue recognition in the incorrect period. When inventories stored at third-party facilities satisfy the performance obligation and are transferred to customers at different times, revenue recognized towards the end of the year may involve a higher risk of not being recorded in the correct period, thereby affecting the appropriateness of the cutoff of revenue recognition.

We thus performed the following audit procedures, including sampling from shipping orders before the end of the year and details of revenue accounts in the beginning of the following year and inspecting external evidences and relevant documents to ensure that revenues are recognized in the correct period. For inventories located at third-party storage facilities with significant amounts, we verified the accuracy of their number by sending external confirmations or by performing physical inventory. We also verified whether the inventories located at third-party storage facilities satisfied the performance obligation and were transferred to customers when revenues were recognized.

#### **Other Matter**

We have also audited the parent company only financial statements of Chunghwa Precision Test Tech. Co., Ltd. as of and for the years ended December 31, 2019 and 2018 on which we have issued an unmodified opinion.

#### **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 IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, 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 the 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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. 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.
2. 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.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. 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.
5. 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.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of 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 for the year ended December 31, 2019 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.



The engagement partners on the audit resulting in this independent auditors' report are Dien Sheng Chang and Ching Pin Shih.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 12, 2020

Notice to Readers

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

## CHUNGHWA PRECISION TEST TECH. CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

ASSETS	2019		2018	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 2,255,188	29	\$ 3,527,971	49
Accounts receivable, net (Notes 4 and 7)	908,155	12	538,865	7
Inventories (Notes 4 and 8)	452,989	6	268,461	4
Prepayments	28,238	-	23,712	-
Other current financial assets - current (Notes 4 and 9)	63,529	1	56,612	1
Other current assets (Notes 4, 13 and 20)	<u>1,531</u>	-	<u>1,289</u>	-
Total current assets	<u>3,709,630</u>	<u>48</u>	<u>4,416,910</u>	<u>61</u>
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment (Notes 4, 10 and 22)	3,893,005	50	2,700,704	38
Right-of-use assets (Notes 3, 4, 11 and 22)	37,074	-	-	-
Intangible assets (Notes 4, 12, 22 and 25)	53,864	1	51,080	1
Deferred income tax assets (Notes 4 and 20)	49,716	1	21,640	-
Other non-current assets (Notes 4, 13 and 26)	<u>10,222</u>	-	<u>5,596</u>	-
Total non-current assets	<u>4,043,881</u>	<u>52</u>	<u>2,779,020</u>	<u>39</u>
<b>TOTAL</b>	<u>\$ 7,753,511</u>	<u>100</u>	<u>\$ 7,195,930</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 282,374	4	\$ 183,918	3
Payables to related parties (Note 25)	-	-	5,443	-
Other payables (Notes 14 and 22)	774,337	10	643,509	9
Current tax liabilities (Notes 4 and 20)	110,241	2	130,824	2
Provisions (Notes 4 and 15)	97,922	1	72,379	1
Lease liabilities - current (Notes 3, 4, 11 and 22)	15,183	-	-	-
Other current liabilities (Notes 4, 18 and 25)	<u>7,540</u>	-	<u>7,981</u>	-
Total current liabilities	<u>1,287,597</u>	<u>17</u>	<u>1,044,054</u>	<u>15</u>
<b>NON-CURRENT LIABILITIES</b>				
Deferred income tax liabilities (Notes 4 and 20)	-	-	816	-
Lease liabilities - non-current (Notes 3, 4, 11 and 22)	<u>22,003</u>	-	<u>-</u>	-
Total non-current liabilities	<u>22,003</u>	-	<u>816</u>	-
Total liabilities	<u>1,309,600</u>	<u>17</u>	<u>1,044,870</u>	<u>15</u>
<b>EQUITY (Notes 3 and 17)</b>				
Ordinary shares	<u>327,890</u>	<u>4</u>	<u>327,890</u>	<u>4</u>
Additional paid-in capital	<u>3,926,471</u>	<u>51</u>	<u>3,926,471</u>	<u>55</u>
Retained earnings				
Legal reserve	280,059	3	208,457	3
Special reserve	2,905	-	3,168	-
Unappropriated earnings	<u>1,912,721</u>	<u>25</u>	<u>1,687,979</u>	<u>23</u>
Total retained earnings	<u>2,195,685</u>	<u>28</u>	<u>1,899,604</u>	<u>26</u>
Other equity	<u>(6,135)</u>	-	<u>(2,905)</u>	-
Total equity	<u>6,443,911</u>	<u>83</u>	<u>6,151,060</u>	<u>85</u>
<b>TOTAL</b>	<u>\$ 7,753,511</u>	<u>100</u>	<u>\$ 7,195,930</u>	<u>100</u>

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

## CHUNGHWA PRECISION TEST TECH. CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
NET REVENUE (Notes 4, 18 and 30)	\$ 3,386,538	100	\$ 3,279,030	100
OPERATING COSTS (Notes 8, 19 and 25)	<u>1,587,361</u>	<u>47</u>	<u>1,532,466</u>	<u>47</u>
GROSS PROFIT	<u>1,799,177</u>	<u>53</u>	<u>1,746,564</u>	<u>53</u>
OPERATING EXPENSES (Notes 19 and 25)				
Marketing	162,760	5	137,310	4
General and administrative	195,379	5	186,857	6
Research and development	<u>570,389</u>	<u>17</u>	<u>523,873</u>	<u>16</u>
Total operating expenses	<u>928,528</u>	<u>27</u>	<u>848,040</u>	<u>26</u>
OTHER INCOME AND EXPENSES (Note 19)	<u>(626)</u>	<u>-</u>	<u>(3)</u>	<u>-</u>
INCOME FROM OPERATIONS	<u>870,023</u>	<u>26</u>	<u>898,521</u>	<u>27</u>
NON-OPERATING INCOME AND EXPENSES (Note 25)				
Other gains and losses (Note 19)	(8,956)	-	2,347	-
Interest expense (Notes 4 and 25)	(993)	-	-	-
Interest income (Note 4)	12,875	-	15,305	1
Other income (Note 19)	5,157	-	1,799	-
Impairment loss (Notes 10 and 19)	<u>(89,207)</u>	<u>(3)</u>	<u>-</u>	<u>-</u>
Total non-operating income and expenses	<u>(81,124)</u>	<u>(3)</u>	<u>19,451</u>	<u>1</u>
INCOME BEFORE INCOME TAX	788,899	23	917,972	28
INCOME TAX EXPENSE (Note 4 and 20)	<u>163,735</u>	<u>5</u>	<u>201,948</u>	<u>6</u>
NET INCOME	<u>625,164</u>	<u>18</u>	<u>716,024</u>	<u>22</u>
OTHER COMPREHENSIVE (LOSS) INCOME				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	<u>(3,230)</u>	<u>-</u>	<u>263</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 621,934</u>	<u>18</u>	<u>\$ 716,287</u>	<u>22</u>

(Continued)

**CHUNGHWA PRECISION TEST TECH. CO., LTD. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME****FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018****(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	<b>2019</b>		<b>2018</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
EARNINGS PER SHARE (Note 21)				
Basic	<u>\$ 19.07</u>		<u>\$ 21.84</u>	
Diluted	<u>\$ 19.01</u>		<u>\$ 21.71</u>	

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

(Concluded)

**CHUNGHWA PRECISION TEST TECH. CO., LTD. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018  
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)**

	Ordinary Shares (Note 17)		Additional Paid-in Capital (Notes 17)	Retained Earnings (Notes 3 and 17)			Total	Other Equity (Note 17) Exchange Differences on Translating the Financial Statements of Foreign Operations	Total Equity
	(In Thousands) Shares	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings			
BALANCE AT JANUARY 1, 2018	32,789	\$ 327,890	\$ 3,926,471	\$ 134,820	\$ 85	\$ 1,376,565	\$ 1,511,470	\$ (3,168)	\$ 5,762,663
Appropriation of 2017 earnings									
Legal reserve	-	-	-	73,637	-	(73,637)	-	-	-
Special reserve	-	-	-	-	3,083	(3,083)	-	-	-
Cash dividends to shareholders - NT\$10.0 per share	-	-	-	-	-	(327,890)	(327,890)	-	(327,890)
Net income for the year ended December 31, 2018	-	-	-	-	-	716,024	716,024	-	716,024
Other comprehensive income for the year ended December 31, 2018	-	-	-	-	-	-	-	263	263
Total comprehensive income for the year ended December 31, 2018	-	-	-	-	-	716,024	716,024	263	716,287
BALANCE AT DECEMBER 31, 2018	32,789	327,890	3,926,471	208,457	3,168	1,687,979	1,899,604	(2,905)	6,151,060
Effect of retrospective application	-	-	-	-	-	(1,193)	(1,193)	-	(1,193)
BALANCE AT JANUARY 1, 2019 AS RESTATED	32,789	327,890	3,926,471	208,457	3,168	1,686,786	1,898,411	(2,905)	6,149,867
Appropriation of 2018 earnings									
Legal reserve	-	-	-	71,602	-	(71,602)	-	-	-
Special reserve	-	-	-	-	(263)	263	-	-	-
Cash dividends to shareholders - NT\$10.0 per share	-	-	-	-	-	(327,890)	(327,890)	-	(327,890)
Net income for the year ended December 31, 2019	-	-	-	-	-	625,164	625,164	-	625,164
Other comprehensive loss for the year ended December 31, 2019	-	-	-	-	-	-	-	(3,230)	(3,230)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	625,164	625,164	(3,230)	621,934
BALANCE AT DECEMBER 31, 2019	32,789	\$ 327,890	\$ 3,926,471	\$ 280,059	\$ 2,905	\$ 1,912,721	\$ 2,195,685	\$ (6,135)	\$ 6,443,911

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

## CHUNGHWA PRECISION TEST TECH. CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 788,899	\$ 917,972
Adjustments to reconcile income before income tax to net cash generated from operating activities:		
Depreciation	253,240	193,861
Amortization	28,981	24,912
Expected credit loss recognized	43	260
Interest expense	993	-
Interest income	(12,875)	(15,305)
Loss on disposal of property, plant and equipment, net	626	3
Write-downs of inventories	2,757	6,119
Impairment loss recognized on property, plant and equipment	89,207	-
Loss (gain) on foreign currency exchange, net	3,384	(1,039)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	(369,333)	(87,957)
Inventories	(187,285)	(37,783)
Prepayments	(6,171)	416
Other current assets	(480)	(236)
Increase (decrease) in:		
Accounts payable	98,456	17,139
Payables to related parties	(5,443)	5,255
Other payables	11,317	24,148
Provisions	25,543	(881)
Other current liabilities	(441)	2,256
Cash generated from operations	<u>721,418</u>	<u>1,049,140</u>
Interest paid	(993)	-
Income tax paid	<u>(213,281)</u>	<u>(187,582)</u>
Net cash generated from operating activities	<u>507,144</u>	<u>861,558</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	(1,393,753)	(722,581)
Proceeds from disposal of property, plant and equipment	95	-
Payments for intangible assets	(33,265)	(23,987)
Acquisition of time deposits with original maturities of more than three months	(7,295)	(435)
Increase in other non-current assets	(4,626)	(1,427)
Interest received	<u>13,184</u>	<u>15,322</u>
Net cash used in investing activities	<u>(1,425,660)</u>	<u>(733,108)</u>

(Continued)

**CHUNGHWA PRECISION TEST TECH. CO., LTD. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018  
(In Thousands of New Taiwan Dollars)**

	<b>2019</b>	<b>2018</b>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends	\$ (327,890)	\$ (327,890)
Repayment of the principal portion of lease liabilities	<u>(21,562)</u>	<u>-</u>
Net cash used in financing activities	<u>(349,452)</u>	<u>(327,890)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(4,815)</u>	<u>1,337</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,272,783)	(198,103)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>3,527,971</u>	<u>3,726,074</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 2,255,188</u>	<u>\$ 3,527,971</u>

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

(Concluded)

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Chunghwa Precision Test Tech. Co., Ltd.

### Opinion

We have audited the accompanying financial statements of Chunghwa Precision Test Co., Ltd. (the "Company") which comprise the balance sheets as of December 31, 2019 and 2018, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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 judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Company's financial statements for the year ended December 31, 2019 is as follows:

#### Revenue Recognition

Since a large number of inventories are stored at third-party storage facilities and the amount is significant, there may be a risk of revenue recognition in the incorrect period. When inventories stored at third-party facilities satisfy the performance obligation and are transferred to customers at different times, revenue recognized towards the end of the year may involve a higher risk of not being recorded in the correct period, thereby affecting the appropriateness of the cutoff of revenue recognition.



We thus performed the following audit procedures, including sampling from shipping orders before the end of the year and details of revenue accounts in the beginning of the following year and inspecting external evidences and relevant documents to ensure that revenues are recognized in the correct period. For inventories located at third-party storage facilities with significant amounts, we verified the accuracy of their number by sending external confirmations or by performing physical inventory. We also verified whether the inventories located at third-party storage facilities satisfied the performance obligation and were transferred to customers when revenues were recognized.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 the audit committee are responsible for overseeing the Company's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and assess the risks of material misstatement of the 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.
2. 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.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. 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 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.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the 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 financial statements for the year ended December 31, 2019 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.

