中華精測科技股份有限公司
Chunghwa Precision Test Tech. Co., Ltd.

Stock Code:6510

# 2024

## ALL IN HOUSE X AI

Annual Report 2024

Date:March 31, 2025




CHPT annual report is available at https://www.chpt.com

Taiwan Stock Exchange Market Observation Post System https://mops.twse.com.tw

I. Name, title, telephone, and email of spokesperson

Name: Shui-Ke Huang

Title: President

Telephone: (03)469-1234

Email: chpt@chpt.com

II. Name, title, telephone, and email of acting spokesperson

Name: Yi-Ping Hsu

Title: Vice President

Telephone: (03)469-1234

Email: chpt@chpt.com

III. Addresses and telephones of main office, branches, and factories

Main Office Address: No. 12, Gongye 3rd Road, Pingzhen District, Taoyuan City

Main Office Telephone: (03)469-1234

Factory address: No. 12 & 15, Gongye 3rd Road, Pingzhen District, Taoyuan City

Factory telephone: (03)469-1234

Branch: Hsinchu Branch

Address: 3F, C8, No. 1 Lixing 1st Road, Hsinchu City

Phone: (03)577-9966

IV. Name, address, website, and telephone of stock transfer agency

Name: Stock-Affairs Agency Department, Taishin Securities Co., Ltd.

Address: B1, No.96, Sec. 1, Jianguo N. Rd., Taipei City

Website: https://www.tssco.com.tw

Phone: (02)2504-8125

V. Name of CPA and name, address, website, and telephone of the accounting firm for the financial report in the last year

Name of CPA: Chien-Yu Liu, Tien-Yi Li

Name of accounting firm: PricewaterhouseCoopers

Address: 27F, No. 333, Sec. 1 Keelung Road, Xinyi District, Taipei City

Website: https://www.pwc.tw

Phone: (02)2729-6666

VI. Name of trading site for listed transactions of overseas securities: Not applicable

VII. Company's website: https://www.chpt.com

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# Chapter One
# Letter to the Shareholders

Dear Shareholders,

## I. 2024 Business Report:

### (I)Results of the business plan

**Business results**

In the year 2024, the global semiconductor industry demonstrated a growth trend, with the development and active promotion of AI technology becoming a key driving force for the industry's advancement. This year, the international situation remains unstable, with global political and economic trends shifting toward protectionism, the U.S.-China technological competition driving supply chain restructuring, and geopolitical conflicts triggering wars. In this environment, Chunghwa Precision Test Tech. Co., Ltd. (CHPT) has actively integrated AI into its originally unique business model, All In House. By leveraging AI technology and tools, CHPT has significantly enhanced its production efficiency and product yield across its complete ecosystem, which encompasses self-controlled technology research and development, circuit design, electrical and thermal stress simulations, manufacturing, equipment development, and successful product measurement and verification. This allows CHPT to provide more flexible and comprehensive services in the semiconductor test interface field. Through leading technologies, exceptional manufacturing, and forward-looking operational strategies, CHPT has perfected its in-house probe card product line and diversified product structure, launching products such as the high-speed 112Gbps PAM4 probe card, SSD Controller PCIe 6 high-speed data transmission solutions, micro-pitch 35um test probes and substrate integration solutions, PAM4 224Gbps Coaxial Sockets, and high-speed DDI wafer-level assembly test probe cards. Additionally, technologies such as mixed needles (probes) and heat dissipation technology have been introduced into mass production to meet the testing needs of advanced packaging. In addition, as the semiconductor industry gradually advances toward process miniaturization, 3D architectures, heterogeneous integration, and other advanced packaging technologies, along with the development and rise of high-performance AI chips, the industry is experiencing technological innovation. As a result, the test interface technology capable of evaluating the quality of chips has become increasingly critical. CHPT continues to develop advanced test interface boards and refine probe cards. Recently, CHPT has introduced new probes, including BKL, SS, and SL models, which meet the testing and validation requirements for chips used in applications such as smartphone application processors (AP), high-performance computing (HPC), artificial intelligence (AI), radio frequency (RF), and power management (PMIC). These probe cards support both verification and mass production. The product quality and

services have been widely recognized by major companies both domestically and internationally. CHPT looks forward to continuously meeting the testing needs of leading clients across various sectors of the semiconductor industry and providing even more competitive solutions.

**Corporate development**

With the growing demand of the semiconductor industry, CHPT will continue to develop various probe cards, load board, and other products to meet customer testing needs. In response to the Company's long-term development requirements, CHPT plans to begin construction in 2025. To accommodate future capacity expansion, a new factory is planned to be operational by 2028 supporting future growth. This expansion will also attract more talent, inject advanced industrial technologies into the Taoyuan region, and create additional employment opportunities.

**Honors and Awards**

CHPT specializes in providing semiconductor test interface solutions and has expertise and international competitiveness in specific fields. In 2024, it was ranked 14th globally among probe card suppliers by TechInsights, which is a leading semiconductor research and survey organization. CHPT was also awarded for its ESG sustainable development, including the "Distinguished Top 5%" at the Corporate Governance Evaluation, the "Excellent Green Procurement Private Enterprise and Group" from the Taoyuan City Government, and the Gold Award of "2024 Happy Enterprise" from 1111 Job Bank, and the "2024 TPEx Mid-tier Partner Award" presented by the Taipei Exchange (TPEx) in celebration of its 30th anniversary.

(II)Revenues, expenses, and profitability analysis

CHPT adheres to a solid financial strategy, focusing on core business operations while pursuing revenue growth and increased profitability, while also considering operational risk management. In 2024, the Company’s operating revenue was NT$3.605 billion, an increase of 25% compared to the previous year. The gross profit margin rose to 54%. The application of AI continues to develop steadily and rapidly around the world, driving the demand for high-frequency and high-speed testing, and also increasing the complexity of process technology and processes. CHPT implemented digital transformation, incorporating smart design and smart manufacturing. With a diverse product portfolio, dispersed customer base, and global presence, resulting in earnings per share increasing to NT$15.55. Despite the uncertainty macroeconomic environment, the Company continues to invest in the research and development of products and technologies. The Company making strategic adjustments as needed will help address future challenges and lay a foundation for long-term development.

Unit: NTD thousands

| Item | 2024 | 2023 |
|---|---|---|
| Net revenues | 3,604,674 | 2,884,442 |
| Gross profit | 1,926,883 | 1,391,136 |
| Income (loss) from operations | 488,851 | (52,722) |
| Net income | 484,871 | 2,595 |
| Net income attributable to shareholders of the parent | 509,712 | 32,601 |
| EPS ($) | 15.55 | 0.99 |

(III)Research and development

"Research and Development" is in CHPT's DNA. With the spirit of constant innovation and improvements, the Company persists in the advanced technology development. To put this into context, advanced testing features like high temperature, high speed, high pin count, and fine pitch of a probe card is developed to meet customers' wafer and IC testing demand. The highly-reliable mass production capacity was established within a very short period of time. Looking to the future, the Company will continue to carry out forward-looking and innovative research and development, and to pursue deepening its core competitiveness. The Company successfully developed the following technologies, products or equipment in 2024:

1. SSD Controller PCIe Gen6 Probe Card Solution
2. PH Heat Dissipation Technology for Mass Production
3. Smart Design System for Mixed Needles (probes) and PH Heat Dissipation Probe Cards
4. Virtual GND Technology Application
5. PAM4 224Gbps Coaxial Socket Development
6. NS35 Probe Development
7. Fine Pitch Circuit Substrate Development (Pitch = 35um, L/S = 10/10um)
8. Low-Loss Test Substrate Development
9. PCB Fine Pitch Development
10. 112Gbps PCB Development and Mass Production
11. Probe Card FCT Measurement Equipment Development

## II. 2025 Business plans

(I)Operational guidelines

Looking ahead to 2025, numerous applications including artificial intelligence (AI), AR/VR, high-performance computing (HPC), 5G, Internet of Things (IoT), automotive, and smart healthcare will depend on advancements in semiconductor technology to fuel further innovation. With the ongoing trend toward chip miniaturization and heterogeneous integration, the demand for wafer testing is expected to rise. CHPT has successfully verified and commenced mass production of a newly developed mixed needles (probes) design with a conductive board for probe head heat dissipation technology, aiming to enhance the Company's product competitiveness and contribute to revenue growth.

The Company operates in diverse markets such as AP, HPC, AI GPU, RF, SSD Controller, TDDI, and automotive, also expanding into other chip testing fields to diversify risks and strengthen the Company's order foundation. The full implementation of the AI-driven probe head development system enables in-house probe cards to deliver fast and stable product quality, enhancing the competitiveness of CHPT in various probe card domains.

The Company upholds operational plans of "technology leadership, customer satisfaction, profit creation, and employee care," maintaining a prominent position in the semiconductor test interface services industry, effectively understanding the demands of new generation products, and proactively investing in research and development resources to secure competitive advantage. CHPT adheres to "long-term, stable, development, innovation, and international" operational plans to generate greater shareholder value.

(II)Key production and marketing strategies

1. Increase the proportion share of new applications with existing customers, and focus on developing new potential customers.
2. Pay close attention to the changing trend of the geopolitical advantages, actively deploy capacity adjustment globally and flexibly.
3. Strengthen global technical marketing capabilities and strive to promote proprietary technology.
4. Improve the needles (probes) required in various application fields and become a comprehensive probe card supplier.
5. Expand global channels and accelerate the expansion of semiconductor probe card market development.