The engagement partners on the audit resulting in this independent auditors' report are Dien Sheng Chang and Ching Pin Shih.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 12, 2020

Notice to Readers

*The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.*

**CHUNGHWA PRECISION TEST TECH. CO., LTD.****BALANCE SHEETS****DECEMBER 31, 2019 AND 2018****(In Thousands of New Taiwan Dollars)**

ASSETS	2019		2018	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 2,183,553	28	\$ 3,498,170	49
Accounts receivable, net (Notes 4 and 7)	908,085	12	538,865	7
Receivable from related parties (Notes 23 and 26)	12,531	-	-	-
Inventories (Notes 4 and 8)	452,989	6	268,461	4
Prepayments	23,911	-	17,475	-
Other current financial assets - current (Notes 4 and 9)	50,000	1	50,000	1
Other current assets (Notes 4, 14 and 21)	<u>1,352</u>	-	<u>1,204</u>	-
Total current assets	<u>3,632,421</u>	<u>47</u>	<u>4,374,175</u>	<u>61</u>
<b>NON-CURRENT ASSETS</b>				
Investments accounted for using equity method (Notes 3, 4 and 10)	111,401	1	70,272	1
Property, plant and equipment (Notes 4, 11, 23 and 26)	3,861,892	50	2,675,814	37
Right-of-use assets (Notes 3, 4, 12, 23 and 26)	4,422	-	-	-
Intangible assets (Notes 4, 13, 23 and 26)	53,422	1	50,564	1
Deferred income tax assets (Notes 4 and 21)	49,716	1	21,640	-
Other non-current assets (Notes 4, 14 and 27)	<u>6,901</u>	-	<u>3,200</u>	-
Total non-current assets	<u>4,087,754</u>	<u>53</u>	<u>2,821,490</u>	<u>39</u>
<b>TOTAL</b>	<u>\$ 7,720,175</u>	<u>100</u>	<u>\$ 7,195,665</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 282,374	4	\$ 183,918	3
Payables to related parties (Note 26)	6,252	-	11,400	-
Other payables (Notes 15 and 23)	767,518	10	637,361	9
Current tax liabilities (Notes 4 and 21)	110,213	2	130,770	2
Provisions (Notes 4 and 16)	97,922	1	72,379	1
Lease liabilities - current (Notes 3, 4, 12, 23 and 26)	2,850	-	-	-
Other current liabilities (Notes 4, 19 and 26)	<u>7,385</u>	-	<u>7,961</u>	-
Total current liabilities	<u>1,274,514</u>	<u>17</u>	<u>1,043,789</u>	<u>15</u>
<b>NON-CURRENT LIABILITIES</b>				
Deferred income tax liabilities (Notes 4 and 21)	-	-	816	-
Lease liabilities - non-current (Notes 3, 4, 12, 23 and 26)	<u>1,750</u>	-	-	-
Total non-current liabilities	<u>1,750</u>	-	<u>816</u>	-
Total liabilities	<u>1,276,264</u>	<u>17</u>	<u>1,044,605</u>	<u>15</u>
<b>EQUITY (Notes 3 and 18)</b>				
Ordinary shares	<u>327,890</u>	<u>4</u>	<u>327,890</u>	<u>4</u>
Additional paid-in capital	<u>3,926,471</u>	<u>51</u>	<u>3,926,471</u>	<u>55</u>
Retained earnings				
Legal reserve	280,059	3	208,457	3
Special reserve	2,905	-	3,168	-
Unappropriated earnings	<u>1,912,721</u>	<u>25</u>	<u>1,687,979</u>	<u>23</u>
Total retained earnings	<u>2,195,685</u>	<u>28</u>	<u>1,899,604</u>	<u>26</u>
Other equity	<u>(6,135)</u>	-	<u>(2,905)</u>	-
Total equity	<u>6,443,911</u>	<u>83</u>	<u>6,151,060</u>	<u>85</u>
<b>TOTAL</b>	<u>\$ 7,720,175</u>	<u>100</u>	<u>\$ 7,195,665</u>	<u>100</u>

The accompanying notes are an integral part of the financial statements.

**CHUNGHWA PRECISION TEST TECH. CO., LTD.**
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**  
**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2019		2018	
	Amount	%	Amount	%
NET REVENUE (Notes 4 and 19)	\$ 3,386,154	100	\$ 3,278,968	100
OPERATING COSTS (Notes 8, 20 and 26)	<u>1,587,365</u>	<u>47</u>	<u>1,532,466</u>	<u>47</u>
GROSS PROFIT	<u>1,798,789</u>	<u>53</u>	<u>1,746,502</u>	<u>53</u>
OPERATING EXPENSES (Notes 20 and 26)				
Marketing	126,271	4	108,662	3
General and administrative	187,078	5	180,665	6
Research and development	<u>603,438</u>	<u>18</u>	<u>558,151</u>	<u>17</u>
Total operating expenses	<u>916,787</u>	<u>27</u>	<u>847,478</u>	<u>26</u>
OTHER INCOME AND EXPENSES (Note 20)	<u>2,941</u>	<u>-</u>	<u>(3)</u>	<u>-</u>
INCOME FROM OPERATIONS	<u>884,943</u>	<u>26</u>	<u>899,021</u>	<u>27</u>
NON-OPERATING INCOME AND EXPENSES (Note 26)				
Other gains and losses (Note 20)	(7,826)	-	2,831	-
Interest expense (Notes 4 and 26)	(116)	-	-	-
Share of losses of subsidiaries (Note 10)	(16,835)	-	(1,781)	-
Interest income (Note 4)	12,199	-	15,191	1
Other income (Note 20)	5,131	-	1,760	-
Impairment loss (Notes 11 and 20)	<u>(89,207)</u>	<u>(3)</u>	<u>-</u>	<u>-</u>
Total non-operating income and expenses	<u>(96,654)</u>	<u>(3)</u>	<u>18,001</u>	<u>1</u>
INCOME BEFORE INCOME TAX	788,289	23	917,022	28
INCOME TAX EXPENSE (Notes 4 and 21)	<u>163,125</u>	<u>5</u>	<u>200,998</u>	<u>6</u>
NET INCOME	<u>625,164</u>	<u>18</u>	<u>716,024</u>	<u>22</u>
OTHER COMPREHENSIVE (LOSS) INCOME				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	<u>(3,230)</u>	<u>-</u>	<u>263</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 621,934</u>	<u>18</u>	<u>\$ 716,287</u>	<u>22</u>

(Continued)

**CHUNGHWA PRECISION TEST TECH. CO., LTD.****STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	<b>2019</b>		<b>2018</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
EARNINGS PER SHARE (Note 22)				
Basic	<u>\$ 19.07</u>		<u>\$ 21.84</u>	
Diluted	<u>\$ 19.01</u>		<u>\$ 21.71</u>	

The accompanying notes are an integral part of the financial statements.

(Concluded)

**CHUNGHWA PRECISION TEST TECH. CO., LTD.****STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018  
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)**

	Ordinary Shares (Note 18)		Additional Paid-in Capital (Note 18)	Retained Earnings (Notes 3 and 18)			Total	Other Equity (Note 18) Exchange Differences on Translating the Financial Statements of Foreign Operations	Total Equity
	(In Thousands) Shares	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings			
BALANCE AT JANUARY 1, 2018	32,789	\$ 327,890	\$ 3,926,471	\$ 134,820	\$ 85	\$ 1,376,565	\$ 1,511,470	\$ (3,168)	\$ 5,762,663
Appropriation of 2017 earnings									
Legal reserve	-	-	-	73,637	-	(73,637)	-	-	-
Special reserve	-	-	-	-	3,083	(3,083)	-	-	-
Cash dividends to shareholders - NT\$10.0 per share	-	-	-	-	-	(327,890)	(327,890)	-	(327,890)
Net income for the year ended December 31, 2018	-	-	-	-	-	716,024	716,024	-	716,024
Other comprehensive income for the year ended December 31, 2018	-	-	-	-	-	-	-	263	263
Total comprehensive income for the year ended December 31, 2018	-	-	-	-	-	716,024	716,024	263	716,287
BALANCE AT DECEMBER 31, 2018	32,789	327,890	3,926,471	208,457	3,168	1,687,979	1,899,604	(2,905)	6,151,060
Effect of retrospective application	-	-	-	-	-	(1,193)	(1,193)	-	(1,193)
BALANCE AT JANUARY 1, 2019 AS RESTATED	32,789	327,890	3,926,471	208,457	3,168	1,686,786	1,898,411	(2,905)	6,149,867
Appropriation of 2018 earnings									
Legal reserve	-	-	-	71,602	-	(71,602)	-	-	-
Special reserve	-	-	-	-	(263)	263	-	-	-
Cash dividends to shareholders - NT\$10.0 per share	-	-	-	-	-	(327,890)	(327,890)	-	(327,890)
Net income for the year ended December 31, 2019	-	-	-	-	-	625,164	625,164	-	625,164
Other comprehensive loss for the year ended December 31, 2019	-	-	-	-	-	-	-	(3,230)	(3,230)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	625,164	625,164	(3,230)	621,934
BALANCE AT DECEMBER 31, 2019	32,789	\$ 327,890	\$ 3,926,471	\$ 280,059	\$ 2,905	\$ 1,912,721	\$ 2,195,685	\$ (6,135)	\$ 6,443,911

The accompanying notes are an integral part of the financial statements.

**CHUNGHWA PRECISION TEST TECH. CO., LTD.**
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**  
**(In Thousands of New Taiwan Dollars)**

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 788,289	\$ 917,022
Adjustments to reconcile income before income tax to net cash generated from operating activities:		
Depreciation	228,768	183,197
Amortization	28,927	24,881
Expected credit loss recognized	43	260
Interest expense	116	-
Interest income	(12,199)	(15,191)
Share of losses of subsidiaries	16,835	1,781
(Gain) loss on disposal of property, plant and equipment, net	(2,941)	3
Write-downs of inventories	2,757	6,119
Impairment loss recognized on property, plant and equipment	89,207	-
Loss (gain) on foreign currency exchange, net	3,004	(839)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	(369,263)	(88,065)
Receivables from related parties	178	-
Inventories	(187,285)	(37,783)
Prepayments	(6,436)	15
Other current assets	(457)	(218)
Increase (decrease) in:		
Accounts payable	98,456	17,139
Payables to related parties	(5,148)	5,556
Other payables	10,646	22,592
Provisions	25,543	(881)
Other current liabilities	(576)	2,324
Cash generated from operations	<u>708,464</u>	<u>1,037,912</u>
Interest paid	(116)	-
Income tax paid	<u>(212,574)</u>	<u>(186,920)</u>
Net cash generated from operating activities	<u>495,774</u>	<u>850,992</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of investments accounted for using equity method	(62,340)	-
Payments for property, plant and equipment	(1,385,481)	(721,740)
Proceeds from disposal of property, plant and equipment	95	-
Payments for intangible assets	(33,265)	(23,484)
Increase in other non-current assets	(3,701)	(451)
Interest received	<u>12,508</u>	<u>15,208</u>
Net cash used in investing activities	<u>(1,472,184)</u>	<u>(730,467)</u>

(Continued)

**CHUNGHWA PRECISION TEST TECH. CO., LTD.**
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**  
**(In Thousands of New Taiwan Dollars)**


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	<b>2019</b>	<b>2018</b>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends	\$ (327,890)	\$ (327,890)
Repayment of the principal portion of lease liabilities	<u>(7,311)</u>	<u>-</u>
Net cash used in financing activities	<u>(335,201)</u>	<u>(327,890)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(3,006)</u>	<u>839</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,314,617)	(206,526)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>3,498,170</u>	<u>3,704,696</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 2,183,553</u>	<u>\$ 3,498,170</u>

The accompanying notes are an integral part of the financial statements.

(Concluded)



**Chunghwa Precision Test Tech. Co., Ltd.**

**Comparison Table for “Rules of the Procedures for Shareholders Meetings”  
Before and After Revision**

After the Revision	Before the Revision	Explanatory Notes
<p>Article 4</p> <p>Agendas that involve election or dismissal of directors, changes to the Articles of Incorporation, <u>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,</u> corporate liquidation, merger, divestment, or any matters listed in Paragraph 1, Article 185 of the Company Act, Article 43-6 of the Securities and Exchange Act, and <u>Article 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers</u> must be listed and the <u>main content must be described</u> in the regular agenda items and cannot be raised through special motions. <u>The essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice.</u> <u>Matters including the accession date regarding the election of directors shall be listed in the agenda of the shareholders meeting. After the election at the shareholders meeting, there shall be no changes to the assumed office date by special motions or other means.</u></p>	<p>Article 4</p> <p>Agendas that involve the election or dismissal of directors, changes to the Articles of Incorporation, corporate liquidation, mergers, divestment, or any matters listed in Paragraph 1, Article 185 of the Company Act or <u>Article 26-1 or Article 43-6 of the Securities and Exchange Act</u> must be listed in the regular agenda items and cannot be raised through special motions.</p>	<p>A. The first paragraph is amended in accordance with Paragraph 5, Article 172 of the Company Act.</p> <p>B. Paragraph two is added in accordance with Jing-Shang-Zi Letter No. 10702 417500 dated Aug. 6, 2018.</p>
<p>Article 6</p> <p>Shareholders that own more than 1% of the Company's outstanding shares are entitled to propose agenda items for discussion in annual general meetings, provided that each shareholder may only propose one (1) agenda item. Proposals above that limit will be excluded from discussion. <u>Matters proposed for urging a company to promote public interests or fulfill its social responsibilities may still be included in the list of proposals to be</u></p>	<p>Article 6</p> <p>Shareholders that own more than 1% of the Company's outstanding shares are entitled to propose, <u>in writing,</u> agenda items for discussion in annual general meetings. Each shareholder may only propose one (1) agenda item. Proposals above that limit will be excluded from discussion. The Board of Directors may disregard shareholders' proposals if the proposed agenda items exhibit any of the conditions described in Paragraph 4, Article 172-1 of The Company Act.</p>	<p>A. Partially amended in accordance with Paragraph 5, Article 172 of the Company Act.</p> <p>B. Amended in accordance with Paragraph 2,</p>

After the Revision	Before the Revision	Explanatory Notes
<p><u>discussed at a regular meeting of the shareholders by the Board of Directors.</u> The Board of Directors may disregard shareholders' proposals if the proposed agenda items exhibit any of the conditions described in Paragraph 4, Article 172-1 of The Company Act.</p> <p>The Company shall announce, before the book closure date of the annual general meeting, <u>the acceptance of proposals in writing or by way of electronic transmission</u>, the places, and times within which shareholders' proposals are accepted. The timing of acceptance must not be less than 10 days.</p> <p>Shareholders shall limit their proposed agenda items to 300 words only. Proposals that exceed 300 words will not be accepted for discussion. Shareholders who have successfully proposed their agenda items shall attend the annual general meeting in person or through proxy attendance and participate in the discussion.</p> <p>The Company shall notify each proposing shareholder of the outcomes of their proposed agenda items before the date when the meeting advice is sent. Meanwhile, agenda items that satisfy the conditions listed in this Article shall be included as part of the meeting advice. During the shareholders meeting, the Board of Directors shall explain the reasons why certain proposed agenda items are excluded from the discussion.</p>	<p>The Company shall announce, before the book closure date of the annual general meeting, the conditions, places, and times within which the shareholders' proposals are accepted. The timing of acceptance must not be less than 10 days.</p> <p>Shareholders shall limit their proposed agenda items to 300 words only. Proposals that exceed 300 words will not be accepted for discussion. Shareholders who have successfully proposed their agenda items shall attend the annual general meeting in person or through proxy attendance and participate in the discussion.</p> <p>The Company shall notify each proposing shareholder of the outcomes of their proposed agenda items before the date when the meeting advice is sent. Meanwhile, agenda items that satisfy the conditions listed in this Article shall be included as part of the meeting advice. During the shareholders meeting, the Board of Directors shall explain the reasons why certain proposed agenda items are excluded from the discussion.</p>	<p>Article 172-1 of the Company Act.</p>
<p>Article 12</p> <p>If the shareholders meeting is convened by the Board of Directors, the Board of Directors will determine the meeting proceedings, <u>and motions (including special motions or amended motions)</u> shall be passed one at a time. The meeting shall be carried out as the prescribed proceeding, and the proceeding cannot be changed unless resolved during the shareholders meeting.</p> <p>The above rule also applies if the shareholders meeting is convened by any authorized party other than the Board of Directors.</p>	<p>Article 12</p> <p>If the shareholders meeting is convened by the Board of Directors, the Board of Directors will determine the meeting proceeding. The meeting shall be carried out as the prescribed proceeding, and the proceeding cannot be changed unless resolved during the shareholders meeting.</p> <p>The above rule also applies if the shareholders meeting is convened by any authorized party other than the Board of Directors.</p> <p>In either of the two situations described</p>	<p>In line with the adopting of full-scale electronic voting by listed companies since 2018, and implementing the concept of case-by-case voting, the first paragraph is amended.</p>