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

With the rapidly changing international circumstances and the impact of climate change, the requirements for sustainable development and relevant business regulations are becoming more stringent. CHPT is committed to investing in technological research and development, ensuring excellent manufacturing quality, and enhancing operational management to maintain its competitive edge. Meanwhile, CHPT will improve the understanding of the external competitive environment, sustainable development, and overall operating environment. The Company will give priority to implementing corporate governance, corporate social responsibility, and green environmental regulations, along with other ESG aspects. This commitment will enable the semiconductor industry to access advanced, comprehensive, and sustainable testing solutions for future market applications. Moving forward, CHPT will

continue to strengthen its product coverage, research and development, and service quality. Enhance the Company's competitiveness and technical capabilities by leveraging cutting-edge technology and collaborating with clients to achieve mutual success, while also maintaining an industry-leading position and creating greater shareholder value. CHPT would like to express sincere gratitude to all the hardworking employees of the Company and the unwavering support and trust of shareholders. CHPT remains committed to strategic planning for future growth, aiming to create value for customers and society and dedicated to ensuring shareholders and employees can enjoy its operational achievements.

Chairman: Hong-Chan Ma

President: Shui-Ke Huang

# Chapter Two

# Corporate Governance Report

## I.Background information of Directors, the President, Vice Presidents, and heads of departments and branch offices:

### (I) Directors' background

#### 1. Name and career (academic) background of the director, and the types and number of shares held

March 31,2025

| Title | Nationality or place of registration | Name | Gender / Age | Date elected/appointed Date | Term (years) | Date first elected Date | Shareholding when elected | | Current shareholding | | Shares held by spouse and underage children | | Shares held by proxy | | Main career (academic) achievements | Concurrent positions in other companies | Spouse or relatives of the second degree or closer acting as directors or managers | | | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Shares held | Percentage of shareholding (%) | Shares held | Percentage of shareholding (%) | Shares held | Percentage of shareholding (%) | Shares held | Percentage of shareholding (%) | | | Title | Name | Relationship | |
| Director | ROC | Chunghwa Investment Co., Ltd. | - | 6/7/2023 | 3 | 8/26/2005 | 11,229,884 | 34.25 | 11,229,884 | 34.25 | - | - | - | - | - | - | - | - | - | - |
| Chairman | ROC | Representative of Chunghwa Investment Co., Ltd.: Hong-Chan Ma | Male / 61~70 | 6/7/2023 | 3 | 6/30/2022 | - | - | 32.000 | 0.1 | - | - | - | - | Academic background:<br>Master of Management Science, National Chiao Tung University<br>Master of Electronic and Computing Engineering, National Taiwan University of Science and Technology<br>Career background:<br>Chunghwa Telecom Co., Ltd. - Senior Executive Vice President (Sales)<br>Chunghwa Telecom Co., Ltd. - Data Communications Business Office President | The Company: Chairman<br>Other companies: None | None | None | None | - |
| Director | ROC | Representative of Chunghwa Investment Co., Ltd.: Jung-Kuei Chen | Male / 61~70 | 6/7/2023 | 3 | 6/7/2023 | - | - | - | - | - | - | - | - | Academic background:<br>Ph.D., Electrical Engineering, National Taiwan University<br>Career background:<br>Chunghwa Telecom Co., Ltd.- Information Technology Business Office President<br>Chunghwa Telecom Co., Ltd. - Telecommunication Laboratories Vice President<br>Chunghwa Telecom Co., Ltd. - International Business Office Managing Director of Corporate Planning Department | The Company: None<br>Other companies:<br>Chunghwa Telecom Co., Ltd.- Adviser and Chief Information Security Officer<br>CHT Security Co., Ltd. - Director | None | None | None | - |

| Title | Nationality or place of registration | Name | Gender / Age | Date elected/appointed Date | Term (years) | Date first elected Date | Shareholding when elected | | Current shareholding | | Shares held by spouse and underage children | | Shares held by proxy | | Main career (academic) achievements | Concurrent positions in other companies | Spouse or relatives of the second degree or closer acting as directors or managers | | | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Shares held | Percentage of shareholding (%) | Shares held | Percentage of shareholding (%) | Shares held | Percentage of shareholding (%) | Shares held | Percentage of shareholding (%) | | | Title | Name | Relationship | |
| Director | ROC | Shui-Ke Huang | Male / 61~70 | 6/7/2023 | 3 | 11/30/2005 | 861,594 | 2.63 | 431,594 | 1.32 | 420,000 | 1.28 | - | - | Academic background:<br>Master of Informatics, Yuan Ze University<br>Career background:<br>Chunghwa Precision Test Tech. Co., Ltd. - Vice President<br>Chunghwa Telecom Co., Ltd. - Product Manager of Telecommunication Laboratories | The Company: President<br>Other companies:<br>CHPT US - Chairman<br>CHPT JP - Director<br>CHPT International - Chairman<br>Representative of Shanghai Taihua Suzhou Precision Test Technology Co., Ltd. - Chairman and President<br>TestPro Investment Co., Ltd. - Chairman<br>NavCore Tech. Co., Ltd. - Chairman | None | None | None | - |
| Director | ROC | Hsiang Fa Co. | - | 6/7/2023 | 3 | 5/6/2015 | 351,000 | 1.07 | 351,000 | 1.07 | - | - | - | - | - | - | - | - | - | - |
| Director | ROC | Representative of Hsiang Fa Co.:<br>Wei-Ning Shen | Male/ 41~50 | 12/29/2023 | 3 | 12/29/2023 | - | - | - | - | - | - | - | - | Academic background:<br>Master of Electrical Engineering, University of Southern California, USA<br>Career background:<br>MediaTek Inc. - Director | The Company: None<br>Other companies:<br>MediaTek Capital Co. - Investment manager<br>Zilltek Technology Corp.- Director<br>Transsnet Technology Inc. - Director<br>AaltoSemi (Nanjing) Technology Inc. - Supervisor | None | None | None | - |
| Independent Director | ROC | Chung-Fern Wu | Female / 61~70 | 6/7/2023 | 3 | 6/8/2017 | - | - | - | - | - | - | - | - | Academic background:<br>Ph.D in Accounting and Information Management, UCLA<br>Career background:<br>NTU College of Management - Professor of Accounting<br>Financial Supervisory Commission – Commissioner (Political Appointee) | The Company: None<br>Other companies:<br>NTU College of Management - Adjunct Professor of Accounting<br>GlobalWafers Co., Ltd. - Independent Director<br>Kinpo Electronics, Inc. - Independent Director | None | None | None | - |
| Independent Director | ROC | Huang-Chuan Chiu | Male / 61~70 | 6/7/2023 | 3 | 6/8/2017 | - | - | - | - | - | - | - | - | Academic background:<br>Master of Law, University of Cambridge<br>Career background:<br>Huang & Partners - Attorney<br>Baker & McKenzie - Attorney<br>Taiwan Commercial Law Offices - Partner Attorney | The Company: None<br>Other companies:<br>Kew & Lord, Attorneys at Law - Partner<br>Ju-Kao Engineering Co., Ltd. - Director<br>Taiwan High Speed Rail Corporation - Independent Director<br>LungTeh Shipbuilding Co., Ltd. - Independent Director<br>YangMing Marine Transport Corp. - Independent Director | None | None | None | - |

| Title | Nationality or place of registration | Name | Gender / Age | Date elected/appointed Date | Term (years) | Date first elected Date | Shareholding when elected | | Current shareholding | | Shares held by spouse and underage children | | Shares held by proxy | | Main career (academic) achievements | Concurrent positions in other companies | Spouse or relatives of the second degree or closer acting as directors or managers | | | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Shares held | Percentage of shareholding (%) | Shares held | Percentage of shareholding (%) | Shares held | Percentage of shareholding (%) | Shares held | Percentage of shareholding (%) | | | Title | Name | Relationship | |
| Independent Director | ROC | Chih-Cheng Su | Male / 51~60 | 5/30/2024 | 3 | 5/6/2015<br>5/30/2024 (Note1) | - | - | - | - | - | - | - | - | Academic background:<br>Master of Business Administration, Rutgers, the State University of New Jersey<br>Career background:<br>YHC & Co., CPAs - Partner<br>Standard Chartered International Commercial Bank - Senior Deputy General Manager | The Company: None<br>Other companies:<br>Elite Yc & Co., CPAs - Partner in charge<br>Bank Sinopac Company Limited. - Independent Director<br>Burger Investment Co., Ltd. - Supervisor | None | None | None | - |

(Note 1.) Mr. Chih-Cheng Su as a new independent director to fill the vacancy at the Shareholders' Meeting held on May 30, 2024.