After the Revision	Before the Revision	Explanatory Notes
<p>In either of the two situations described above, the chairperson cannot dismiss the meeting while an agenda item (including special motion) is still in progress. If the chairperson violates the conference rules by dismissing the meeting when not allowed to do so, other members of the board shall immediately assist the attending shareholders in electing another chairperson that has the support of more than half the voting rights represented to continue the meeting.</p>	<p>above, the chairperson cannot dismiss the meeting while an agenda item (including special motion) is still in progress. If the chairperson violates the conference rules by dismissing the meeting when not allowed to do so, other members of the board shall immediately assist the attending shareholders in electing another chairperson that has the support of more than half the voting rights represented to continue the meeting.</p>	
<p>Article 13 Shareholders who wish to speak during the meeting must produce an opinion slip detailing the topic, shareholder ID (or the attendance ID serial), and shareholder's name. The order of shareholders' comments shall be determined by the chairperson. Shareholders who submit an opinion slip without actually speaking are considered to have remained silent. If the shareholder's actual comments differ from those stated in the opinion slip, the actual comments expressed shall prevail. While a shareholder is speaking, other shareholders cannot speak simultaneously or interfere in any way unless agreed upon by the chairperson. The chairperson shall restrain any violators of the above rule. Each shareholder shall speak for no more than two times, for 5 minutes each, on the same agenda item unless otherwise agreed by the chairperson. The chairperson may stop shareholders from speaking if they violate any terms of the policy or speak outside the discussed agenda item. Where a corporate shareholder has appointed two or more representatives to attend the shareholders meeting, only one representative may speak per agenda item. For any agenda items, amendments or special motions proposed during the meeting, the chairperson shall allow ample opportunity during the meeting for explanation and discussion of proposals and may announce to discontinue further discussions if the issue in question is</p>	<p>Article 13 Shareholders who wish to speak during the meeting must produce an opinion slip detailing the topic, shareholder ID (or the attendance ID serial), and shareholder's name. The order of shareholders' comments shall be determined by the chairperson. Shareholders who submit an opinion slip without actually speaking are considered to have remained silent. If the shareholder's actual comments differ from those stated in the opinion slip, the actual comments expressed shall prevail. While a shareholder is speaking, other shareholders cannot speak simultaneously or interfere in any way unless agreed upon by the chairperson. The chairperson shall restrain any violators of the above rule. Each shareholder shall speak for no more than two times, for 5 minutes each, on the same agenda item unless otherwise agreed by the chairperson. The chairperson may stop shareholders from speaking if they violate any terms of the policy or speak outside the discussed agenda item. Where a corporate shareholder has appointed two or more representatives to attend the shareholders meeting, only one representative may speak per agenda item. For any agenda items, amendments, or special motions proposed during the meeting, the chairperson shall allow ample opportunity during the meeting for explanation and discussion of proposals and may announce to discontinue further discussions if the issue in question is considered to have been sufficiently</p>	<p>Paragraph 5 is amended in order to prevent the conveners of a shareholders meeting from excessively restricting the shareholders' voting time, resulting in affecting the shareholders' exercise of voting rights due to an insufficient voting time of the shareholders</p>

After the Revision	Before the Revision	Explanatory Notes
<p>considered to have been sufficiently discussed to proceed with voting, <u>and arrange an appropriate voting time.</u></p> <p>After a shareholder has finished speaking, the chairperson may answer the shareholder's queries personally or appoint any relevant personnel to do so.</p>	<p>discussed to proceed with voting.</p> <p>After a shareholder has finished speaking, the chairperson may answer the shareholder's queries personally or appoint any relevant personnel to do so.</p>	
<p>Article 17</p> <p>Voting rights <u>shall be exercised by electronic means and may adopt the exercise of voting rights by correspondence.</u> Instructions for exercising voting rights in writing or using the electronic form must be clearly stated on the shareholders meeting advice. Shareholders who have voted in writing or using the electronic method are considered to have attended the shareholders meeting in person. However, they are considered to have waived their rights to participate in any special motions or amendments to the original agenda items that may arise during the shareholders meeting. For this reason, the Company should avoid proposing special motions and amendment to the original agenda items where possible.</p> <p>Instructions to exercise written and electronic votes must be delivered to the Company at least 2 days before the shareholders' meeting. In the event where there are duplicate submissions, the earliest submission shall be taken into the record, unless the shareholder has issued an official declaration to withdraw the previous vote.</p> <p>Shareholders who wish to attend the shareholders meeting in person after exercising their voting rights in writing or using electronic methods are required to withdraw their votes using the same method by which the vote was cast in the first place, and no later than two days before the day of the shareholders meeting. The written/electronic vote shall prevail if it is not withdrawn before the cutoff time. If the shareholder has exercised written or electronic votes and at the same time delegated a proxy to attend the shareholders meeting, then the</p>	<p>Article 17</p> <p><u>Voting rights can be exercised in writing or using the electronic method.</u></p> <p>Instructions for exercising voting rights in writing or using the electronic form must be clearly stated on the shareholders meeting advice. Shareholders who have voted in writing or using the electronic method are considered to have attended the shareholders meeting in person. However, they are considered to have waived their rights to participate in any special motions or amendments to the original agenda items that may arise during the shareholders meeting. For this reason, the Company should avoid proposing special motions and amendment to the original agenda items where possible.</p> <p>Instructions to exercise written and electronic votes must be delivered to the Company at least 2 days before the shareholders' meeting. In the event where there are duplicate submissions, the earliest submission shall be taken into the record, unless the shareholder has issued an official declaration to withdraw the previous vote.</p> <p>Shareholders who wish to attend the shareholders meeting in person after exercising their voting rights in writing or using electronic methods are required to withdraw their votes using the same method by which the vote was cast in the first place, and no later than two days before the day of the shareholders meeting. The written/electronic vote shall prevail if it is not withdrawn before the cutoff time. If the shareholder has exercised written or electronic votes and at the same time delegated a proxy to attend the shareholders meeting, then the</p>	<p>In line with the adopting of full-scale electronic voting by listed companies since 2018, the first paragraph is amended.</p>

After the Revision	Before the Revision	Explanatory Notes
voting decision exercised by the proxy shall prevail.	voting decision exercised by the proxy shall prevail.	
<p>Article 19</p> <p>Shareholders meeting resolutions shall be compiled into detailed minutes, and signed or sealed by the chairperson, and disseminated to each shareholder no later than 20 days after the meeting.</p> <p>The minutes shall detail the date and venue of the meeting, the chairperson's name, the method of resolution, the proceeding and <u>voting results (including calculation of the voting shares)</u> of various meeting agenda items. <u>In cases of director elections, the number of the voting shares of director candidates shall be revealed.</u> These minutes must be retained for as long as the Company exists.</p> <p>Preparation and distribution of meeting minutes can be made in an electronic form.</p> <p>The Company may disseminate meeting minutes by posting details onto MOPS.</p> <p>The Company shall record non-stop, in audio or video, from the time admission is accepted and throughout the entire meeting proceedings, voting, and vote counting. These recordings need to be maintained for at least one year. However, if a shareholder raises a litigious claim against the Company according to Article 189 of The Company Act, the abovementioned documents must be retained until the end of the litigation.</p>	<p>Article 19</p> <p>Shareholders meeting resolutions shall be compiled into detailed minutes, and signed or sealed by the chairperson, and disseminated to each shareholder no later than 20 days after the meeting.</p> <p>The minutes shall detail the date and venue of the meeting, the chairperson's name, the method of resolution, the proceedings, and results of various meeting agenda items. These minutes must be retained for as long as the Company exists.</p> <p>Preparation and distribution of meeting minutes can be made in an electronic form.</p> <p>The Company may disseminate meeting minutes by posting details onto MOPS.</p> <p>The Company shall record non-stop, in audio or video, from the time admission is accepted and throughout the entire meeting proceedings, voting, and vote counting. These recordings need to be maintained for at least one year. However, if a shareholder raises a litigious claim against the Company according to Article 189 of The Company Act, the abovementioned documents must be retained until the end of the litigation.</p>	<p>Paragraph two is amended in accordance with the implementation of the concept of case-by-case voting, and in reference to the suggestions provided by the Asian Corporate Governance Association.</p>
<p>Article 23</p> <p>These rules shall take effect immediately once approved during the shareholders meeting. The same applies to all subsequent revisions. The rules were first established on June 23, 2007. The 1st amendment was made on May 21, 2010. The 2nd amendment was made on December 31, 2014. The 3rd amendment was made on June 8, 2016, <u>and the 4th amendment was made on June 3, 2020.</u></p>	<p>Article 23</p> <p>These rules shall take effect immediately once approved during the shareholders meeting. The same applies to all subsequent revisions. The rules were first established on June 23, 2007. The 1st amendment was made on May 21, 2010. The 2nd amendment was made on December 31, 2014, and the 3rd amendment was made on June 8, 2016.</p>	<p>Added date and number of amendments.</p>

**Chunghwa Precision Test Tech. Co., Ltd.**

**Comparison Table for "Third Party Lending, Endorsements, and Guarantee Procedures" Before and After Revision**

After the Revision	Before the Revision	Explanatory Notes
<p>Article 1</p> <p>The Company formulated these "Third Party Lending, Endorsements, and Guarantee Procedures" in accordance with the "Regulations Governing the Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" (hereinafter referred to as "these Regulations") regulated by the Financial Supervisory Commission (hereinafter referred to as the "FSC"). Matters regarding the Company's lending to others or providing endorsements and/or guarantees to outside parties <u>shall</u> be handled in accordance with these Procedures.</p> <p><u>Any other matters not set forth in these Procedures shall be dealt with in accordance with the applicable laws, rules, and regulations.</u></p>	<p>Article 1</p> <p>The Company formulated these "Third Party Lending, Endorsements, and Guarantee Procedures" in accordance with the "Regulations Governing the Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" (hereinafter referred to as "these Regulations") regulated by the Financial Supervisory Commission (hereinafter referred to as the "FSC"). Matters regarding the Company's lending to others or providing endorsements and/or guarantees to outside parties shall be handled in accordance with these Procedures, <u>provided that where laws or regulations provide otherwise, such provisions shall govern.</u></p>	<p>As provided in Article 2 of the "Regulations Governing the Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" (hereinafter referred to as "these Regulations"), "laws or regulations" refer to the relevant prevailing laws and regulations governing the loaning of funds and making of endorsements/guarantees by public companies of the industries, including banking, insurance, bills, securities, and futures.</p>
<p>Article 2</p> <p>Where the Company's financial reports are prepared according to the International Financial Reporting Standards, "net worth" in these Procedures means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>"Subsidiary" and "parent company" as referred to in these Procedures shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>"Date of occurrence" in these Procedures means the date of contract signing, date of payment, dates of boards of directors resolutions, or other dates that can confirm the counterparty and monetary amount <u>of the loan of</u></p>	<p>Article 2</p> <p>Where the Company's financial reports are prepared according to the International Financial Reporting Standards, "net worth" in these Procedures means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>"Subsidiary" and "parent company" as referred to in these Procedures shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>"Date of occurrence" in these Regulations means the date of <u>transaction</u> contract signing, date of payment, dates of boards of directors resolutions, or other dates that can confirm the <u>transaction</u> counterparty and monetary amount</p>	<p>Amendments which are made taking into account the loaning of funds and/or endorsements/guarantees are not considered transactions in accordance with Article 7 of these Regulations.</p>

After the Revision	Before the Revision	Explanatory Notes
<p><u>funds or endorsements/guarantees</u>, whichever date is earlier.</p> <p>The term “announce and report” as used in these Procedures means the process of entering data onto the information reporting website designated by the Financial Supervisory Commission (FSC).</p>	<p>of the <u>transaction</u>, whichever date is earlier.</p> <p>The term “announce and report” as used in these Procedures means the process of entering data onto the information reporting website designated by the Financial Supervisory Commission (FSC).</p>	
<p>Article 3</p> <p>The borrowers of the Company’s funds shall be restricted to:</p> <ol style="list-style-type: none"> <li>1. A company with which it does business, or</li> <li>2. A company in need of short-term financing.</li> </ol> <p>The term "short-term" as used in the preceding paragraph means up to one year.</p> <p><u>The term "financing amount" as used in the preceding paragraph means the cumulative balance of the public company's short-term financing.</u></p> <p>Lending to companies that have business transaction with the Company shall be limited to situations where the companies need those funds for operational purposes. Lending to companies that have a need for short-term financing facilities shall be limited to subsidiaries of the Company in which the Company directly or indirectly holds more than <u>ninety (90) percent</u> of the voting stock.</p>	<p>Article 3</p> <p>The borrowers of the Company’s funds shall be restricted to:</p> <ol style="list-style-type: none"> <li>1. A company with which it does business, or</li> <li>2. A company in need of short-term financing.</li> </ol> <p>The term "short-term" as used in the preceding paragraph means up to one year.</p> <p>Lending to companies that have business transactions with the Company shall be limited to situations where the companies need those funds for operational purposes. Lending to companies that have a need for short-term financing facilities shall be limited to subsidiaries of the Company in which the Company directly or indirectly holds more than <u>fifty (50) percent</u> of the voting stock.</p>	<p>Paragraph 3, the definition of financing amount, has been added pursuant to Article 3 of these Regulations.</p> <p>Paragraph 4, lending to companies that have a need for short-term financing facilities, has also been amended.</p>
<p>Article 4</p> <p>The total amount for lending and the maximum amount available to each company:</p> <ol style="list-style-type: none"> <li>1. The amount of lending to each company with which the Company does business shall not exceed the cumulative amount of the sales transactions (amount of sales transaction refers to the higher of the amount of sales or purchases) within 12 months before the lending, and the amount of lending shall not exceed <u>five (5) percent</u> of the Company’s</li> </ol>	<p>Article 4</p> <p>The total amount for lending and the maximum amount available to each company:</p> <ol style="list-style-type: none"> <li>1. The amount of lending to each company, with which the Company does business, shall not exceed the cumulative amount of sales transactions (amount of sales transaction refers to the higher of the amount of sales or purchases) within twelve (12) months before the lending, and the amount of lending shall not exceed <u>ten (10) percent</u> of the</li> </ol>	<p>Article 3 is amended in accordance with Article 3 of these Regulations. Loans from overseas companies in which the Company holds directly or indirectly one hundred (100) percent of the voting shares to the Company shall not be subject to the 40% limit of the Company’s net worth or the loan period of one (1) year. The total amount of loans and limitations to each</p>

After the Revision	Before the Revision	Explanatory Notes
<p>net worth stated in the most recent financial report.</p> <p>2. For lending to companies that have a need for short-term financing facilities, the amount of lending to each company shall not exceed <u>five (5) percent</u> of the Company's net worth stated in the most recent financial report. However, for subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares, the amount of lending to each company shall not exceed <u>five (5) percent</u> of the Company's net worth stated in the most recent financial report.</p> <p>The Company's total amount of lending to other parties shall not exceed <u>five (5) percent</u> of the Company's net worth stated in the most recent financial report.</p> <p>The restriction of <u>five (5) percent</u> of the Company's net worth stated in the most recent financial report <u>or restriction of a loan period of one (1) year</u> shall not apply to inter-company loans of funds between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares, <u>nor to loans of funds to the Company by any overseas company in which the Company holds, directly or indirectly, 100% of the voting shares</u> in need of short-term financing.</p> <p><u>Except for the circumstances mentioned in the preceding paragraph, the total amount of loans of funds to the Company minus the sum of the loans under the circumstances in the preceding paragraph shall not exceed five (5) percent of the Company's net worth stated in the most recent financial report.</u></p> <p><u>The total amount of loans and endorsements/guarantees by the Company shall be limited to five (5)</u></p>	<p>Company's net worth stated in the most recent financial report.</p> <p>2. For lending to companies that have a need for short-term financing facilities, the amount of lending to each company shall not exceed <u>ten (10) percent</u> of the Company's net worth stated in the most recent financial report. However, for subsidiaries in which the Company holds, directly or indirectly, one hundred (100) percent of the voting shares, the amount of lending to each company shall not exceed <u>forty (40%) percent</u> of the Company's net worth stated in the most recent financial report.</p> <p>The Company's total amount of lending to other parties shall not exceed <u>forty (40%) percent</u> of the Company's net worth stated in the most recent financial report.</p> <p>The restriction of <u>forty (40%) percent</u> of the Company's net worth stated in the most recent financial report shall not apply to inter-company loans of funds between overseas companies in which the Company holds, directly or indirectly, one hundred (100) percent of the voting shares in need of short-term financing. <u>However, the total amount of loans minus the sum of loans between companies in which the Company holds directly or indirectly, one hundred (100) percent of the voting shares shall not exceed forty (40) percent of the Company's net worth stated in the most recent financial report.</u></p>	<p>company are amended.</p>



After the Revision	Before the Revision	Explanatory Notes
<u>percent of the Company's net worth stated in the most recent financial report.</u>		
<p>Article 7</p> <p>When the borrower (excluding subsidiaries in which the Company directly or indirectly holds <u>ninety (90) percent</u> or more of the voting stocks) requests a loan according to the regulations above, they shall provide an equal amount of promissory notes, collateral, and/or other guarantees as requested by the Company. When collateral is provided, the owner shall grant pledges and/or mortgages to the Company for the purpose of securitizing its obligations.</p>	<p>Article 7</p> <p>When the borrower (excluding subsidiaries in which the Company directly or indirectly holds <u>fifty (50) percent</u> or more of the voting stocks) requests a loan according to the regulations above, they shall provide an equal amount of promissory notes, collateral, and/or other guarantees as requested by the Company. When collateral is provided, the owner shall grant pledges and/or mortgages to the Company for the purpose of securitizing its obligations.</p>	Amended in accordance with Article 3 of these Procedures.
<p>Article 17</p> <p>The party to whom the Company may provide endorsements/guarantees includes the following:</p> <ol style="list-style-type: none"> <li>1. Any company having business transactions with the Company.</li> <li>2. Any company in which the Company holds directly or indirectly <u>90%</u> of the voting shares.</li> <li>3. Any parent company which holds directly or indirectly <u>90%</u> of the voting shares in the Company.</li> </ol> <p>The amount of endorsements/guarantees made between the companies in which the Company holds directly or indirectly one hundred (100) percent of voting shares <u>shall be made free of the restriction of a certain percentage of the net worth of the Company.</u></p> <p>Where all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages, such endorsements/guarantees may be made free of the restrictions set forth in the preceding two</p>	<p>Article 17</p> <p>The party to whom the Company may provide endorsements/guarantees includes the following:</p> <ol style="list-style-type: none"> <li>1. Any company having business transactions with the Company.</li> <li>2. Any company in which the Company holds directly or indirectly <u>50%</u> of the voting shares.</li> <li>3. Any parent company which holds directly or indirectly <u>50%</u> of the voting shares in the Company.</li> </ol> <p><u>The companies in which the Company holds directly or indirectly 90% of the voting shares may make inter-company endorsements/guarantees, and the amount shall not exceed ten (10) percent of the Company's net worth stated in the most recent financial report.</u> However, the amount of endorsements/guarantees made between the companies in which the Company holds directly or indirectly one hundred (100) percent of the voting shares <u>shall not be subject to the above.</u></p> <p>Where all capital contributing shareholders make endorsements/guarantees for their</p>	The companies for which the Company provides endorsements/guarantees are amended in accordance with actual organizational structure.

After the Revision	Before the Revision	Explanatory Notes
<p>paragraphs. The term “capital contributing” as used in the preceding paragraph shall refer to capital contributions made directly by the Company, or through a company of which the Company holds one hundred (100) percent of the voting shares.</p>	<p>jointly invested company in proportion to their shareholding percentages, such endorsements/guarantees may be made free of the restrictions set forth in the preceding two paragraphs. The term “capital contributing” as used in the preceding paragraph shall refer to capital contributions made directly by the Company, or through a company of which the Company holds one hundred (100) percent of the voting shares.</p>	
<p>Article 18 The total amount of endorsements/guarantees provided by the Company shall not exceed <u>five (5) percent</u> of the Company’s net worth stated in the most recent financial report, and the amount of endorsements/guarantees provided by the Company for any single entity shall not exceed <u>five (5) percent</u> of the Company’s net worth stated in the most recent financial report. The total amount of endorsements/guarantees provided by the Company and its subsidiaries shall be limited to <u>five (5) percent</u> of the Company’s net worth stated in the most recent financial report. The total amount of endorsements/guarantees provided by the Company and its subsidiaries to a single entity shall be limited to <u>five (5) percent</u> of the Company’s net worth stated in the most recent financial report. The amount of endorsements/guarantees to each company, with which the Company does business, shall not exceed the cumulative amount of sales transactions (amount of sales transaction refers to the higher of the amount of sales or purchases) within twelve (12) months before the endorsements/guarantees are provided.</p>	<p>Article 18 The total amount of endorsements/guarantees provided by the Company shall not exceed <u>fifty (50) percent</u> of the Company’s net worth stated in the most recent financial report, and the amount of endorsements/guarantees provided by the Company for any single entity shall not exceed <u>twenty (20) percent</u> of the Company’s net worth stated in the most recent financial report. The total amount of endorsements/guarantees provided by the Company and its subsidiaries shall be limited to <u>fifty (50) percent</u> of the Company’s net worth stated in the most recent financial report. The total amount of endorsements/guarantees provided by the Company and its subsidiaries to a single entity shall be limited to <u>twenty (20) percent</u> of the Company’s net worth stated in the most recent financial report. The amount of endorsements/guarantees to each company, with which the Company does business, shall not exceed the cumulative amount of sales transactions (amount of sales transaction refers to the higher of the amount of sales or purchases) within twelve (12) months before the endorsements/guarantees are provided.</p>	<p>The total amount for lending and the maximum amount available to each company is amended in accordance with Article 12 of these Regulations.</p>

After the Revision	Before the Revision	Explanatory Notes
<p><u>The total amount of loans and endorsements/guarantees by the Company shall be limited to five (5) percent of the Company's net worth stated in the most recent financial report.</u></p>		
<p>Article 21 The Company shall examine and evaluate the following before making endorsements/guarantees, and prepare a record thereof:</p> <ol style="list-style-type: none"> <li>1. Verify the endorsed/guaranteed entity's purpose for borrowing the loan, its relation to the Company, importance of its business to the Company, the limit and balance of the Company's endorsements/guarantees, and evaluate the necessity and reasonableness thereof.</li> <li>2. Evaluate the potential risks, the operation, finance and credit status and repayment source of the entity based on its annual report, financial report, and other relevant documents.</li> <li>3. Evaluate the impact of the endorsements/guarantees on the Company's operating risk, financial status, and shareholders' equity based on the analysis of the percentage of Company's current endorsements/guarantees balance from the Company's net worth, liquidity, and cash flow status, and the review results of the first and second paragraphs.</li> <li>4. Evaluate if the entity should provide appropriate collateral, and if the value of the collateral should be re-valued on a quarterly basis to ensure that the value is equivalent to the endorsements/guarantees based on the nature of the guarantee, the credit status of the entity, and the evaluation results of the first to third paragraphs. Where necessary, the entity may be</li> </ol>	<p>Article 21 The Company shall examine and evaluate the following before making endorsements/guarantees, and prepare a record thereof:</p> <ol style="list-style-type: none"> <li>1. Verify the endorsed/guaranteed entity's purpose for borrowing the loan, its relation to the Company, importance of its business to the Company, the limit and balance of the Company's endorsements/guarantees, and evaluate the necessity and reasonableness thereof.</li> <li>2. Evaluate the potential risks, the operation, finance and credit status and repayment source of the entity based on its annual report, financial report, and other relevant documents.</li> <li>3. Evaluate the impact of the endorsements/guarantees on the Company's operating risk, financial status, and shareholders' equity based on the analysis of the percentage of Company's current endorsements/guarantees balance from the Company's net worth, liquidity, and cash flow status, and the review results of the first and second paragraphs.</li> <li>4. Evaluate if the entity should provide appropriate collateral, and if the value of the collateral should be re-valued on a quarterly basis to ensure that the value is equivalent to the endorsements/guarantees based on the nature of the guarantee, the credit status of the entity, and the evaluation results of the first to third paragraphs. Where necessary, the entity may be</li> </ol>	<p>Amended in accordance with Article 17 of these Procedures.</p>

After the Revision	Before the Revision	Explanatory Notes
<p>required to provide supplementary collateral.</p> <p>5. However, entities in which the Company holds directly or indirectly hold more than <u>ninety (90) percent</u> of the voting shares shall not be subject to the assessment in the preceding first to fourth paragraphs, and may be exempted from providing the collateral.</p> <p>6. If the Company provides endorsements/guarantees to a subsidiary whose net worth is less than one-half of the paid-in capital, the Company should periodically review the subsidiary's financial report and request improvement plans on a quarterly basis. If the shares of the subsidiary have a par value of or par value other than NT\$ 10, the paid-in capital shall be determined as the total of the capital stock plus the capital surplus - additional paid-in capital.</p>	<p>required to provide supplementary collateral.</p> <p>5. However, entities in which the Company holds directly or indirectly hold more than <u>fifty (50) percent</u> of the voting shares shall not be subject to the assessment in the preceding first to fourth paragraphs, and may be exempted from providing the collateral.</p> <p>6. If the Company provides endorsements/guarantees to a subsidiary whose net worth is less than one-half of the paid-in capital, the Company should periodically review the subsidiary's financial report and request improvement plans on a quarterly basis. If the shares of the subsidiary have a par value of or par value other than NT\$ 10, the paid-in capital shall be determined as the total of the capital stock plus the capital surplus - additional paid-in capital.</p>	
<p>Article 24 The Finance Department shall prepare a memorandum book for its endorsements/guarantees activities. After the endorsements/guarantees are <u>approved by the Audit Committee and submitted to the Board for resolution</u>, beside the affixing of seals in accordance with the procedure, the entity, the amount, date of Board approval or execution of the Chairman, date of endorsements/guarantees, and evaluation items as prescribed in Article 7 of these Procedures shall be recorded in detail. Other related documents including bills and agreements shall also be photocopied for safekeeping. If the endorsement bill is renewed due to debt settlement or extension, the guaranteed company should prepare a document to send the original endorsement bill to the</p>	<p>Article 24 The Finance Department shall prepare a memorandum book for its endorsements/guarantees activities. After the endorsements/guarantees is approved by the Board <u>or resolved by the Chairman</u>, beside the affixing of seals in accordance with the procedure, the entity, the amount, date of Board approval or <u>execution of the Chairman</u>, date of endorsements/guarantees, and evaluation items as prescribed in Article 7 of these Procedures shall be recorded in detail. Other related documents including bills and agreements shall also be photocopied for safekeeping. If the endorsement bill is renewed due to debt settlement or extension, the guaranteed company should prepare a document to send the original endorsement bill to the Company's financial department,</p>	<p>Decision making and authorization level of endorsements/guarantees are amended in accordance with Article 7 of these Regulations.</p>

After the Revision	Before the Revision	Explanatory Notes
<p>Company's financial department, and have it stamped with “Discharged” and returned. The Company shall keep the document for review. The finance department should record the discharged bills into the reference book at any time to reduce the cumulative endorsement amount.</p>	<p>and have it stamped with “Discharged” and returned. The Company shall keep the document for review. The finance department should record the discharged bills into the reference book at any time to reduce the cumulative endorsement amount.</p>	
<p>Article 27 Announcement and reporting procedures The Company shall, prior to the tenth day of each month, publicly announce and report the endorsement/guarantee balance of the Company and its subsidiaries. Except for reporting and announcing the endorsements/guarantees on a monthly basis, the Company and its subsidiaries whose balance of endorsements/guarantees reaches one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:</p> <ol style="list-style-type: none"> <li>1. The total amount of endorsements/guarantees provided by the Company and its subsidiaries reaches fifty (50) percent or above of the Company’s net worth stated in the most recent financial report.</li> <li>2. The total amount of endorsements/guarantees provided by the Company and its subsidiaries to a single entity shall be limited to twenty (20) percent or above of the Company’s net worth stated in the most recent financial report.</li> <li>3. The amount of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, <u>book value of the investment</u></li> </ol>	<p>Article 27 Announcement and reporting procedures The Company shall, prior to the tenth day of each month, publicly announce and report the endorsement/guarantee balance of the Company and its subsidiaries. Except for reporting and announcing the endorsements/guarantees on a monthly basis, the Company and its subsidiaries whose balance of endorsements/guarantees reaches one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:</p> <ol style="list-style-type: none"> <li>1. The total amount of endorsements/guarantees provided by the Company and its subsidiaries reaches fifty (50) percent or above of the Company’s net worth stated in the most recent financial report.</li> <li>2. The total amount of endorsements/guarantees provided by the Company and its subsidiaries to a single entity shall be limited to twenty (20) percent or above of the Company’s net worth stated in the most recent financial report.</li> <li>3. The amount of endorsements/guarantees provided by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for,</li> </ol>	<p>To clarify the definition of long-term investment pursuant to Article 25 of these Regulations.</p>