2. Major shareholders of corporate shareholders

March 31,2025

| Name of corporate shareholder | Major shareholders of corporate shareholders |
|---|---|
| Chunghwa Investment Co., Ltd. | Chunghwa Telecom Co., Ltd. – 89%<br>Mega International Commercial Bank Co., Ltd. – 5%<br>Taiwan Navigation Co., Ltd. – 6% |
| Hsiang Fa Co. | MediaTek Capital Co. – 100% |

3. Key shareholders of those listed above that are also corporate entities

March 31,2025

| Name of corporate entity | Corporate entity's major shareholders |
|---|---|
| Chunghwa Telecom Co., Ltd. | Ministry of Transportation and Communication – 35.29%<br>Shin Kong Life Insurance Co., Ltd. – 4.62%<br>CTBC Bank in its Capacity as Trustee for the Account of Chunghwa Telecom Co., Ltd. Employee Shareholding Trust – 3.91%<br>Cathay Life Insurance Co., Ltd. – 3.04%<br>JP Morgan Chase Bank in its Capacity as Master Custodian for Depository Receipt Account of Chunghwa Telecom – 2.35%<br>Chunghwa Post Co., Ltd. – 2.06%<br>New Labor Pension Fund – 1.87%<br>Labor Insurance Fund – 1.19%<br>Old Labor Retirement Fund – 1.03%<br>Taiwan Life Insurance Co., Ltd. – 1.03% |
| Mega International Commercial Bank Co., Ltd. | Mega Financial Holding Co., Ltd. – 100% |
| Taiwan Navigation Co., Ltd. | Ministry of Transportation and Communication – 26.46%<br>Yang Ming Marine Transport Corp. – 16.96%<br>Yunn Wang Investment Co. Ltd. – 2.42%<br>Central Taiwan Science Park Logistics Co., Ltd. – 1.34%<br>HSBC Bank (Taiwan) Limited in custody for Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. – 1.25%<br>Chang-Hong Cheng – 0.70%<br>TransGlobe Life Insurance Inc. – 0.53%<br>Standard Chartered Bank (Taiwan) Limited in custody for Mizuho Securities Co., Ltd. Investment Fund – 0.47%<br>Yong Yu Xing Enterprise Co., Ltd. – 0.47%<br>JPMorgan Chase Bank N.A., Taipei Branch in custody for J.P. Morgan Securities Investment Account – 0.43% |
| MediaTek Capital Co. | MediaTek Inc. – 100% |

4. Professional Qualifications of Directors and Independency of Independent Directors

| Condition / Name | Professional Qualifications and Experience | Status of Independency | Number of positions as an independent director in other public companies |
|---|---|---|---|
| Representative of Chunghwa Investment Co., Ltd. Holding Company: Hong-Chan Ma | Master of Management Science, National Chiao Tung University and Master of Electronic and Computing Engineering, National Taiwan University of Science and Technology. He used to be Executive Vice President (Sales) and President of the Data Communications Business office of Chunghwa Telecom Co., Ltd.. Rich practical management and sustainable development management experience, market planning, and operational planning, leadership, and decision-making capabilities in high-tech industries. No non-compliance with any subparagraphs in Article 30 of the Company Act. | (1) As the largest shareholder of the Company, Chunghwa Investment Co., Ltd. is a corporate shareholder holding over 5% of the Company's stake.<br>(2) Mr. Hong-Chan Ma is a director representing Chunghwa Investment Co., Ltd..<br>(3) All other conditions have been verified in accordance with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission. | None |
| Representative of Chunghwa Investment Co., Ltd.: Jung-Kuei Chen | Ph.D., Electrical Engineering, National Taiwan University. He used to be President of the Information Technology Business office, Chunghwa Telecom Co., Ltd., and Vice President of Telecommunication Laboratories, Chunghwa Telecom Co., Ltd.. Operational management, leadership, and decision-making capabilities in high-tech industries. Capable of making timely advice for corporate governance and operational management to the board of this Company. No non-compliance with any subparagraphs in Article 30 of the Company Act. | (1) As the largest shareholder of the Company, Chunghwa Investment Co., Ltd. is a corporate shareholder holding over 5% of the Company's stake.<br>(2) Mr. Jung-Kuei Chen is a director representing Chunghwa Investment Co., Ltd..<br>(3) All other conditions have been verified in accordance with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission. | None |
| Shui-Ke Huang | Master of Informatics, Yuan Ze University. He used to be Product Manager of Chunghwa Telecom Laboratories. Currently President to the Company. Operational management, leadership, and decision-making capabilities in high-tech industries. Specializing in the operation and strategic management of semiconductor testing interface for over 15 years. No non-compliance with any subparagraphs in Article 30 of the Company Act. | (1) Also president to this Company and a director holding an executive post.<br>(2) Also a director of a wholly-owned subsidiary of this Company.<br>(3) The top fifth natural person shareholder of this Company.<br>(4) All other conditions have been verified in accordance with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission. | None |

| Condition / Name | Professional Qualifications and Experience | Status of Independency | Number of positions as an independent director in other public companies |
|---|---|---|---|
| Representative of Hsiang Fa Co.:Wei-Ning Shen | Master of Electrical Engineering, University of Southern California, USA and currently serve as an investment manager at MediaTek Capital Co. With over 20 years of experience in technology industry management and operations, he possess expertise in investment management. No non-compliance with any subparagraphs in Article 30 of the Company Act. | (1) Mr. Wei-Ning Shen is a director representing Hsiang Fa Co.<br>(2) All other conditions have been verified in accordance with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission. | None |
| Chung-Fern Wu | Ph.D in Accounting and Information Management, UCLA, USA. She used to be a member of the Financial Supervisory Commission and a professor of the Department of Accounting, College of Management, National Taiwan University. Specializing in accounting to improve the Board's corporate governance quality and supervisory function of the audit committee and remuneration committee. A third-term independent director to this Company without exceeding three terms. No non-compliance with any subparagraphs in Article 30 of the Company Act. | (1) All three independent directors listed on the left meet the qualification requirements stated in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission and Article 14-2 of the Securities and Exchange Act two years before and during their office.<br>(2) All three independent directors, their spouses and relatives within second degree of kinship are not directors, supervisors, or employees of this Company or affiliates; do not hold any shares of this Company; are not directors, supervisor, or employees of any companies having a specific relationship with this Company; and were not remunerated by this Company or affiliates for rendering business, legal, financial, or accounting services in the last two years. | 2 |
| Huang-Chuan Chiu | Master of Law, University of Cambridge, UK. Currently chairperson of Kew & Lord, Attorneys at Law. Specializing in law and giving advice on legal strategy, legal compliance, and management decision-making to improve the Board's corporate governance quality and supervisory function of the audit committee and remuneration committee. A third-term independent director to this Company without exceeding three terms. No non-compliance with any subparagraphs in Article 30 of the Company Act. | | 3 |
| Chih-Cheng Su | Master of Business Administration, Rutgers, the State University of New Jersey. Currently Partner in charge of Elite Yc & Co., CPAs and he used to be senior deputy general manager of Standard Chartered International Commercial Bank. Specializing in accounting to improve the Board's corporate governance quality and supervisory | | 1 |

| Condition / Name | Professional Qualifications and Experience | Status of Independency | Number of positions as an independent director in other public companies |
|---|---|---|---|
| | function of the audit committee and remuneration committee. The First-term independent director to this Company without exceeding three terms. No non-compliance with any subparagraphs in Article 30 of the Company Act. | | |

5.Diversity and Indepence of Board of Directors

(1) Diversity of Board of Directors:

The Company has specified in the "Director Election Policy" and "Corporate Governance Code of Conduct" that all members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities:

I. Ability to make operational judgments.
II. Accounting and financial analysis.
III. Business administration.
IV. Crisis management.
V. Industry knowledge.
VI. Vision of the global market.
VII. Leadership.
VIII. Decision making.

The current Board of Directors, as a whole, possesses a professional background in business administration, finance, accounting, law, and the semiconductor industry. There are currently 7 seats for directors, among which are 1 female directors, accounting for 14% of the total seats. The number of Independent Directors accounts for 43% of all directors, and 3 seats of the Independent Directors have tenures shorter than 9 years. 14% of the Company's directors concurrently hold a position as an employee. Our objective is to have Directors at least one seat shall have accounting or financial expertise; and directors concurrently serving as company officers not exceed one-third of the total number of the board members; and have at least 1 seat with a female director.

If the number of directors of any gender on the Board of Directors of the Company does not reach one-third, the reasons and plans for enhancing gender diversity among directors will be stated: The Company has established seven director positions in accordance with its articles of incorporation. The current directors were elected at the shareholders' meeting on June 7, 2023. However, there is only one female director, which, while compliant with the relevant regulations at that time, still does not meet the one-third requirement. This is due to the characteristics of the semiconductor industry, where it is challenging to seek talent in a short period. Before the expiration of the Board members' terms and the re-election, we will seek recommendations for talent from various channels, including industry and academic institutions, to enhance the effectiveness of corporate governance and implement the policy of Board member diversity. Please see below for the expertise and background of the Board of Directors and the Company's implementation of the board diversity policy.

| Name of director | Gender | Age | Independent Director Tenure (years) | An employee/ management of the Company | Industry Knowledge/Professional Competency | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Business administration | Leadership and decision making | Knowledge of the industry | Sustainable Development | Finance and Accounting | Legal knowledge |
| Chairman Hong-Chan Ma | Male | 61~70 | | | ✓ | ✓ | ✓ | ✓ | | |
| Director Jung-Kuei Chen | Male | 61~70 | | | ✓ | ✓ | ✓ | ✓ | | |
| Director Shui-Ke Huang | Male | 61~70 | | ✓ | ✓ | ✓ | ✓ | ✓ | | |
| Director Wei-Ning Shen | Male | 41~50 | | | ✓ | ✓ | ✓ | ✓ | ✓ | |
| Independent Director Chung-Fern Wu | Female | 61~70 | 6~9 | | ✓ | ✓ | | ✓ | ✓ | |
| Independent Director Huang-Chuan Chiu | Male | 61~70 | 6~9 | | ✓ | ✓ | | ✓ | | ✓ |
| Independent Director Chih-Cheng Su | Male | 51~60 | 0~3 | | ✓ | ✓ | | ✓ | ✓ | |

(2)Board independency:

Currently, this Company has seven directors, including three independent directors accounting for 43% of all directors. According to the Articles of Incorporation and Corporate Governance Best Practice Principles of this Company, CHPT adopts the candidate nomination system for director elections. During the nomination and election of board members, each director has submitted a written statement and provided information regarding their work experience and the certificate of service. They have also provided information of their relatives for verification to ensure no directors have a spousal relationship or kindship within the second degree. Additionally, all independent directors are not directors (including independent directors) or supervisors of more than five listed companies concurrently and maintain independency within their scope of business. None of them has a conflict of interest with this Company, either directly or indirectly.