After the Revision	Before the Revision	Explanatory Notes
<p><u>under the equity method</u> of, and balance of loans to such enterprise reaches 30 percent or more of the public company's net worth as stated in its latest financial statement.</p> <p>4. The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches five (5) percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>The Company shall announce and report on behalf of any subsidiary thereof that is not a domestic company any matter that such subsidiary is required to announce and report pursuant to Paragraph 4 of the preceding paragraph.</p>	<p><u>investment of a long-term nature in</u>, and balance of loans to such enterprise are thirty (30) percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>4. The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches five (5) percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>The Company shall announce and report on behalf of any subsidiary thereof that is not a domestic company any matter that such subsidiary is required to announce and report pursuant to Paragraph 4 of the preceding paragraph.</p>	
<p>Article 29 This Company's managers and persons-in-charge shall follow these Procedures when handling third party lending, endorsements, and guarantees in order to prevent the Company from incurring any losses. Should there be any violation of the related regulations or the Procedures, subsequent castigation is subject to the related Personnel Articles of the Company. <u>The responsible person of a company who has violated Paragraph 1 Article 3 shall be liable, jointly and severally with the borrower, for the repayment of the loan at issue and for the damages, if any, to the company resulting there-from.</u></p>	<p>Article 29 This Company's managers and persons-in-charge shall follow these Procedures when handling third party lending, endorsements, and guarantees in order to prevent the Company from incurring any losses. Should there be any violation of the related regulations or the Procedures, subsequent castigation is subject to the related Personnel Articles of the Company.</p>	<p>Paragraph 2 is added to clarify the legal liability of the Company's responsible person pursuant to Article 3 of these Regulations.</p>
<p>Article 31 The Procedures shall be effective upon approval by the Board of Directors first and then submitted to the Shareholders' Meeting for approval. Any objection by the Directors which is recorded or in writing shall be submitted to the Audit Committee and for discussion</p>	<p>Article 31 The Procedures <u>and any amendment thereof</u> shall be effective upon approval by the Board of Directors first and then submitted to the Shareholders' Meeting for approval. Any objection by the Directors which is recorded or in writing shall be submitted to the Audit</p>	<p>Paragraph 4 and 5 are added to define definition of the methods of resolution and all members (Directors) pursuant to Article 8 of the Regulations.</p>

After the Revision	Before the Revision	Explanatory Notes
<p>by the Shareholders Meeting. <u>The same shall apply to amendments.</u> When a matter is submitted for discussion by the Board of Directors in accordance with the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board Meeting.</p> <p>The amendment of these Procedures shall be approved by more than half of all audit committee members and submitted to the Board of Directors for a resolution.</p> <p><u>If approval of more than half of all Audit Committee members is not obtained, the procedures may be implemented if approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board meeting.</u></p> <p><u>The terms "all Audit Committee members" and "all Directors" referred to in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</u></p> <p>After the formulation of these Procedures, amendments shall be made thereto when the relevant regulations have been amended.</p>	<p>Committee and for discussion by the Shareholders Meeting.</p> <p>When a matter is submitted for discussion by the Board of Directors in accordance with the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board Meeting.</p> <p>The amendment of these Procedures shall be approved by more than half of all audit committee members and submitted to the Board of Directors for a resolution.</p> <p>After the formulation of these Procedures, amendments shall be made thereto when the relevant regulations have been amended.</p>	
<p>Article 32</p> <p>These Procedures were instituted and implemented on May 6, 2015. The 1<sup>st</sup> amendment was approved by the Shareholders' Meeting on June 8, 2017, <u>and the 2<sup>nd</sup> amendment was approved by the Shareholders' Meeting on June 3, 2020.</u></p>	<p>Article 32</p> <p>These Procedures were instituted and implemented on May 6, 2015, amendment for the 1st amendment was approved by the Shareholders' Meeting on June 8, 2017.</p>	<p>Added date and number of amendments.</p>

## Chunghwa Precision Test Tech. Co., Ltd.

### List of Directors (incl. Independent Director) Candidates

Candidate for	Name	Academic background	Career background	Current position	Current no. of shares held (Unit: shares)	Government agencies or corporate entity the candidate represents
Director	Kuo-Feng Lin	Electronic Engineering Department Taipei Institute of Technology	President of Mobile Business Branch, Chunghwa Telecom Co., Ltd.	Chunghwa Telecom Co., Ltd. - Executive Vice President Chunghwa Precision Test Tech. Co., Ltd. - Representative of a juristic-person	11,229,884	Chunghwa Investment Co., Ltd.
Director	Ivan Lin	Ph.D. in Electronic and Computer Engineering from National Taiwan University of Science and Technology	Chunghwa Telecom Co., Ltd. - President of Southern Taiwan Business Group Chunghwa Telecom Co., Ltd. - Vice President of the Entrepreneurial Business Group	Chunghwa Telecom Co., Ltd. - Executive Vice President (Administrative and Investment)	11,229,884	Chunghwa Investment Co., Ltd.
Director	Shui-Ke Huang	Master of Informatics, Yuan Ze University	Chunghwa Precision Test Tech. Co., Ltd. - Vice President Chunghwa Telecom Co., Ltd. - Product Manager of Telecommunication Laboratories	Chunghwa Precision Test Tech. Co., Ltd. - Chairman and CEO	861,594	None
Director	Heng-Chen Chen	Master of Finance, Chengchi University	Goodix Technology Inc. - CFO MediaTek Inc. - Chief of Finance Department YAGEO Corp. - Assistant Vice President J.P. Morgan Corporate & Investment Bank - Vice President	MediaTek Inc. Finance Department - General Manager of Finance Department	351,000	MediaTek Capital Co.



Candidate for	Name	Academic background	Career background	Current position	Current no. of shares held (Unit: shares)	Government agencies or corporate entity the candidate represents
Independent Director	Wen-Nan Tsan	Ph.D in Information Management, National Central University Master of Business Administration, National Chengchi University Bachelor of Electrical Engineering, National Central University	National Development Fund, Executive Yuan - Review Committee Industrial Development Bureau, Ministry of Economic Affairs - Standing and Project Committee Member of the Technological Businesses Review Committee Ministry of Economic Affairs - Advisor Asia Pacific Industrial Analysis Association (APIAA) - Chairperson Department of Industrial Technology, Ministry of Economic Affairs - Host of the Taiwan Intellectual Capital Research Project Department of Industrial Technology, Ministry of Economic Affairs - Host of the Industrial Technology Information Sub-project National Taxation Bureau, Ministry of Finance - Consulting Committee for the Applicability of Investment Credit for R&D and Talent Training Expenses	Institution for Information Industry - Head of MIC Chunghwa Precision Test Tech. Co., Ltd. - Independent Director	0	None

Candidate for	Name	Academic background	Career background	Current position	Current no. of shares held (Unit: shares)	Government agencies or corporate entity the candidate represents
Independent Director	Chung-Fer n Wu	Ph.D. of Accounting and Information System, UCLA Anderson Graduate School of Management	Financial Supervisory Commission - Commissioner NTU College of Management - Associate Professor	NTU College of Management - Professor of Accounting Chunghwa Precision Test Tech. Co., Ltd. - Independent Director	0	None
Independent Director	Huang-Chuan Chiu	Master of Law, University of Cambridge Master of Law, National Taiwan University	Huang & Partners - Attorney Baker & McKenzie - Attorney Taiwan Commercial Law Offices - Partner	Kew & Lord, Attorneys at Law - Partner in charge Chunghwa Precision Test Tech. Co., Ltd. - Independent Director	0	None

### Chunghwa Precision Test Tech. Co., Ltd.

#### Details on the Proposed Removal of Restrictions on Competing Business Involvement for New Directors and their Representatives

Position	Name	Concurrent positions at other companies		Main business content
Director	Chunghwa Investment Co., Ltd. Representative: Kuo-Feng Lin	Chunghwa Telecom Co., Ltd.	Executive Vice President	Communication Network
Director	Chunghwa Investment Co., Ltd. Representative: Ivan Lin	Chunghwa Telecom Co., Ltd.	Executive Vice President	Communication Network
Director	MediaTek Capital Co.	Chingis Technology Corporation	Chairman , Director , Supervisor	IC Design
		Mediatek Research Corp.	Director	IC Design
		Mars Semiconductor Corp.	Director	IC Design
Andes Technology Corporation		Chairman	IC Design	
Director	MediaTek Capital Co. Representative: Heng-Chen Chen	CMOS-Crystal TECHNOLOGY CO., LIMITED	Director	IC Design
		CYBERON CORPORATION	Director	IC Design
Independent Director	Wen-Nan Tsan	PROMISE Technology, Inc.	Independent Director	Computer system integration IC Design
		ASolid Technology Co., Ltd.	Independent Director	System integration
		CTCI Advanced Systems Inc.	Independent Director	System integration
		Elitegroup Computer Systems	Director	Computer products

Position	Name	Concurrent positions at other companies		Main business content
Independent Director	Chung-Fern Wu	Everlight Chemical Industrial Corporation Thai Kin Co., Ltd.	Independent Director Independent Director	Chemical material manufacturing Electronic product manufacturing
Independent Director	Huang-Chuan Chiu	ShunShin Technology Holdings Ltd.	Independent Director	Packaging and Testing

**Chunghwa Precision Test Tech. Co., Ltd.**  
**Rules of the Procedures for Shareholders Meetings**

Article 1

The following rules have been established to ensure sound governance, supervision and management over the convention of shareholders' meetings within the Company. They serve as compliance guidelines for all matters concerning the convention of shareholder meetings, including the proceeding, resolution, and keeping of minutes.

Article 2

Unless otherwise specified by law or the Articles of Incorporation, shareholders' meetings of the Company shall proceed according to the terms of this rules.

Article 3

Unless otherwise specified by law, shareholders' meetings are to be convened by the board of directors.

The Company shall compile an electronic file that contains the meeting notice, a proxy form, a detailed description of agendas to be acknowledged or discussed during the meeting, and notes on the re-election or dismissal of directors and post it onto the Market Observation Post System (MOPS) at least 30 days before an annual general shareholders' meeting, or 15 days before an extraordinary shareholders' meeting.

At least 21 days before an annual general shareholders' meeting, or 15 days before an extraordinary shareholders' meeting, an electronic copy of the shareholders' meeting manual and supplementary information shall be posted onto MOPS.

Hard copies of the shareholders' meeting manual and supplementary information also need to be prepared at least 15 days before the meeting and made accessible to shareholders at anytime. These documents must be made available at the Company's premises and at the share administration agency, and distributed on-site at the shareholders' meeting.

The meeting notice and announcement must state clearly the agendas to be discussed during the meeting, and can be issued in electronic form if consented by the recipient.

Article 4

Agendas that involve election or dismissal of directors, changes to the Articles of Incorporation, corporate liquidation, merger, divestment, or any matters listed in Paragraph 1, Article 185 of the Company Act or Article 26-1 or Article 43-6 of the Securities and Exchange Act must be listed in the regular agendas and can not be raised through special motions.

#### Article 5

Shareholders' meeting shall be held at locations that are suitable and convenient for shareholders to attend. Meetings must not commence anytime earlier than 9AM or later than 3PM.

If the Company has independent directors in place, independent directors' opinions must be fully taken into consideration when deciding the time and venue of the meeting.

#### Article 6

Shareholders that own more than 1% of the Company's outstanding shares are entitled to propose, in writing, agendas for discussion in annual general shareholders' meeting. Each shareholder may only propose one (1) agenda; proposals above that limit will be excluded from discussion. The board of directors may disregard shareholders' proposals if the proposed agendas exhibit any of the conditions described in Paragraph 4, Article 172-1 of The Company Act.

The Company shall announce, before the book closure date of the annual general shareholders' meeting, the conditions, places and time within which shareholders' proposals are accepted. The timing of acceptance must not be less than 10 days.

Shareholders shall limit their proposed agendas to 300 words only; proposals that exceed 300 words will not be accepted for discussion. Shareholders who have successfully proposed their agendas shall attend the annual general shareholders' meeting in person or through proxy attendance and participate in the discussion.

The Company shall notify each proposing shareholder the outcomes of their proposed agendas before the date the meeting notice is sent. Meanwhile, agendas that satisfy the conditions listed in this Article shall be included as part of the meeting notice. During the shareholders' meeting, the board of directors shall explain the reasons why certain proposed agendas are excluded from discussion.

#### Article 7

Shareholders may appoint proxies to attend shareholders' meeting on their behalf by completing the Company's proxy form and specifying the scope of delegated authority.

Each shareholder may issue one proxy form and delegate one proxy only. All proxy forms must be received by the Company at least 5 days before the shareholders' meeting. In cases where multiple proxy forms are issued, the one that arrives first shall prevail. However, this excludes situations where the shareholder has issued a proper declaration to withdraw the previous proxy arrangement.

Should the shareholder decide to attend shareholders' meeting personally or exercise voting rights in writing or using electronic means after a proxy form has been received by the Company, a written notice must be sent to the Company by no later than two days before the meeting commences to

withdraw the proxy arrangement. If the shareholder fails to withdraw proxy arrangement before the due date, the vote of the proxy attendant shall prevail.

#### Article 8

The meeting notice must specify details such as meeting time, venue, and important notes where relevant.

Admission of meeting participants shall begin at least 30 minutes before the meeting commences. The reception area must be clearly labeled and stationed with competent personnel.

Shareholders or their proxies (collectively referred to as shareholders below) shall attend shareholders' meetings by presenting valid conference pass, attendance card or other document of similar nature. All shareholders' meeting participants are required to produce proof of identify for verification purpose upon arrival. An attendance log shall be provided to record shareholders' attendance; alternatively, shareholders may present attendance cards to signify their presence.

Where the shareholder is a government agency or corporate entity, more than one representative may attend shareholders' meeting on their behalf. Corporate entities that have been designated as proxy attendants can only appoint one representative to attend shareholders' meeting.

#### Article 9

Shareholders' presence is determined by the number of shares represented during the meeting. The number of shares represented during the meeting is calculated based on the attendance cards collected, plus the number of shares with voting rights exercised in writing or through electronic means.

During the shareholders' meeting, the Company shall publish information regarding the number of shares acquired by acquirers and the number of shares represented by proxies using the prescribed format.

Shareholders who attend the meeting shall be given a copy of the meeting manual, annual report, attendance pass, opinion slip, agenda ballots and any information relevant to the meeting. Prepare additional ballots if directors election is also being held during the meeting.

#### Article 10

Shareholders' meetings that are convened by the board of directors shall be chaired by the Chairman. If the Chairman is unable to perform duty due to leave of absence or any reasons, the Chairman will appoint one of the directors to act on behalf. If no one is appointed, the remaining directors shall appoint one among themselves to perform the Chairman's duties on behalf.

For shareholders' meetings that are convened by any authorized party other than the board of directors, the convener shall chair the meeting. If there are two or more conveners at the same time,

one shall be appointed among themselves to chair the meeting.

The Company may summon its lawyers, certified public accountants, and any relevant personnel to be present at shareholders' meetings.

#### Article 11

The Chairman should announce the commencement of the meeting as soon as it is due. However, if current attendants represented less than half of the Company's outstanding shares, the Chairman may announce to postpone the meeting up to two times, for a period totaling no more than one hour. The Chairman shall dismiss the meeting if attending shareholders still represent less one-thirds of outstanding shares after two postponements.

If the attending shareholders represent more than one-thirds but less than half of outstanding shares after two postponements, the attending shareholders may reach a tentative resolution according to Paragraph 1, Article 175 of The Company Act. This tentative resolution shall then be communicated to every shareholder and another shareholders' meeting shall be held within the next month.

If the number of shares represented accumulate to more than half of all outstanding shares as the meeting progresses, the Chairman may propose the tentative resolutions for final voting according to Article 174 of The Company Act.

#### Article 12

If the shareholders' meeting is convened by the board of directors, the board of directors will determine the meeting proceeding. The proceeding can not be changed unless resolved during the shareholders' meeting.

The above rule also applies if the shareholders' meeting is convened by any authorized party other than the board of directors.

In either of the two situations described above, the Chairman can not dismiss the meeting while an agenda (including special motion) is still in progress. If the Chairman violates conference rules by dismissing the meeting when not allowed to do so, other members of the board shall immediately assist the attending shareholders in electing another Chairman that has the support of more than half of voting rights represented to continue the meeting.

#### Article 13

Shareholders who wish to speak during the meeting must produce an opinion slip detailing the topic, shareholder ID (or the attendance ID serial) and shareholder's name. The order of shareholders' comments shall be determined by the Chairman.

Shareholders who submit an opinion slip without actually speaking are considered to have remained silent. If the shareholder's actual comments differ from those stated in the opinion slip, the actual



comments expressed shall be taken into record.

While a shareholder is speaking, other shareholders can not speak simultaneously or interfere in any way unless agreed by the Chairman. The Chairman shall restrain any violators of the above rule.

Each shareholder shall speak for no more than two times, for 5 minutes each, on the same agenda unless otherwise agreed by the Chairman. The Chairman may stop shareholders from speaking if they violate any terms of the rules or speak outside the discussed agenda.

Where a corporate shareholder has appointed two or more representatives to attend the shareholder meeting, only one representative may speak per agenda.

For any agendas, amendments or special motions proposed during the meeting, the Chairman may announce to discontinue further discussions if the issue in question is considered to have been sufficiently discussed to proceed with voting.

After a shareholder has finished speaking, the Chairman may answer the shareholder's queries personally or appoint any relevant personnel to do so.

#### Article 14

Votes are vested in a shareholders' meeting based on the number of shares represented. Shareholders are entitled to one vote per share, except for shares that are subject to voting restrictions or circumstances outlined in Paragraph 2, Article 179 of The Company Act.

Shareholders can not vote, or appoint proxies to vote, on any agendas that present a conflict between their own interests and interests of the Company.

The number of shares held by shareholders who are not permitted to vote shall be excluded from the calculation of total voting rights.

With the exception of trust enterprises and certain share administration agencies approved by the competent authority, a proxy may not represent more than 3% of total voting rights in aggregate when representing two or more shareholders during the meeting. Voting rights that exceed this threshold shall be excluded from calculation.

#### Article 15

Unless otherwise regulated by The Company Act or the Articles of Incorporation, an agenda is passed when supported by shareholders who represent more than half of total voting rights in the meeting. When voting, the Chairman or delegate thereof shall announce the total number of voting rights represented by attending shareholders for every agenda discussed, and have shareholders vote on an agenda-by-agenda basis. The number of votes in favor, against, and abstained for each agenda shall be uploaded onto MOPS on the same day after the shareholder meeting has ended.

In cases where several amendment or alternative solutions have been proposed for a certain agenda, the Chairman shall determine the order in which the new and original proposals are voted. If any

solution is passed, all other proposals shall be deemed rejected and no further voting is necessary.

#### Article 16

The Chairman will appoint a ballot examiner and a ballot counter; the ballot examiner must be a shareholder.

Agenda and election votes must be counted openly at the shareholders' meeting. Results of the vote, including the final tally, must be announced on-site and recorded in minutes.

#### Article 17

Voting rights can be exercised in writing or using the electronic method. Instructions for exercising voting rights in writing or using the electronic form must be clearly stated on the shareholders' meeting notice. Shareholders who have voted in writing or using the electronic method are considered to have attended shareholders' meeting in person. However, they are considered to have waived their rights to participate in any special motions or amendments to the original agendas that may arise during the shareholders' meeting. For this reason, the Company should avoid proposing special motions and amendment to the original agendas where possible.

Instructions to exercise written and electronic votes must be delivered to the Company at least 2 days before the shareholders' meeting. In the event where there are duplicate submissions, the earliest submission shall be taken into record, unless the shareholder has issued an official declaration to withdraw the previous vote.

Shareholders who wish to attend the shareholder meeting in person after exercising their voting rights in writing or using electronic methods are required to withdraw their votes using the same method by which the vote was cast in the first place, and by no later than two days before the day of shareholder meeting. The written/electronic vote shall prevail if not withdrawn before the cutoff time. If the shareholder has exercised written or electronic votes and at the same time delegated a proxy to attend the shareholders' meeting, then the voting decision exercised by the proxy shall prevail.

#### Article 18

If a shareholders' meeting involves election of directors, the election shall proceed according to the Company's Director Election Rules. Results of the election, including the list of elected directors and supervisors and the final tally, must be announced on-site.

All ballots used in the above election shall be sealed, signed and held in proper custody for at least one year. However, if a shareholder raises a litigious claim against the Company according to Article 189 of The Company Act, the abovementioned documents must be retained until the end of the litigation.

#### Article 19

Shareholders' meeting resolutions shall be compiled into detailed minutes, and signed or sealed by the Chairman, and disseminated to each shareholder by no later than 20 days after the meeting.

The minutes shall detail the date and venue of the meeting, the Chairman's name, the method of resolution, the proceeding and results of various meeting agendas. These minutes must be retained for as long as the Company exists.

Preparation and distribution of meeting minutes can be made in electronic form.

The Company may disseminate meeting minutes by posting details onto MOPS.

The Company shall record non-stop, in audio or video, from the time admission is accepted and throughout the entire meeting proceeding, voting and vote counting. These recordings need to be maintained for at least one year. However, if a shareholder raises a litigious claim against the Company according to Article 189 of The Company Act, the abovementioned documents must be retained until the end of the litigation.

#### Article 20

The Chairman may instruct picketers or security staff to help maintain order in the meeting. While maintaining order in the meeting, all picketers or security staff must wear proper identification or arm badges.

The Chairman may instruct picketers or security staff to remove shareholders who continue to violate the meeting rules despite being warned by the Chairman.

The Chairman may stop anyone who attempts to speak using instruments that are not provided by the Company.

#### Article 21

The Chairman may put the meeting in recess at appropriate times. In the occurrence of force majeure event, the Chairman may suspend the meeting temporarily and resume at another time.

If the shareholders' meeting is unable to conclude all scheduled agendas (including special motions) before the venue is due for return, participants may resolve to continue the meeting at an alternative location.

Shareholders may also resolve to postpone or resume the meeting within the next five (5) days, according to Article 182 of The Company Act.

#### Article 22

The Company must disclose on MOPS in a timely manner any shareholders' meeting resolutions that constitute material information as defined by law or the rules of Taiwan Stock Exchange

Corporation (or Taipei Exchange).

Article 23

These rules shall take effect immediately once approved during shareholders' meeting; the same applies to all subsequent revisions. The rules were first established on June 23, 2007; the 1st amendment was made on May 21, 2010; the 2nd amendment was made on December 31, 2014; and the 3rd amendment was made on June 8, 2016.

**Chunghwa Precision Test Tech. Co., Ltd.****Articles of Incorporation**

- Article 1 The Company has been incorporated in accordance with The Company Act, and is named Chunghwa Precision Test Tech. Co., Ltd. (English name: Chunghwa Precision Test Tech. Co., Ltd)
- Article 2 The following are the Company's business activities:
1. CC01080 Electronic Parts and Components Manufacturing
  2. CC01110 Computers and Peripheral Equipment Manufacturing
  3. CC01120 Data Storage Media Manufacturing and Duplicating
  4. CC01990 Electrical Machinery, Supplies Manufacturing
  5. F119010 Wholesale of Electronic Materials
  6. F219010 Retail Sale of Electronic Materials
  7. CB01010 Machinery and Equipment Manufacturing
  8. CB01990 Other Machinery Manufacturing
  9. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3 The Company was founded in Taoyuan City, and may establish domestic or foreign branches subject to the Board of Directors' approval.
- Article 4 The Company may offer loans, endorsements, and guarantees in favor of outside parties. A separate policy shall be established by the Board of Directors for the activities mentioned above.
- Article 5 The Company may invest to acquire ownership interest in other companies, subject to a Board of Directors' resolution. Unless otherwise regulated by law, the sum of investment is restricted at 40% of the Company's paid-up capital.
- Article 6 Public announcements of the Company shall be duly made in accordance with Article 28 of The Company Act.
- Article 7 The Company has an authorized capital of Six Hundred Million New Taiwan Dollars in sixty million ordinary shares. Each share has a face value of Ten New Taiwan Dollars. The Board of Directors is authorized to issue unissued shares in multiple offerings depending on the actual circumstances.
- A sum of Ten Million New Taiwan Dollars in one million shares of ten-dollar face value has been reserved from the authorized capital mentioned above for the issuance of employee stock options. Employee stock options may be issued in multiple offerings as resolved by the Board of Directors.
- Article 7-1 The Company's share subscription warrants are entitled to employees, who meet

specific requirements, of controlling and subordinate companies.

To issue employee stock warrants that are not subject to the exercise price restriction stating that the exercise price may not be lower than the closing price of the company stocks as of the issuing date, an issuer is required to obtain the consent of at least two-thirds of the voting rights represented at a Shareholders Meeting attended by shareholders representing a majority of the total issued shares. The issuer shall list and provide a description of such matter in the next Shareholders' Meeting, and such matter may not be proposed as a special motion.

Article 7-2 The targets, to whom the Company transfers its bought back shares, may include employees, who meet specific requirements, of controlling and subordinate companies.

Transfer of shares to employees at prices below the Company's average purchase price is subject to a prior shareholders meeting resolution. The agenda must be passed in a shareholders meeting represented by half of the total outstanding shares and voted on in favor by more than two-thirds of the voting rights represented during that meeting. Furthermore, the agenda must be listed as one of the regular items in the meeting advice, and cannot be raised in the form of a special motion.

Article 8 All shares of the Company are in registered form.

Shares issued by the Company are exempted from the printing of physical certificates. However, all issued shares must be registered with the central depository.

Article 9 (Deleted)

Article 9-1 (Deleted)

Article 10 All changes to the shareholder registry shall proceed according to Article 165 of The Company Act.

Article 11 Unless otherwise specified by law, all stock-related affairs shall proceed according to the "Regulations Governing the Administration of Shareholder Services of Public Companies".

Article 12 The Company convenes two (2) types of shareholders meetings: annual general meetings and extraordinary shareholders meetings. Meetings are convened by the Board of Directors unless otherwise specified in The Company Act.

Annual general meetings are convened at least once a year at a time no later than six (6) months after the end of a financial year. However, this excludes circumstances that are justified by valid reasons and approved by the competent authority. Extraordinary shareholders meetings may be held whenever deemed necessary, subject to compliance with the relevant laws.

- Article 13 If a shareholder is unable to attend the shareholders meeting in person, a proxy can be appointed by completing the Company's proxy form and by specifying the scope of delegated authority. Unless otherwise regulated in Article 177 of The Company Act, shareholders shall delegate their proxy attendants in compliance with the "Regulations Governing the Use of Proxies for Attendance at Shareholders Meetings of Public Companies".
- Article 14 Shareholders meetings that are convened by the Board of Directors shall be chaired by the Chairperson. If the Chairperson is unable to perform their duty due to a leave of absence or any other reasons, the Chairperson will appoint one of the directors to act on their behalf. If no one is appointed, the remaining directors shall appoint one among themselves to perform the Chairperson's duties on their behalf. For shareholders meetings that are convened by any authorized party other than the Board of Directors, the convener shall chair the meeting. If there are two (2) or more conveners at the same time, one (1) shall be appointed among themselves to chair the meeting.
- Article 15 The Company's shareholders are entitled to one (1) vote per share, except for shares that are subject to voting restrictions or circumstances outlined in Article 179 of The Company Act.
- Article 16 Shareholders may exercise voting rights using electronic methods during the Company's shareholders meetings, subject to compliance with the relevant laws. Except as otherwise regulated by The Company Act, a shareholders meeting resolution is passed when more than 50% of all outstanding shares are represented in the meeting, and voted on in favor by more than 50% of all voting rights represented at the meeting.
- Article 17 Shareholders meeting resolutions shall be compiled into detailed minutes and retained according to Article 183 of The Company Act.
- Article 18 The Company has 5 to 9 directors, who are elected in shareholders meetings from persons of adequate capacity. The directors serve a term of three (3) years, which is renewable if re-elected. Amongst the directors chosen above, there shall be no fewer than three (3) independent directors and they must not represent less than one-fifth of the board. Election of the Company's directors shall proceed using the cumulative single-registered method. Each share is vested with voting rights equal to the number of directors to be elected. These voting rights may be concentrated on one candidate or spread across multiple candidates. Candidates receiving the highest number of votes are elected as directors.

Election of directors shall proceed using the nomination system outlined in Article 192-1 of The Company Act. Independent directors and non-independent directors must be elected during the same voting session, and have votes allocated separately.

The Board of Directors shall appoint one Chairperson during a board meeting with more than two-thirds of the directors present, and with the support of more than half of all attending directors. Internally, the Chairperson chairs shareholders meetings and Board of Directors meetings. Externally, the Chairperson represents the Company to the outside world.

Article 19 The Company has assembled an Audit Committee in compliance with laws to replace supervisors. Matters concerning the size, term, responsibilities, authorities, and meeting rules of the Audit Committee shall be governed by the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, and enforced separately under the Audit Committee Foundation Rules.