(II) Background information of the President, Vice Presidents, and heads of departments and branch offices:

March 31,202

| Title | Nationality | Name | Gender | Date elected/appointed | Shares held | | Shares held by spouse and underage children | | Shares held by proxy | | Main career (academic) achievements | Concurrent positions in other companies | Spouse or relatives of the second degree or closer acting as managers | | | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Shares held | Shareholding percentage (%) | Shares held | Shareholding percentage (%) | Shares held | Shareholding percentage (%) | | | Title | Name | Relationship | |
| President | Republic of China | Shui-Ke Huang | Male | 4/1/2015 | 431,594 | 1.32 | 420,000 | 1.28 | - | - | Academic background:<br>Master of Informatics, Yuan Ze University<br>Career background:<br>Chunghwa Precision Test Tech. Co., Ltd. - Vice President<br>Chunghwa Telecom Co., Ltd. - Product Manager of Telecommunication Laboratories | CHPT US - Chairman<br>CHPT JP - Director<br>CHPT International - Chairman<br>Representative of Shanghai Taihua Suzhou Precision Test Technology Co., Ltd.- Chairman and President<br>TestPro Investment Co., Ltd. - Chairman<br>NavCore Tech. Co., Ltd. - Chairman | None | None | None | - |
| Vice President | Republic of China | Wen-Cong Li (Note) | Male | 2/3/2016 | 15,643 | 0.05 | 1,000 | - | - | - | Academic background:<br>Master's of Applied Chemistry, Providence University<br>Career background:<br>Chunghwa Precision Test Co., Ltd. - Deputy Chief Engineer<br>HannStar Board Corporation - Product Development Engineer | None | None | None | None | - |

| Title | Nationality | Name | Gender | Date elected/appointed | Shares held | | Shares held by spouse and underage children | | Shares held by proxy | | Main career (academic) achievements | Concurrent positions in other companies | Spouse or relatives of the second degree or closer acting as managers | | | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Shares held | Shareholding percentage (%) | Shares held | Shareholding percentage (%) | Shares held | Shareholding percentage (%) | | | Title | Name | Relationship | |
| Vice President | Republic of China | Yi-Ping Hsu | Female | 7/30/2014 | 11,768 | 0.04 | - | - | - | - | Academic background: International MBA, National Tsing Hua University<br>Career background: Chunghwa Precision Test Co., Ltd. - Financial Director<br>Ralink Technology Corp. - Senior Manager of Finance and Accounting<br>Citibank - Junior Accounting Manager<br>BDO Taiwan - Lead Checker | CHPT US - Director<br>Shanghai Taihua - Supervisor<br>Suzhou Precision Test Technology Co., Ltd. - Supervisor<br>TestPro Investment Co., Ltd. - Director<br>NavCore Tech. Co., Ltd. - Supervisor | None | None | None | - |
| Vice President | Republic of China | Hsun-Tai Wei | Male | 3/1/2025 | - | - | - | - | - | - | Academic background: Master of Informatics, Yuan Ze University<br>Career background: Chunghwa Precision Test Tech. Co., Ltd. - Director<br>Chunghwa Telecom Co., Ltd. - Associate Researcher of Telecommunication Laboratories | None | None | None | None | - |
| Vice President | Republic of China | Chang-Hsiu Yang | Male | 3/1/2025 | - | - | - | - | - | - | Academic background: Master of Industrial Management, National Central University<br>Career background: Chunghwa Precision Test Tech. Co., Ltd. - Director<br>ADATA Technology Co., Ltd. - Senior Manager | TestPro Investment Co., Ltd. - Director | None | None | None | - |

Note:Vice President Wen-Cong Li resigned on March 31,2025.

(III) Remuneration of Directors, the President, and Vice Presidents

1. Remuneration paid to Directors, the President, and Vice Presidents in the last year (2024)

(1) Directors' remuneration (including independent directors)

Unit: NTD thousands

| Title | Name | Directors' remuneration | | | | | | | | Sum of A, B, C, and D as a percentage of net income (%) | | Remuneration as company employee | | | | | | | | The sum of A, B, C, D, E, F, and G as a percentage of net income (%) | | Remuneration from invested enterprises that are non-subsidiary or parent company |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Remuneration (A) | | Pension (B) (Note 1) | | Directors' remuneration (C) (Note 2) | | Allowances (D) | | | | Salaries, Bonuses, Allowances etc (E) | | Pension (F) (Note 1) | | Employees' Profit Sharing (G) | | | | | | |
| | | | | | | | | | | | | | | | | From CHPT | | From All Consolidated Entities | | | | |
| | | From CHPT | From All Consolidated Entities | From CHPT | From All Consolidated Entities | From CHPT | From All Consolidated Entities | From CHPT | From All Consolidated Entities | From CHPT | From All Consolidated Entities | From CHPT | From All Consolidated Entities | From CHPT | From All Consolidated Entities | Cash Amount | Share Amount | Cash Amount | Share Amount | From CHPT | From All Consolidated Entities | |
| Director | Chunghwa Investment Co., Ltd. | - | - | - | - | 1,136 | 1,136 | - | - | 1,136<br>0.22% | 1,136<br>0.22% | - | - | - | - | - | - | - | - | 1,136<br>0.22% | 1,136<br>0.22% | None |
| | Representative of Chunghwa Investment Co., Ltd.: Hong-Chan Ma | 5,489 | 5,489 | - | - | - | - | 50 | 50 | 5,539<br>1.09% | 5,539<br>1.09% | - | - | - | - | - | - | - | - | 5,539<br>1.09% | 5,539<br>1.09% | None |
| | Representative of Chunghwa Investment Co., Ltd.: Jung-Kuei Chen | - | - | - | - | - | - | 50 | 50 | 50<br>0.01% | 50<br>0.01% | - | - | - | - | - | - | - | - | 50<br>0.01% | 50<br>0.01% | 5,071 |
| | Shui-Ke Huang | - | - | - | - | 568 | 568 | 50 | 50 | 618<br>0.12% | 618<br>0.12% | 8,327 | 8,327 | 108 | 108 | 2,145 | - | 2,145 | - | 11,198<br>2.20% | 11,198<br>2.20% | None |
| | Hsiang Fa Co.: | - | - | - | - | 568 | 568 | 40 | 40 | 608<br>0.12% | 608<br>0.12% | - | - | - | - | - | - | - | - | 608<br>0.12% | 608<br>0.12% | None |
| | Representative of Hsiang Fa Co.: Wei-Ning Shen | - | - | - | - | - | - | - | - | -<br>0.00% | -<br>0.00% | - | - | - | - | - | - | - | - | -<br>0.00% | -<br>0.00% | None |
| Independent Director | Chung-Fern Wu | 720 | 720 | - | - | - | - | 50 | 50 | 770<br>0.15% | 770<br>0.15% | - | - | - | - | - | - | - | - | 770<br>0.15% | 770<br>0.15% | None |
| | Huang-Chuan Chiu | 720 | 720 | - | - | - | - | 50 | 50 | 770<br>0.15% | 770<br>0.15% | - | - | - | - | - | - | - | - | 770<br>0.15% | 770<br>0.15% | None |
| | Wen-Nan Tsan (Note 4) | 180 | 180 | - | - | - | - | 10 | 10 | 190<br>0.04% | 190<br>0.04% | - | - | - | - | - | - | - | - | 190<br>0.04% | 190<br>0.04% | None |
| | Chih-Cheng Su (Note 4) | 420 | 420 | - | - | - | - | 30 | 30 | 450<br>0.09% | 450<br>0.09% | - | - | - | - | - | - | - | - | 450<br>0.09% | 450<br>0.09% | None |

1. Directors and Independent Directors' remuneration policies, procedures, standards and structure, as well as the linkage to responsibilities, risks and time spent: (1) According to the Company's Articles of Incorporation, when directors perform their duties for the Company, they may be compensated based on their level of involvement in the Company's operations and the value of their contributions, taking into account industry standards both domestically and internationally. The remuneration is authorized by the Board of Directors.; (2) The Company's Articles of Incorporation also specify that directors' remuneration shall not exceed 1% of the annual profit. In accordance with the Company's director remuneration policy, the Board of Directors shall allocate the remuneration based on the director's level of participation and the value of their contributions to the Company's operations. Independent directors are excluded from receiving director remuneration based on the Company's annual profits. Furthermore, when independent directors perform their duties, regardless of the Company's profit or loss, they are entitled to a monthly remuneration, which may be adjusted by the Board based on their involvement in and contribution to the Company's operations.

2. Remuneration received by directors for providing services (e.g. consultancy service without the title of an employee of the parent company/ to any company included in the financial statements/ investment business) in the last year, except those disclosed in the above table: None.

Note 1: The Company did not pay pension benefit for directors in 2024. The amount of pension shown here represents contributions made to the Bureau of Labor Insurance in 2024, which amounted to 6% of the employees' monthly salary.