The Board of Directors may assemble a remuneration committee or other functional committees as deemed necessary to support the Company's operations. Foundation principles of various functional committees are to be established by the Board of Directors according to the relevant laws.

Article 20 The Company may purchase liability insurance policies to insure itself against liabilities that arise due to operational decisions made by directors during their terms of service. The Board of Directors is authorized to determine the sum insured and other details relating to the insurance policy.

Article 21 The following issues must be raised for discussion in Board of Directors meetings:

1. Approval of the Company's business plans and budgets.
2. Approval of annual and semi-annual financial statements.
3. Approval of the Company's foundation rules.
4. Establishment, change, or closure of domestic and foreign branches.
5. Appointment, dismissal, and remuneration of managers.
6. Appointment and dismissal of the chief of finance, accounting, or internal audits.
7. Acquisition and disposal of real estate property. However, disposals that comprise the entirety or a major part of the Company's properties are subject to comply with Article 185 of The Company Act.
8. Approval of investments into other businesses.
9. Recommendation of agenda items such as earnings appropriation or loss reimbursement during shareholders meetings.
10. Recommendation of agenda items such as amendment of the Articles of Incorporation, corporate mergers, divestment, acquisition, liquidation, etc,



during shareholders meetings.

11. Appointment, dismissal, or remuneration of certified public accountants.
12. Loans, endorsements, or guarantees in favor of a third party, subject to compliance with The Company Act.
13. Applications for loans, guarantees, banker's acceptance, endorsement (of negotiable instruments), or any form of credit or loan from a financial institution or a third party.
14. Adoption and amendment of internal control policies and review of the effectiveness of the implementation of internal control policies.
15. Adoption or amendment of handling procedures for financial or operational actions of material significance, such as the acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
16. The offering, issuance, or private placement of any equity-type securities.
17. Donation to related parties or major donations to non-related parties. A public-interest donation of disaster relief for a major natural disaster may be submitted to the next board meeting for retroactive recognition.
18. If the recommendation for the remuneration to Directors or managers provided by the remuneration committee will be declined to adopt, or will be modified, the Board shall require the consent of a majority of the directors in attendance at a meeting attended by two-thirds or more of the entire board, which in its resolution shall give comprehensive consideration under the preceding paragraph and shall specifically explain whether the remuneration passed by it exceeds in any way the recommendation of the remuneration committee.
19. Other decisions involving the Company's operations that must be resolved through a shareholders meeting or a Board of Directors meeting according to law or the Articles of Incorporation, and any major decisions required by the competent authority.

Article 22 Board of Directors meetings shall be convened at least once every quarter. Convention of board meetings and the list of agenda items to be discussed must be advised to all directors at least seven (7) days in advance. However, meetings can be held on shorter notices in case of an emergency.

Board meeting advice may be delivered via fax or email instead of physical mail.

Board of directors meetings are to be convened and chaired by the Chairperson. However, the first meeting of a newly-elected board is convened by a director who receives the highest number of votes during the election. If the Chairperson is unable

to fulfill their duties due to a leave of absence or any other reason, the remaining directors shall appoint one amongst themselves to act on their behalf.

Article 23 Directors are required to attend board meetings personally. If a board meeting is convened by way of video conference, those who participate in the meeting using video conferencing are considered to have attended the meeting in person. If directors are unable to attend board meetings in person, they may appoint other directors as proxies to attend on their behalf. A new proxy letter must be issued for every board meeting, and the extent of delegated authority must be specified for each agenda item. Each proxy attendant may only represent the presence of one absent director.

Unless otherwise regulated by laws or the Articles of Incorporation, the board's resolutions are passed only if more than half of the total board members are present in a meeting, and with more than half of the attending directors voting in favor. All resolutions made in a Board of Directors meeting must be recorded in the minutes.

Article 24 (Deleted)

Article 25 (Deleted)

Article 26 The Company may remunerate its directors for rendering services in relation to the Company's affairs. The Board of Directors is authorized to determine the level of remuneration based on the directors' involvements and contributions to the Company's operations, in reference to local and foreign peer levels.

The Company may remunerate independent directors at a higher but reasonable level than non-independent directors.

Any earnings concluded by the Company are subject to distribution of remuneration according to Article 30.

Article 27 The Company has one General Manager, one Deputy General Manager, and several assistant vice president positions.

Appointment, dismissal, and remuneration of the general manager shall be resolved by the Board of Directors. Appointment, dismissal, and remuneration of other managerial staff shall be proposed by the general manager and approved by the Board of Directors.

Article 28 Responsibilities of the General Manager shall include the following:

1. Report to the Board of Directors, and manage the Company's day-to-day operations according to resolutions made in shareholders meetings or board meetings in a manner that complies with the laws and Articles of Incorporation.
2. Prepare financial statements and business plans and budgets for the next financial year, in the manner outlined in the Articles of Incorporation.

3. Supervise and manage human resources, including recruitment, dismissal, transfer and compensation of employees, and execution of personnel policies.

4. Execute whatever tasks assigned and exercise any authority empowered by the Board of Directors in relation to the Company's operations.

Article 29 The Company's accounting period begins January 1 and ends December 31.

The Board of Directors shall prepare the following statements at the end of each accounting period and present them for acknowledgment in an annual general meeting:

1. Business report.

2. Financial statements.

3. Earnings appropriation or loss reimbursement proposal.

Article 30 Annual profits concluded by the Company are subject to employee remuneration of 5%~12%, which the Board of Directors may decide to distribute in cash or in shares. Employees of holdings or subsidiaries that meet certain criteria may also be entitled to receive remuneration. The abovementioned profits are also subject to director remuneration of no more than 1%, which shall be resolved by the Board of Directors and paid in cash. However, if the Company still has cumulative losses outstanding, profits must first be taken to offset previous losses before the remainder is allocated for employee and director remuneration as described above.

Employee and director remuneration proposals are to be raised during shareholders meetings.

Annual surpluses concluded by the Company are first subject to taxation and reimbursement of previous losses, followed by a 10% provision for statutory reserve. However, no further provision is needed when the statutory reserve has accumulated to an amount equal to the Company's paid-up capital. Any surpluses remaining shall then be subject to provision or reversal of the special reserve, as the laws may require. The residual balance can then be added to undistributed earnings carried from previous years and distributed as dividends with resolution sought from a shareholders meeting.

The Company shall allocate dividends in ways that maximize shareholders' equity, by taking into consideration a variety of factors including the competitive nature of the local/foreign/current/future industry environment, the investment environment, and capital requirements. Dividends can be distributed in shares or in cash, and should be allocated in reference to peers and the average level of the capital market. The cash portion must be no lesser than 20% of the total dividends.

If the Company has no cumulative losses outstanding, it may distribute all or part of

its statutory reserve and share premium (proceeds received from shares offered in excess of the face value) back to shareholders in the form of new shares or cash at the current shareholding percentage. However, only the amount of statutory reserve above 25% of paid-up capital can be distributed in new shares or in cash.

Article 31 The Company's Board of Directors foundation principles and corporate foundation principles shall be established separately by the Board of Directors.

Article 32 Any matters that are not addressed in the Articles of Incorporation shall be governed by The Company Act and relevant laws.

Article 33 This Articles of Incorporation were established on August 10, 2005 with the consent of all founders. The 1st amendment was made on August 25, 2005. The 2nd amendment was made on July 27, 2006. The 3rd amendment was made on June 23, 2007. The 4th amendment was made on May 21, 2010. The 5th amendment was made on May 29, 2012. The 6th amendment was made on September 10, 2014. The 7th amendment was made on December 31, 2014. The 8th amendment was made on May 6, 2015. The 9th amendment was made on February 5, 2016, and the 10th amendment was made on June 6, 2019.

**Chunghwa Precision Test Tech. Co., Ltd.****"Third Party Lending, Endorsements, and Guarantee Procedures"****Chapter 1 General Provisions**

Article 1 The Company formulated this "Third Party Lending, Endorsements, and Guarantee Procedures" in accordance with the "Regulations Governing the Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" (hereinafter referred to as "these Regulations") regulated by the Financial Supervisory Commission (hereinafter referred to as "FSC"). Matters regarding the Company's lending to others or providing endorsements and/or guarantees to outside parties shall be handled in accordance with these Procedures, provided that where the laws or regulations provide otherwise, such provisions shall govern.

Article 2 Where the Company's financial reports are prepared according to the International Financial Reporting Standards, "net worth" in these Procedures means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

"Subsidiary" and "parent company" as referred to in these Procedures shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

"Date of occurrence" in these Regulations means the date of transaction contract signing, date of payment, dates of Board of Directors resolutions, or other dates that can confirm the transaction counterparty and monetary amount of the transaction, whichever date is earlier.

The term "announce and report" as used in these Procedures means the process of entering data onto the information reporting website designated by the Financial Supervisory Commission (FSC).

**Chapter II Third Party Lending**

Article 3 The borrowers of the Company's funds shall be restricted to:

1. A company with which it does business, or
2. A company in need of short-term financing.

The term "short-term" as used in the preceding paragraph means up to one year.

Lending to companies that have business transactions with the Company shall be limited to the situation where the companies need those funds for operational

purposes. Lending to companies that have a need for short-term financing facilities shall be limited to subsidiaries of the Company in which the Company directly or indirectly holds more than fifty (50) percent of the voting stock.

Article 4 The total amount for lending and the maximum amount available to each company:

1. The amount of lending to each company, with which the Company does business, shall not exceed the cumulative amount of sales transaction (amount of sales transaction refers to the higher of the amount of sales or purchases) within 12 months before the lending, and the amount of lending shall not exceed ten (10) percent of the Company's net worth stated in the most recent financial report.
2. For lending to companies that have a need for short-term financing facilities, the amount of lending to each company shall not exceed ten (10) percent of the Company's net worth stated in the most recent financial report. However, for subsidiaries in which the Company holds, directly or indirectly, one hundred (100) percent of the voting shares, the amount of lending to each company shall not exceed forty (40%) percent of the Company's net worth stated in the most recent financial report.

The Company's total amount of lending to other parties shall not exceed forty (40%) percent of the Company's net worth stated in the most recent financial report.

The restriction of forty (40%) percent of the Company's net worth stated in the most recent financial report shall not apply to inter-company loans of funds between overseas companies in which the Company holds, directly or indirectly, one hundred (100) percent of the voting shares in need of short-term financing. However, the total amount of loans minus the sum of loans between companies in which the Company holds directly or indirectly, one hundred (100) percent of the voting shares shall not exceed forty (40) percent of the Company's net worth stated in the most recent financial report.

Article 5 The term of each loan extended by the Company shall not exceed one year. The interest rates on loans may vary depending on the Company's capital cost. However, the rates shall not be lower than the Company's highest short-term borrowing rate at the time of loan extension. The interest shall be accrued on a monthly basis.

Article 6 Any borrower, when applying for a loan from the Company, shall submit an application or a letter describing in detail the loan amount requested, term, purpose and collateral, together with certain basic information and financial data, to the Company to facilitate the evaluation and credit checking by the Company.

Based on the provided information, the financial department shall evaluate the necessity and rationality of the loan application, the credibility and risk assessment of

the borrowers, impact on the Company's business operations, financial conditions, and shareholder's equity, and the necessity to acquire collateral and appraisal of collateral shall be assessed in detail.

Article 7 When the borrower (excluding subsidiaries in which the Company directly or indirectly holds fifty (50) percent or more of the voting stocks) requests a loan according to the regulations above, they shall provide an equal amount of promissory notes, collateral, and/or other guarantees as requested by the Company. When collateral is provided, the owner shall grant pledges and/or mortgages to the Company for the purpose of securitizing its obligations.

Article 8 All collateral, except land and securities, shall be covered by property fire insurance. For vehicles, comprehensive insurance shall be procured. The insured amount shall, in principle, be no less than the replacement cost of the collateral. The Company shall be named as the beneficiary of the insurance. The insured object, quantity, location, and coverage conditions must be consistent with the requirements of the Company.

Article 9 After a loan is extended, the finance department shall periodically evaluate the financial status and credit of the borrower and guarantor (if any). When the loan is due, the principal and interest should be paid off. In the event that a loan is over-due and not repaid even after the Company's repeated attempt to collect payment, the finance department shall immediately notify the relevant department or outside legal council for further legal actions to protect the Company's interests.

Article 10 Any lending of the Company's funds shall be evaluated with and subject to the "Guidelines for Fund-Lending and Providing Endorsements and Guarantees by Public Companies" announced by the Taiwan securities regulatory authority and the Procedures, and then submitted, together with the results of the evaluation made as described in Paragraph 2 of Article 6 of these Procedures, to the Board of Directors for its approval and no delegation shall be made to any person in this regard. However, major loans to others shall be approved by the Audit Committee and submitted to the Board of Directors for resolution in accordance with the relevant rules and regulations.

The Company shall take into full consideration each Independent Director's opinions when extending loans to others. Independent directors' opinions specifically expressing assent or dissent and the reasons of dissent shall be included in the minutes of the board meeting.

Article 11 Announcement and reporting procedures

The Company shall, prior to the tenth day of each month, publicly announce and

report the loan balance of the Company and its subsidiaries.

A Company whose balance of loans reaches one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:

1. The total amount of loans provided by the Company and its subsidiaries reaches twenty (20) percent or above of the Company's net worth stated in the most recent financial report.
2. The amount of loans provided by the Company and its subsidiaries for a single enterprise reaches ten (10) percent or above or more of the Company's net worth as stated in its latest financial statement.
3. The amount of loans provided by the Company and its subsidiaries exceeds NT\$10,000,000 and exceeds two (2) percent of the net worth on the Company's latest financial statement.

The Company shall announce and report on behalf of any subsidiary thereof that is not a domestic company any matter that such subsidiary is required to announce and report pursuant to Paragraph 3 of the preceding paragraph.

Article 12 The Company and its Subsidiaries shall establish and maintain a memorandum book for its fund-lending activities and truthfully record the following information: borrower, amount, date of approval by the Board of Directors, lending date, and matters to be carefully evaluated in accordance with the relevant regulations.

Article 13 The Company shall evaluate the status of loans and recognize sufficient allowances for bad debts, and shall adequately disclose all relevant information in its financial reports and provide certified public accountants with relevant information for the implementation of the necessary auditing procedures.

Article 14 Should a borrower no longer satisfy the criteria set forth in the relevant regulations and/or these Procedures, or there is any excess over the lending limit due to unexpected changes of the Company or its Subsidiaries, a corrective plan has to be provided to the Independent Directors and the proposed correction actions should be implemented within the period specified in such plan.