Note 2: On February 11, 2025, the Board of Directors made a resolution to pay employees' profit sharing totaling NT$65,556,000 and directors' remuneration totaling NT$2,272,000.

Note 3: The sums of remuneration paid to directors and supervisors (including their employee roles) of the Company, and all companies included in the financial statements, were both NT$14,493,000 in 2023, which represented 44.46% of 2023 net income. However, due to inventory adjustments and weak terminal demand in the semiconductor industry in 2023, the company's profits declined, the total remuneration as a percentage of net income subsequently increased.

Note 4: Independent Director Mr. Wen-Nan Tsan resigned on March 11, 2024, and the Company elected Mr. Chih-Cheng Su as a new independent director to fill the vacancy at the Shareholders' Meeting held on May 30, 2024.

## (2) Remuneration to the President, and Vice Presidents

Unit: NTD thousands

| Title | Name | Salary (A) | | Pension (B) (Note 1) | | Bonus and Allowances (C) | | Employees' profit sharing (D) (Note2) | | | | A, B, C, and D as a percentage of net income (%) | | Remuneration from invested enterprises that are non-subsidiary or parent company |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | From CHPT | From All Consolidated Entities | From CHPT | From All Consolidated Entities | From CHPT | From All Consolidated Entities | CHPT | | From All Consolidated Entities | | From CHPT | From All Consolidated Entities | |
| | | | | | | | | Cash Amount | Share Amount | Cash Amount | Share Amount | | | |
| President | Shui-Ke Huang | 11,349 | 11,349 | 383 | 383 | 8,269 | 8,269 | 5,244 | - | 5,244 | - | 25,245<br>4.95% | 25,245<br>4.95% | None |
| Vice President | Hsin-Yao Li (Note 3) | | | | | | | | | | | | | |
| Vice President | Chih-Shen Chien (Note 4) | | | | | | | | | | | | | |
| Vice President | Wen-Cong Li (Note 5) | | | | | | | | | | | | | |
| Vice President | Yi-Ping Hsu | | | | | | | | | | | | | |

Note 1: The Company did not pay pension benefit for the President, and Vice Presidents in 2024. The amount of pension shown here represents contributions made to the Bureau of Labor Insurance in 2024, which amounted to 6% of employees' monthly salary.

Note 2: On February 11, 2025, the Board of Directors made a resolution to pay employees' profit sharing totaling NT$65,556,000.

Note 3: Vice President Hsin-Yao Li retired on March 15,2024.

Note 4: Vice President Chih-Shen Chien retired on April 30,2024.

Note 5: Vice President Wen-Cong Li resigned on March 31,2025.

Remuneration bracket table

| Range of Remuneration to the President and Vice Presidents | Names of President and Vice Presidents | |
|---|---|---|
| | CHPT | From All Consolidated Entities |
| Less than NT$1,000,000 | - | - |
| NT$1,000,000 (inclusive) ~ NT$2,000,000 (non-inclusive) | Chih-Shen Chien, Hsin-Yao Li | Chih-Shen Chien, Hsin-Yao Li |
| NT$2,000,000 (inclusive) ~ NT$3,500,000 (non-inclusive) | - | - |
| NT$3,500,000 (inclusive) ~ NT$5,000,000 (non-inclusive) | - | - |
| NT$5,000,000 (inclusive) ~ NT$10,000,000 (non-inclusive) | Yi-Ping Hsu, Wen-Cong Li | Yi-Ping Hsu, Wen-Cong Li |
| NT$10,000,000 (inclusive) ~ NT$15,000,000 (non-inclusive) | Shui-Ke Huang | Shui-Ke Huang |
| NT$15,000,000 (inclusive) ~ NT$30,000,000 (non-inclusive) | - | - |
| NT$30,000,000 (inclusive) ~ NT$50,000,000 (non-inclusive) | - | - |
| NT$50,000,000 (inclusive) ~ NT$100,000,000 (non-inclusive) | - | - |
| NT$100,000,000 and above | - | - |
| Total | 5 | 5 |

* The basis of remuneration disclosed above is different from the basis required by the Income Tax Act, hence the above table has been prepared solely for information disclosure, and not for tax purposes.

(3) Names of managers who received employees' profit sharing:

Unit: NTD thousands

| | Title | Name | Stock | Cash (proposed) | Total | Total as a percentage of net income (%) |
|---|---|---|---|---|---|---|
| Manager | President | Shui-Ke Huang | - | 5,244 | 5,244 | 1.03 |
| | Vice President | Hsin-Yao Li (Note 1) | | | | |
| | Vice President | Chih-Shen Chien (Note 2) | | | | |
| | Vice President | Wen-Cong Li (Note 3) | | | | |
| | Vice President | Yi-Ping Hsu | | | | |

Note 1: Vice President Hsin-Yao Li retired on March 15,2024.
Note 2: Vice President Chih-Shen Chien retired on April 30,2024.
Note 3: Vice President Wen-Cong Li resigned on March 31,2025.

II. Amount of remuneration paid in the last two (2) years by the Company and all companies included in the consolidated financial statements to the Company's directors, President, and Vice President, and their respective proportions to standalone and consolidated net income, as well as the policies, standards, and packages by which they were paid, the procedures through which remuneration was determined, and their association with business performance and future risks.

(1) Percentage of net income paid by the CHPT and all consolidated entities as remuneration to the Company's Directors, President, and Vice President in the last two (2) years

Unit: NTD thousands

| Title | 2023 | | | | 2024 | | | |
|---|---|---|---|---|---|---|---|---|
| | Total remuneration | | As a percentage of net income (%) | | Total remuneration | | As a percentage of net income (%) | |
| | From CHPT | From All Consolidated Entities | From CHPT | From All Consolidated Entities | From CHPT | From All Consolidated Entities | From CHPT | From All Consolidated Entities |
| Director | 8,089 | 8,089 | 24.81 | 24.81 | 10,131 | 10,131 | 1.99 | 1.99 |
| President, and Vice Presidents | 21,340 | 21,340 | 65.46 | 65.46 | 25,245 | 25,245 | 4.95 | 4.95 |
| Total | 29,429 | 29,429 | 90.27 | 90.27 | 35,376 | 35,376 | 6.94 | 6.94 |

(2) Remuneration policies, standards, packages and procedures, and association with future risks and business performance

A.Policies, standards, and packages of remuneration:

Rules concerning the payment of directors' remuneration have been outlined in the Company's Articles of Incorporation. If the Company has profits, it shall set aside not more than 1% as remuneration for the directors, which shall be resolved by the Board of Directors and paid in cash. Individual directors are rewarded by the Board of Directors in

accordance with the Company's "Director Remuneration Policy," based on their involvement in and contribution to the Company's business operations. Independent directors are not included in the Company's annual earnings distribution. The remuneration for the President and Vice Presidents is determined in accordance with the Company's "Senior Manager Remuneration Policy," which specifies various allowances and bonuses. This remuneration is also benchmarked against industry development and peer standards. Additionally, the relevant bonuses are allocated based on the Company's annual operational performance, financial condition, operational status, and individual work performance.

B.Procedures through which remuneration was determined:

In order to regularly evaluate the remuneration of directors and managers, the Company relies on assessment results from the "Board of Directors Self-Assessment of Performance " and the applicable "Rules for Performance Management and Development" applicable to managers and employees. In addition to considering the overall operational performance of the Company, future industry operational risks, and development trends, individual performance achievement rates and contributions to company performance will also be taken into account to provide of reasonable remuneration. The remuneration for directors and managers shall be regularly evaluated and determined by the Company's Remuneration Committee, and submitted to the Board of Directors for approval.

C.Association with business performance and future risks:

In addition to determining directors' remuneration and employees' profit sharing based on operational performance, the remuneration policy for the President and Vice Presidents has a positive correlation with business performance. To motivate senior executives such as Vice Presidents and the President to focus on long-term comprehensive performance and achieve sustainable operation goals, the remuneration structure for senior executives has been enhanced. Building upon the original performance indicators including company operating results, length of service, and position grade points, the company has now added connections between sustainable development strategic objectives and both short-term and long-term incentive remuneration. The Company explicitly states in its "Employee Performance Bonus Policy" and the "Implementation Measures for Employee Profit Sharing" that the principles for performance bonuses and remuneration for senior managers, including Vice Presidents and the President, consider not only the Company's operational results but also the Company's annual sustainable operation outcomes. For details on the evaluation of senior managers' remuneration, please refer to the table below:

| Evaluation items | Indicator explanation |
| --- | --- |
| Performance indicators (90%) | Company operational results: annual revenue achievement rate, company profit achievement rate, profit rate of labor costs, etc. |
| | Results of sustainable business operations: ethical management, green procurement, energy management, water management, waste management, employee rights and interests, customer relationship, supplier management, etc. |
| Other (10%) | Tenure, job title, and point allocation for position level |

Performance assessment and the reasonableness of remuneration both have been reviewed by the Remuneration Committee and the Board of Directors. The remuneration system is reviewed at any time based on actual business conditions and related laws to seek a balance between the Company's sustainable operation and risk control.

## II.Corporate governance:

(I) Functionality of the Board of Directors

A total of 5 meetings (A) were held in the last year (2024). Below are the attendance records:

| Title | Name | Actual attendance (B) | Proxy attendance | Percentage of actual attendance rate (%) (B/A) | Remarks |
|---|---|---|---|---|---|
| Chairman | Representative of Chunghwa Investment Co., Ltd.: Hong-Chan Ma | 5 | - | 100.00 | - |
| Director | Representative of Chunghwa Investment Co., Ltd.: Jung-Kuei Chen | 5 | - | 100.00 | - |
| Director | Shui-Ke Huang | 5 | - | 100.00 | - |
| Director | Representative of Hsiang Fa Co.: Wei-Ning Shen | 4 | 1 | 80.00 | - |
| Independent Director | Wen-Nan Tsan | 1 | - | 100.00 | Resigned 3/11/2024 |
| Independent Director | Chung-Fern Wu | 5 | - | 100.00 | - |
| Independent Director | Huang-Chuan Chiu | 5 | - | 100.00 | - |
| Independent Director | Chih-Cheng Su | 3 | - | 100.00 | New on board 5/30/2024 |

Other remarks:

I. For Board of Directors meetings that meet any of the following descriptions, state the date, session, the discussed agenda, independent directors' opinions, and how the Company has responded to such opinions:
   (I) Conditions described in Article 14-3 of the Securities and Exchange Act: Not applicable as the Company has already established an Audit Committee.
   (II) Any other documented objections or qualified opinions raised by an independent director against a board resolution in relation to matters other than those described above: None.

II. Disclosure regarding the avoidance of agenda items with a conflict of interest: For agenda items that concerned directors' remuneration, each director was required to disassociate from the discussion and voting of performance evaluation and compensation that pertained to their own interests, and have the remaining directors complete the discussion and voting in their absence. Please refer to II (IX)2 “Major Board of Directors meeting resolutions” for the names of concerned directors, the agenda items, the nature of conflicting interests, and the voting process.

III. TWSE/TPEx listed Companies shall disclose information on the Board’s self (or peer) evaluation cycles, evaluation periods, scope, method, and content of evaluation: Please refer to II (I-I) “Status of Board Evaluation”.

IV. Enhancements to the functionality of the Board of Directors in the current and the most recent year (e.g. establishment of an Audit Committee, improvement of information transparency, etc), and the progress of such enhancements: The Company has assigned dedicated personnel to disclose public information online, gather and disclose information relating to the Company, and make sure that any information capable of influencing shareholders' and stakeholders' decisions is disclosed in a timely and adequate manner.

(I-I) Status of the Board Evaluation

| Cycle | Period | Scope | Method | Content |
|---|---|---|---|---|
| Once every three years | Jan. 1, 2024 to Dec. 31, 2024. | Evaluation on the Board | Evaluation by an appointed external professional institution | The company appointed the Taiwan Institute of Ethical Business to handle the external evaluation on the Board. The evaluation items include professional functions, decision-making effectiveness, internal control, sustainable development, etc. |
| Once a year | Jan. 1, 2024 to Dec. 31, 2024. | Including a performance evaluation on the Board, individual Board members, Audit committee and Remuneration committee. | Board member self-evaluation, and | (1)Performance evaluation of the Board of Directors: Includes the degree of participation in the Company's operations, improves the quality of the Board's decision-making, the composition and structure of the Board of Directors, the selection and continuous training of directors, internal control, tec.<br>(2)Performance evaluation of individual directors: Includes the Company's objectives and tasks, Directors' understanding of responsibilities, participation in the Company's operations, internal relationship management and communication, professional and continuous training of directors, internal control, etc.<br>(3)Performance evaluation of the audit committee: the degree of participation in the Company's operation, the functional committee members' understanding in their responsibilities, improves the quality of the functional committee's decision-making, the composition of the functional committee, the selection of members, and internal control.<br>(4)Performance evaluation of the remuneration committee : the degree of participation in the Company's operation, the functional committee members' understanding in their responsibilities, improves the quality of the functional committee's decision-making, the composition of the functional committee. |

(II) Functionality of the Audit Committee

On May 6, 2015, the Company's Board of Directors approved the resolution to assemble an Audit Committee in place of supervisors. The Audit Committee held a total of 4 meetings (A) in the last year (2024), and the attendance records are as follows:

| Title | Name | Actual attendance (B) | Proxy attendance | Actual attendance rate (%) (B/A) | Remarks |
|---|---|---|---|---|---|
| Independent Director | Wen-Nan Tsan | 1 | - | 100.00 | Resigned 3/11/2024 |
| Independent Director | Chung-Fern Wu | 4 | - | 100.00 | - |
| Independent Director | Huang-Chuan Chiu | 4 | - | 100.00 | - |
| Independent Director | Chih-Cheng Su | 2 | - | 100.00 | New on board 5/30/2024 |

Other remarks:

I. For Audit Committee meetings that meet any of the following descriptions, state the date and session of Audit Committee meeting held, the agenda discussed, the contents of the disagreements, reservations, and material recommendations of independent directors, the Audit Committee's resolution, and how the Company has responded to the Audit Committee's opinions:

(I) Conditions described in Article 14-5 of the Securities and Exchange Act:

| Meeting Date | Motions | Resolutions of the Audit Committee Meetings and the Company's response to the Audit Committee's opinions |
|---|---|---|
| The 4rd committee The 4th meeting Feb. 19, 2024 | 2023 Consolidated and Standalone Financial Statements<br>Change of accounting firm and CPA in 2024<br>2023 Declaration of Internal Control System<br>2023 Business Report<br>Distribution of 2023 earnings<br>To revise the "Management of the Procedures for Preparation of Financial Statements"<br>Change of the internal audit officer | Approved by all attending Independent Directors, and was submitted to the Board of Directors Meeting for approval. |
| The 4rd committee The 5th meeting Apr. 29, 2024 | To elect the convener of the Auditing Committee<br>2024 Q1 Consolidated Financial Statements | Chung-Fern Wu was approved and appointed as convener by all attending Independent Directors.<br>Approved by all attending Independent Directors, and was submitted to the Board of Directors Meeting for approval. |
| The 4rd committee The 6th meeting Jul. 30, 2024 | 2024 Q2 Consolidated Financial Statements | Approved by all attending Independent Directors, and was submitted to the Board of Directors Meeting for approval. |
| The 4rd committee The 7th meeting Oct. 29, 2024 | 2024 Q3 Consolidated Financial Statements<br>2025 Audit Plan<br>2024 Risk Management Implementation Report<br>To revise the "Internal Contrl System" and" Enforcement Rules of Internal Audit"<br>To formulated the "Rules of Sustainable information management" | Approved by all attending Independent Directors, and was submitted to the Board of Directors Meeting for approval. |

(II) Other than those described above, any resolutions unapproved by the Audit Committee but passed by more than two-thirds of the directors: None.

II. Avoidance of involvements in agenda items with a conflict of interest by independent directors. State the names of the independent directors, the agenda, the nature of the conflicting interests, and the voting process: None.

III. Communication between Independent Directors and internal/external auditors:

(I) The chief internal auditor regularly communicates with Independent Directors to report audit and tracking results, and report the important business of this Company and subsidiaries to independent directors at the quarterly individual communication and discussion meeting.

Communication between Independent Directors and internal auditors:

| Meeting Date | Information Communicated | Results Communicated |
|---|---|---|
| Feb. 19, 2024 | 2023 Q4 report on operation of the internal audit. | Approved by all attending Independent Directors. |
| Apr. 29, 2024 | 2024 Q1 report on operation of the internal audit. | Approved by all attending Independent Directors. |
| Jul. 30, 2024 | 2024 Q2 report on operation of the internal audit. | Approved by all attending Independent Directors. |
| Oct. 29, 2024 | 2024 Q3 report on operation of the internal audit. | Approved by all attending Independent Directors. |

(II) Certified public accountants joined each Audit Committee meeting as guests and report the audit results and findings of financial statements to independent directors at the quarterly individual communication and discussion meeting.

Communication between Independent Directors and certified public accountants:

| Meeting Date | Information Communicated | Results Communicated |
|---|---|---|
| Feb. 19, 2024 | 1.The CPA explained and discussed the 2023 standalone and consolidated financial reports with the Independent Directors.<br>2.The CPA explains the firm's 2022 audit quality indicators (AQI Report) and discusses with the independent directors. | Approved by all attending Independent Directors. |
| Apr. 29, 2024 | The CPA discussed with the Independent Directors about the 2024 Q1 consolidated financial report. | Approved by all attending Independent Directors. |
| Jul. 30, 2024 | The CPA discussed with the Independent Directors about the 2024 Q2 consolidated financial report. | Approved by all attending Independent Directors. |
| Oct. 29, 2024 | The CPA discussed with the Independent Directors about the 2024 first three quarters consolidated financial report. | Approved by all attending Independent Directors. |

The Company's Audit Committee is established in accordance to Article 14-4 of the Securities and Exchange Act and the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, and comprises of all independent directors. The implementation and focus of Audit Committee as follows:

(i) Adopt or amend internal control systems in accordance to Article 14-1 of the Securities and Exchange Act.

(ii) Assessment of the effectiveness of the internal control system.

(iii) Adopt or amend, pursuant to Article 36-1 of the Securities and Exchange Act, procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees of others.

(iv) Matters relating to the director’s own interests.

(v) A material asset or derivatives transaction.

(vi) A material monetary loan, endorsement, or provision of guarantee.

(vii) The offering, issuance, or private placement of any equity-type securities.

(viii) The hiring or dismissal of a CPA, or the compensation given thereto.

(ix) The appointment or discharge of a financial, accounting, or internal auditing supervisor.