Article 15 When the subsidiaries of the Company are intending to extend loans to others, the Company shall order the subsidiary to formulate the "Procedure for Loans to Others" and submit it to its Board Meeting and Shareholders' Meeting for approval, and the same shall apply for amendments. The Company shall order the subsidiary to handle matters related to loans to others in accordance with its procedures.

When a subsidiary of the Company extends loans to other companies, it shall submit regular information thereof on a regular basis to the Company for review.



### Chapter 3 Providing Endorsements, and Guarantees to Others

Article 16 The term “endorsements/guarantees” used in these Procedures includes the following:

1. Financing endorsements/guarantees:
  - (1) Bill discounting financing.
  - (2) Endorsements/guarantees made to meet the financing needs of another company.
  - (3) Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the Company itself.
2. Customs duty endorsements/guarantees: endorsements/guarantees for the Company or another company with respect to customs duty matters.
3. Other endorsements/guarantees: endorsements/guarantees outside the scope of the aforesaid two paragraphs

Any creation by the Company of a pledge or mortgage on its chattel or real estate as security for the loans of another company shall also comply with these Procedures.

Article 17 The party to whom the Company may provide endorsements/guarantees includes the following:

1. Any company having business transactions with the Company.
2. Any company in which the Company holds directly or indirectly fifty (50) percent of the voting shares.
3. Any parent company which holds directly or indirectly fifty (50) percent of the voting shares in the Company.

The companies in which the Company holds directly or indirectly 90% of the voting shares may make inter-company endorsements/guarantees, and the amount shall not exceed ten (10) percent of the Company’s net worth stated in the most recent financial report. However, the amount of endorsements/guarantees made between the companies in which the Company holds directly or indirectly one hundred (100) percent of the voting shares shall not be subject to the above.

Where all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages, such endorsements/guarantees may be made free of the restrictions set forth in the preceding two paragraphs.

The term “capital contributing” as used in the preceding paragraph shall refer to capital contributions made directly by the Company, or through a company of which the Company holds one hundred (100) percent of the voting shares.

Article 18 The total amount of endorsements/guarantees provided by the Company shall not

exceed fifty (50) percent of the Company's net worth stated in the most recent financial report, and the amount of endorsements/guarantees provided by the Company for any single entity shall not exceed twenty (20) percent of the Company's net worth stated in the most recent financial report.

The total amount of endorsements/guarantees provided by the Company and its subsidiaries shall be limited to fifty (50) percent of the Company's net worth stated in the most recent financial report.

The total amount of endorsements/guarantees provided by the Company and its subsidiaries to a single entity shall be limited to twenty (20) percent of the Company's net worth stated in the most recent financial report.

The amount of endorsements/guarantees to each company, with which the Company does business, shall not exceed the cumulative amount of sales transactions (amount of sales transaction refers to the higher of the amount of sales or purchases) within twelve (12) months before the endorsements/guarantees are provided.

Article 19 Due to business relations, where the aggregate amount of endorsements/guarantees of the Company will exceed the limited amount specified in these Procedures, and the applicants are qualified for other requirements provided in these Procedures, such endorsements/guarantees shall be approved by the Board of Directors with a majority of the board members signing as guarantors for the contingency loss resulting therefrom, and these Procedures shall be modified and then submitted to the shareholders meeting for retroactive recognition. If the aforesaid endorsements/guarantees are not approved by the shareholders meeting, the Company shall make a plan to eliminate such exceeding amount within a specific period of time.

Article 20 In a case where the amount of endorsements/guarantees the Company provides for another company (in which the Company has directly or indirectly one hundred (100) percent of the voting shares plus the endorsements/guarantees balance) has not exceed the limit, the Chairman shall determine and then submit the issue to the next Board Meeting for retroactive recognition. The Company shall prudently evaluate whether the case complies with these Regulations and these Procedures, and then submit the evaluation result in accordance with Article 21 of these Procedures to the Board for discussion and agreement. However, major endorsements/guarantees shall be approved by the Audit Committee and submitted to the Board of Directors for resolution in accordance with the relevant rules and regulations.

When the board approves or retroactively recognize a case of endorsements/guarantees in accordance with the preceding regulation, the board

shall take into full consideration each independent director's opinions. Independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the Board of Directors' meeting.

Article 21 The Company shall examine and evaluate the following before making endorsements/guarantees, and prepare a record thereof:

1. Verify the endorsed/guaranteed entity's purpose for borrowing the loan, its relation to the Company, importance of its business to the Company, the limit and balance of the Company's endorsements/guarantees, and evaluate the necessity and reasonableness thereof.
2. Evaluate the potential risks, the operation, finance and credit status and repayment source of the entity based on its annual report, financial report, and other relevant documents.
3. Evaluate the impact of the endorsements/guarantees on the Company's operating risk, financial status, and shareholders' equity based on the analysis of the percentage of Company's current endorsements/guarantees balance from the Company's net worth, liquidity, and cash flow status, and the review results of the first and second paragraphs.
4. Evaluate if the entity should provide appropriate collateral, and if the value of the collateral should be re-valued on a quarterly basis to ensure that the value is equivalent to the endorsements/guarantees based on the nature of the guarantee, the credit status of the entity, and the evaluation results of the first to third paragraphs. Where necessary, the entity may be required to provide supplementary collateral.
5. However, entities in which the Company holds directly or indirectly hold more than fifty (50) percent of the voting shares shall not be subject to the assessment in the preceding first to fourth paragraphs, and may be exempted from providing the collateral exemption.
6. If the Company provides endorsements/guarantees to a subsidiary whose net worth is less than one-half of the paid-in capital, the Company should periodically review the subsidiary's financial report and request improvement plans on a quarterly basis. If the shares of the subsidiary have a par value of or par value other than NT\$ 10, the paid-in capital shall be determined as the total of the capital stock plus the capital surplus - additional paid-in capital.

Article 22 When the subsidiary of the Company is intending to make endorsements or guarantees for others, the Company shall order the subsidiary to formulate the "Procedures for Endorsements/Guarantees" and submit them to its board meeting

and shareholders' meeting for approval, and the same shall apply for amendments. For subsidiaries that require no shareholders' meeting, the functions and powers thereto shall be conducted by the board meeting. The Company shall order the subsidiary to handle matters related to endorsements/guarantees in accordance with its procedures.

When a subsidiary of the Company provides endorsements/guarantees to other companies, it shall submit regular information thereof on a regular basis to the Company for review.

Article 23 The Company shall use the corporate seal dedicated for endorsements/guarantees. The seal shall be kept in the custody of a designated person approved by the Board of Directors and may be used to seal or issue negotiable instruments only in "Procedures for Seal, Stamp, and Verification Management".

Article 24 The Finance Department shall prepare a memorandum book for its endorsements/guarantees activities. After the endorsements/guarantees are approved by the Board or resolved by the Chairman, beside the affixing of seals in accordance with the procedure, the entity, the amount, date of Board approval or execution of the Chairman, date of endorsements/guarantees, and evaluation items as prescribed in Article 7 of these Procedures shall be recorded in detail. Other related documents including bills and agreements shall also be photocopied for safekeeping.

If the endorsement bill is renewed due to debt settlement or extension, the guaranteed company should prepare a document to send the original endorsement bill to the Company's financial department, and have it stamped with "Discharged" and returned. The Company shall keep the document for review. The finance department should record the discharged bills into the reference book at any time to reduce the cumulative endorsement amount.

Article 25 In the event that the party to whom the Company provided endorsements/guarantees no longer satisfies the criteria set forth in the regulations, or the amount of endorsements/guarantees exceeds the limits due to changes of the basis on which the amounts of limits are calculated, the Finance Department shall draw up rectification plans to modify the total amount or the amount exceeding the limitation of endorsements/guarantees, and withdraw these portions within the specific period after being approved by the Chairman. The proposed rectification plans shall be submitted to all Audit Committees and be implemented in accordance with the timeframe set.

Article 26 When the Company makes endorsements/guarantees to other companies, it should ask the other party to issue a promissory note of the equivalent amount to the

Company as a relative guarantee.

Article 27 Announcement and reporting procedures

The Company shall, prior to the tenth day of each month, publicly announce and report the endorsement/guarantee balance of the Company and its subsidiaries.

Except for reporting and announcing the endorsements/guarantees on a monthly basis, the Company and its subsidiaries whose balance of endorsements/guarantees reaches one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:

1. The total amount of endorsements/guarantees provided by the Company and its subsidiaries reaches fifty (50) percent or above of the Company's net worth stated in the most recent financial report.
2. The total amount of endorsements/guarantees provided by the Company and its subsidiaries to a single entity shall be limited to twenty (20) percent or above of the Company's net worth stated in the most recent financial report.
3. The amount of endorsements/guarantees provided by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, investment of a long-term nature in, and balance of loans to such enterprise are thirty (30) percent or more of the Company's net worth as stated in its latest financial statement.
4. The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches five (5) percent or more of the Company's net worth as stated in its latest financial statement.

The Company shall announce and report on behalf of any subsidiary thereof that is not a domestic company any matter that such subsidiary is required to announce and report pursuant to Paragraph 4 of the preceding paragraph.

Article 28 The Finance Department shall, on a monthly basis, prepare a detailed statement recording the occurrence and cancellation of any matter regarding endorsements/guarantees, so as to control, follow-up, and prepare public announcements. The Finance Department shall evaluate and recognize contingent losses of endorsements/guarantees on a quarterly basis, and shall disclose information regarding its endorsements/guarantees in its financial reports and provide the CPA with the relevant information.

**Chapter IV Miscellaneous**

Article 29 This Company's managers and persons-in-charge shall follow these Procedures when handling third party lending, endorsements, and guarantees in order to prevent the Company from incurring any losses. Should there be any violation of the related regulations or the Procedures, subsequent castigation is subject to the related Personnel Articles of the Company.

Article 30 The internal audit personnel of the Company shall, on a quarterly basis, conduct an audit against these Procedures and its execution. Where any major violation is found, it shall be reported to the audit committee in a written form.

Article 31 The Procedures and any amendment thereof shall be effective upon approval by the Board of Directors first and then submitted to the Shareholders' Meeting for approval. Any objection by the Directors which is recorded or in writing shall be submitted to the Audit Committee and for discussion by the Shareholders Meeting. The same shall apply to any amendments to these Procedures.

When a matter is submitted for discussion by the Board of Directors in accordance with the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board Meeting.

The amendment of these Procedures shall be approved by more than half of all audit committee members and submitted to the Board of Directors for a resolution.

After the formulation of these Procedures, amendments shall be made thereto when the relevant regulations have been amended.

These Procedures were instituted and implemented on May 6, 2015, amendment for the 1st instance was approved by the Shareholders' Meeting on June 8, 2017.

**Chunghwa Precision Test Tech. Co., Ltd.**  
**Regulations for the Election of Directors**

Article 1 The Company's election of Directors shall be conducted in accordance with these Regulations.

Article 2 The overall composition of the Board of Directors shall be taken into consideration in the selection of this Company's directors. Each board member shall have the necessary knowledge, skill, and experience to perform their duties. The abilities that must be present in the board as a whole are as follows:

1. Ability to make operational judgments.
2. Accounting and financial analysis.
3. Business administration.
4. Crisis management.
5. Industry knowledge.
6. Vision of the global market.
7. Leadership.
8. Decision making.

More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.

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

Article 4 (Deleted)

Article 5 Election of the Company's directors shall proceed using the cumulative single-registered method. Each share is vested with voting rights equal to the number of directors to be elected. These voting rights may be concentrated on one candidate or spread across multiple candidates.

Elections of both directors and supervisors at this Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. This Company shall review the qualifications, education, working experience, background, and the existence of any other matters set forth in Article 30 of the Company Act with respect to nominee directors and supervisors and may not

arbitrarily add requirements for documentation of other qualifications. It shall further provide the results of the review to shareholders for their reference, so that qualified directors and supervisors will be elected

Article 6 Before the election begins, the chair shall appoint the vote monitoring and counting personnel. Vote monitoring personnel shall be persons with shareholder status.

Article 7 The number of directors will be as specified in the Company's Article of Incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of the voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

Article 8 Regarding the election of Directors, the ballot boxes shall be prepared by the Company and publicly checked by the vote monitoring personnel before voting commences. The Company shall prepare the ballots. The number of the voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of the voting shareholders.

Article 9 If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot. For a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.

Article 10 A ballot is invalid under any of the following circumstances, and the voting rights shall not be calculated in the poll:

1. The ballot was not prepared in accordance with Article 8.
2. Two or more candidates are entered in one ballot.
3. A ballot is not placed in the ballot box or a blank ballot is placed in the ballot box.
4. Other words or marks are entered in addition to the candidate's account name or



shareholder account number (or identity card number) and the number of the voting rights allotted.

5. The writing is unclear and indecipherable or has been altered.
6. The candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
7. The candidate's name entered in the ballot is identical with other shareholders, and not handled in accordance with Article 9.

Article 11 The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation shall be announced by the chair on the site.

Article 12 (Deleted)

Article 13 Issues that are not fully addressed in the these Regulations shall be processed in accordance with the Company Act, other relevant regulations, the Company's Articles of Incorporation and Shareholder Conference Rules.

Article 14 These Regulations, and any amendments hereto, shall be implemented on the date of approval by a shareholders meeting. These Regulations were instituted on June 11, 2008. Amendment for the 1st instance on December 31, 2014. Amendment for the 2nd instance on June 8, 2016.

## Chunghwa Precision Test Tech. Co., Ltd.

### Directors' Shareholding

Directors' individual and aggregate shareholding as of the book closure date (April 5, 2020) prior to this annual general meeting are shown as follows:

Position	Name	Shares held	Shareholding percentage
Chairman	Representative of Chunghwa Investment Co., Ltd.: Hsiu-Gu Huang	11,229,884	34.25%
Director	Representative of Chunghwa Investment Co., Ltd.: Kuo-Feng Lin		
Director	Shui-Ke Huang	861,594	2.63%
Director	Representative of MediaTek Capital Co.: David Ku	351,000	1.07%
Independent Director	Wen-Nan Tsan	-	-
Independent Director	Chung-Fern Wu	-	-
Independent Director	Huang-Chuan Chiu	-	-
Directors - total		12,442,478	37.95%

Note:

1. The Company has a paid-up capital of NT\$327,890,220 in 32,789,022 issued shares.
2. The Company has assembled an Audit Committee, therefore the supervisors' minimum shareholding requirements do not apply here.
3. According to Article 26 of the Securities and Exchange Act, the entire Board of Directors is required to maintain a minimum holding position of 3,600,000 shares. (Note: According to Article 2 of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios in Public Companies", the Company has elected at least two (2) independent directors, therefore requiring shareholding of directors other than independent directors is reduced to 80%)
4. Actual shares held by directors: 12,442,478 shares.
5. Directors' aggregate shareholding position has met the legal requirements.