(x) Annual financial report and quarter financial reports.

(xi) Accept reporting cases based on the matters listed in this article.

(xii) Any other material matter so required by the Company or relevant authorities.

**• Review financial reports**

The Board of Directors prepared the 2023 business report, financial statements, and earnings distribution proposals, among which the financial statements have been verified by Deloitte & Touche, and a verification report has been issued. The above-mentioned business report, financial statement and earnings distribution proposal have been reviewed by the Audit Committee, which found no discrepancies .

**• Assess the effectiveness of the internal control system**

The Audit Committee evaluated the effectiveness of the Company's internal control system policies and procedures (including financial, operational, risk management, information security, outsourcing, legal compliance and other control measures), and reviewed the Company's audit department, certified public accountants, and management's regular reports, including risk management and compliance. In regards to the internal control system-integrated structure of internal controls issued by The Committee of Sponsoring Organizations of the Treadway Commission (COSO), the Audit Committee deems the Company's risk management and internal control systems to be effective, having adopted necessary control mechanisms to monitor and correct violations.

**• Appointment of Certified Public Accountants**

To ensure the independence of the certified public accounting firm, the Audit Committee develops an independent evaluation form that refers to Article 47 of the Accountants Act and the Bulletin of the Professional Ethics of Accountants No. 10, "Integrity, impartiality, objectivity, and independence." The form assesses the independence of accountants, professionalism and competence, related parties, and mutual business or financial interests, in addition to other projects. On February 19, 2024, the Audit Committee and Board of Directors, reviewed and approved PricewaterhouseCoopers Certified Public Accountants Chien-Yu Liu and Tien-Yi Li, both of whom met the independence and competence assessment standards.

(III) Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies

| Assessment criteria | Actual governance | | | Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| I. Has the Company established and disclosed its corporate governance principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?" | ✓ | | The Company established a "Corporate Governance Code of Conduct" based on the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" during the Board of Directors meeting dated February 6, 2015. The principles were later acknowledged during the 2015 annual general meeting, and last amendment was made on February 9, 2022, and disclosed on the Company's website. | No deviation was found |
| II. Shareholding structure and shareholders' interests | ✓ | | | No deviation was found |
| (I) Has the Company implemented a set of internal procedures to handle shareholders' suggestions, queries, disputes, and litigations? | | | The Company has dedicated personnel available to handle shareholders' recommendations and disputes, and has disclosed their contact methods on the Company's website. | |
| (II) Is the Company constantly informed of the identities of its major shareholders and the ultimate controller? | | | The Company has complied with Article 25 of the Securities and Exchange Act by reporting any changes in the shareholding of insiders (directors, supervisors, managers, and shareholders with more than 10% ownership interest) to the Market Observation Post System as instructed by the Securities and Futures Bureau on a monthly basis. The Company establishes the identity of its major shareholders and the ultimate controllers based on the shareholder registry provided by the agency for stock affairs during the book closure period. | |
| (III) Has the Company established and implemented risk management practices and firewalls for companies it is affiliated with? | | | The Company's internal control system covers all levels of risk management and operation within the organization. The Company also has a "Subsidiary Supervision and Management Policy" and "Related Party and Group Affiliate Transaction Management Policy" in place to supervise and manage the risks between the subsidiaries and affiliated businesses. | |

| Assessment criteria | Actual governance | | | Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| (IV)Has the Company established internal policies that prevent insiders from trading securities against non-public information? | | | The Company has established an "Insider Transaction Prevention Policy" as a means to avoid and prevent insider transactions by persons in possession of insider information, whether intentionally or due to unfamiliarity with laws. All insiders have been informed to comply strictly with the policy. | |
| III. Assembly and obligations of the Board of Directors<br>(I) Has the board devised the diversity policies, specific management objectives and implementation? | ✓ | | The Company has specified in the "Director Election Policy" and "Corporate Governance Code of Conduct" that all members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities:<br>I. Ability to make operational judgments.<br>II. Accounting and financial analysis.<br>III. Business administration.<br>IV. Crisis management.<br>V. Industry knowledge.<br>VI. Vision of the global market.<br>VII. Leadership.<br>VIII. Decision making.<br>The current Board of Directors, as a whole, possesses a professional background in business administration, finance, accounting, law, and the semiconductor industry. There are currently 7 seats for directors, among which are 1 female director, accounting for 14% of the total seats. The Company has achieved the goal of having at least 1 female director. The number of Independent Directors accounts for 43% of all directors, and 3 seats of the Independent Directors have tenures shorter than 9 | No deviation was found |

| Assessment criteria | Actual governance | | | Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| (II) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee? | | | years. 43% of all directors, and 3 seats of the Independent Directors have tenures shorter than 9 years. 14% of the Company's directors concurrently hold a position as an employee. Our objective is to have Directors with at least one seat shall have accounting or financial expertise; and directors concurrently serving as company officers not exceed one-third of the total number of the board members; and have at least 1 seat with a female director. The Company's implementation of the board diversity policy please refer to I (I) 5. (1) "Diversity of Board of Directors".<br>In addition to establishing the Remuneration Committee and the Audit Committee as required by law, the Company resolved to establish the "Sustainability Development Committee" at the Board meeting on February 11, 2025. Its responsibilities include monitoring and tracking the Company's sustainable development planning and execution results, and when necessary, reporting to the Board of Directors for resolutions to achieve the Company's sustainability development goals. The Sustainable Development Committee currently consists of five directors, including three independent directors. The names of the directors are Hong-Chan Ma (Chairman), Shui-Ke Huang, Chung-Fern Wu, Huang-Chuan Chiu, and Chih-Cheng Su. For information regarding the professional qualifications of each director, please refer to I (I) 4 (1) "Professional Qualifications of Directors and Independency of Independent Directors" and 5. (1) "Diversity of Board of Directors".<br>As of the publication date in 2025, one meeting has been convened, with all committee members attending in person, with a 100% attendance rate. | |

| Assessment criteria | Actual governance | | | Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| (III)Does the Company establish a standard to measure the performance of the board, submit the results of performance assessments to the Board of Directors, and use them as a reference in determining the compensation for individual directors, their nomination, and additional office term?<br>(IV)Is certified public accountants' independence assessed on a regular basis? | | | On November 5, 2019, the Company's Board of Directors formulated the "Board of Directors Self-Assessment of Performance", the last amendment was made on October 27, 2021. Internal and external assessments shall be performed once a year and once every three years respectively. The 2024 Board performance evaluation was appointed the Taiwan Institute of Ethical Business to handle the external evaluation on the Board, and the 2024 Board performance evaluation was submitted the results of the 2024 annual performance evaluation to the Board on February 11, 2025. The evaluation results will be used as a reference basis for remuneration and nomination.<br>1.The Company regularly evaluates the independence of the CPA every year and obtains a declaration of independence issued by the CPA. After evaluation, the Company's CPA meets the Company's independence assessment standards and is qualified to serve as the Company's CPA. The description of the independent assessment items between the accountants and the Company is as follows:<br>(1). Whether the CPAs hold direct or indirect financial interest of great significance to the Company.<br>(2). Whether the CPAs have an extensive and significant commercial relationship with the Company.<br>(3). Whether CPAs currently or previously had assumed a role as the Company's director, manager, or any position that might have significantly affected the audit in the last two (2) years.<br>(4). Whether the CPAs or the audit service team are related to the Company's directors, managers, or any person of significance to the audit case.<br>(5). Whether the CPAs non-audit services to the Company may directly affect key parts of the audit case.<br>(6). Whether the CPAs receive gifts of significant value from the Company or its | |

| Assessment criteria | Actual governance | | | Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| | | | directors, managers, or shareholders.<br>2.The audit quality of accounting firms and audit teams is evaluated based on the Audit Quality Indicators (AQIs) obtained from accounting firms. This evaluation is conducted using five dimensions and thirteen indicators, which include professionalism, independence, quality control, supervision, and innovation capability. The evaluation follows the guidelines for interpreting the AQIs issued by the regulatory authority. On February 11, 2025, the CPA provided an explanation of the different indicators of AQI to the Audit Committee. The Company did not identify any circumstances that could compromise the independence and suitability of the CPAs for signing.Assessment results of the last two (2) years were reported to the Board of Directors on February 19, 2024 and February 11, 2025, respectively. | |
| IV. Where the Company is a TWSE/TPEx listed company, has the Company had an adequate number of corporate governance personnel with appropriate qualifications and appointed a chief corporate governance officer that specializes (or is involved) in corporate governance affairs (including but not limited to providing directors/supervisors with information needed to perform their duties, assisting Directors and Supervisors in law | ✓ | | At the meeting on April 28, 2022, the Board resolved that 2024 Board performance evaluation Vice President Yi-Ping Hsu will be the Company's corporate governance officer. The corporate governance officer and governance personnel handle affairs relating to corporate governance. In addition to handling matters relating to Board Meetings and Shareholders' Meetings and prepare the minutes of such meetings, the corporate governance officer and governance personnel also handle matters requested by directors, assist directors in taking up their office and receiving continuing education, ensure that the Board Meeting agenda and all applicable laws and regulations are followed, and report to the Board if the eligibility of independent directors companies with the law during nomination, selection, and the office.<br>In 2024 the corporate governance officer completed 12 hours of continuing education, complying with the requirement for 12 hours of continuing education each | No deviation was found |

| Assessment criteria | Actual governance | | | Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| compliance, convention of board meetings and shareholders meetings, preparation of board meetings and shareholders meeting minutes, etc)? | | | year. Please refer to Tables II (III-II) ”Managers' education – 2024” for the information regarding continuing education. | |
| V. Has the Company provided proper communication channels and created dedicated sections on its website to address corporate social responsibility issues that are of significant concern to stakeholders (including but not limited to shareholders, employees, customers and suppliers)? | ✓ | | The Company has created a dedicated section on its website, and has proper communication channels in place with banks, customers, suppliers, investors and medias. The Unit of Finance, Sales and Procurement, and Office of the President all have dedicated personnel available to respond and communicate with stakeholders. The Company also has a spokesperson policy to address the public. | No deviation was found |
| VI. Does the Company engage a agency for stock affairs to handle shareholders meeting affairs? | ✓ | | The Company has commissioned the Stock-Affairs Agency Department, Taishin Securities Co.,Ltd., to handle shareholders meeting-related affairs. | No deviation was found |
| VII. Information disclosure<br>(I) Has the Company established a website that discloses its financial, business, and corporate governance-related information?<br>(II) Has the Company adopted other means to disclose information (e.g. an English language website, assignment of dedicated personnel to collect and disclose corporate information, | ✓ | | The Company has set up an official website to disclose financial, business, and corporate governance-related information on a regular basis. The Company discloses mandatory information publicly via the Market Observation Post System.<br>1. The Company's website is available in English.<br>2. The Company's Finance Unit has dedicated personnel responsible for gathering and disclosing information, and the system is functioning properly.<br>3.The Company has a spokesperson and deputy spokesperson available to communicate with the public and address matters concerning information disclosure. | No deviation was found |

| Assessment criteria | Actual governance | | | Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| implementation of a spokesperson system, broadcasting of investor conferences via the Company website)?<br>(III) Does the Company announce and report the annual financial report within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial reports and operating performance of each month before the prescribed deadline? | | | 4. The Company announces and reports the annual financial report within two months after the end of the fiscal year, and announces and reports the first, second, and third quarter financial reports and operating performance of each month according to the prescribed deadline. | |
| VIII. Does the Company have other information that enables a better understanding of the Company's corporate governance practices (including, but not limited to, employee rights, employee care, investor relations, supplier relations, stakeholders' interests, continuing education of directors/supervisors, implementation of risk management policies and risk measurements, implementation of customer policy, and insuring against liabilities for company directors and supervisors)? | ✓ | | 1. Employees' rights: The Company protects employees' rights according to the Labor Standards Act and personnel policies. Labor-management meetings are convened on a regular basis to maintain employment relations.<br>2. Employee care: The Company arranges group insurance, regular health checkups, and training programs to cater to employees' mental health, physical health, and learning progress.<br>3. Investor relations and stakeholders' interests: The Company makes truthful disclosure of information in compliance with laws, and is dedicated to protecting investors' and stakeholders' interests and fulfilling its duties to shareholders.<br>4. Supplier relations: The Company maintains a sound relationship with suppliers, and conducts inspections to ensure the quality of supplies occasionally.<br>5. Directors' education: All of the Company's Directors possess professional backgrounds and practical management experience. They attend corporate governance training on a regular basis, and the progress of their training is | No deviation was found |

| Assessment criteria | Actual governance | | | Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| | | | disclosed in Tables II (III-I) ”Directors' education – 2024” and (III-II) ”Managers' education – 2024”.<br>6. Risk management policies and risk assessment standards: The Company's internal control system and key business policies have been implemented with the resolution of the Board of Directors or shareholders.<br>7. Execution of customer policy: The Company adheres strictly to the terms of the contracts it signs with customers, and strives to deliver quality service in the customers' best interest.<br>8. The D&O insurance: The Company has purchased insurance to cover liabilities that may arise as a result of services rendered by Directors, Independent Directors and key officers. These insurance policies exist to reduce and diversify the risk of significant losses to the Company and shareholders caused by human errors and negligence. | |
| IX. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by TWSE Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified: The Company ranked in the top 5% of TPEx listed companies in 2023. Improvements made in 2024 included the shareholders' meeting will be held as a visual communication assisted shareholders meeting and will be held in advance before the end of May, enhance the disclosure of information related to finance, business, and corporate governance on the corporate website, and making continual quality improvement of corporate governance to enhance corporate competitiveness. | | | | |

(III-I) Directors' education – 2024

| Title | Name | Organizer | Course name | Training hours |
|---|---|---|---|---|
| Chairman | Representative of Chunghwa Investment Co., Ltd.: Hong-Chan Ma | Taiwan Corporate Governance Association | Sustainable and Intelligent Healthcare | 3 |
| | | Securities and Futures Institute | Analysis of Trade Secret Law and Corporate Anti-Corruption Case Investigations | 3 |
| | | Industrial Technology Research Institute | Opportunities and Challenges of Generative AI | 3 |
| | | Securities and Futures Institute | Digital Transformation in the New Normal | 3 |
| Director | Shui-Ke Huang | Securities and Futures Institute | Analysis of Trade Secret Law and Corporate Anti-Corruption Case Investigations | 3 |
| | | Securities and Futures Institute | Digital Transformation in the New Normal | 3 |
| Director | Representative of Chunghwa Investment Co., Ltd.: Jung-Kuei Chen | Taiwan Corporate Governance Association | Sustainable and Intelligent Healthcare | 3 |
| | | Securities and Futures Institute | Analysis of Trade Secret Law and Corporate Anti-Corruption Case Investigations | 3 |
| | | Industrial Technology Research Institute | Opportunities and Challenges of Generative AI | 3 |
| | | Securities and Futures Institute | Digital Transformation in the New Normal | 3 |
| Director | Representative of Hsiang Fa Co.: Wei-Ning Shen | Securities and Futures Institute | Digital Transformation in the New Normal | 3 |
| | | Independent Director Association Taiwan | Corporate Governance and Securities Regulation | 3 |

| Title | Name | Organizer | Course name | Training hours |
|---|---|---|---|---|
| Independent Director | Chung-Fern Wu | Securities and Futures Institute | Analysis of Trade Secret Law and Corporate Anti-Corruption Case Investigations | 3 |
| | | Taiwan Corporate Governance Association | New Era of Artificial Intelligence: ChatGPT Chatbots Revolutionizes Industry Trends | 3 |
| | | Independent Director Association Taiwan | Latest Developments and Trends in Sustainable Governance Issues and Responsibilities of Directors and Supervisors | 3 |
| | | Securities and Futures Institute | Digital Transformation in the New Normal | 3 |
| | | Taiwan Institute of Directors | Steering the Course of Business Intelligence: Leading Forward with Corporate Governance | 3 |
| Independent Director | Huang-Chuan Chiu | Securities and Futures Institute | Analysis of Trade Secret Law and Corporate Anti-Corruption Case Investigations | 3 |
| | | Securities and Futures Institute | Digital Transformation in the New Normal | 3 |
| Independent Director | Chih-Cheng Su | Securities and Futures Institute | Analysis of Trade Secret Law and Corporate Anti-Corruption Case Investigations | 3 |
| | | Taipei Exchange | Al Strategy and Governance Seminar | 3 |
| | | Taipei Foundation Of Finance | Corporate Governance - International Financial Reporting Standards (IFRS) IFRS S1 and IFRS S2 | 2 |

(III-II) Managers' education - 2024

| Title | Name | Organizer | Course name | Training hours |
|---|---|---|---|---|
| Vice President | Yi-Ping Hsu | Accounting Research and Development Foundation | Ongoing Education for Securities Issuers, Securities Firms, and the TWSE Chief Accounting Officer | 12 |
| Corporate Governance Officer | Yi-Ping Hsu | Chinese National Association of Industry and Commerce | 2024 Taishin Net Zero Summit | 3 |
| | | Taipei Exchange | Seminar on Insider Shareholding Advocacy for TPEx-listed and Emerging Stock Companies | 3 |
| | | Securities and Futures Institute | Analysis of Trade Secret Law and Corporate Anti-Corruption Case Investigations | 3 |
| | | Securities and Futures Institute | Digital Transformation in the New Normal | 3 |

(IV) Composition, responsibilities, and functionality of the Remuneration Committee:

1. Information of Remuneration Committee members

| Title | Qualifications / Name | Professional Qualifications and Experience | Status of Independency | Number of positions as an independent director in other public companies |
|---|---|---|---|---|
| Independent Director (Convener) | Chung-Fern Wu | Please refer to I (I) 4. Professional Qualifications of Directors and Independency of Independent Directors | | 2 |
| Independent Director | Huang-Chuan Chiu | | | 3 |
| Independent Director | Chih-Cheng Su | | | 1 |

2. Functionality of the Remuneration Committee:

(1) The Company's Remuneration Committee consists of 3 members.

(2) Duration of service of the current board: from June 7, 2023 to June 6, 2026. The Remuneration Committee held 4 meetings (A) in 2024. Details of the members' eligibility and attendance are as follows:

| Title | Name | Actual attendance (B) | Proxy attendance | Percentage of actual attendance rate (%) (B/A) | Remarks |
|---|---|---|---|---|---|
| Convener | Wen-Nan Tsan | 1 | - | 100.00 | Resigned 3/11/2024 |
| Convener | Chung-Fern Wu | 4 | - | 100.00 | |
| Member | Huang-Chuan Chiu | 4 | - | 100.00 | - |
| Member | Chih-Cheng Su | 2 | - | 100.00 | New on board 5/30/2024 |

Other remarks:

I. In the event where the Remuneration Committee's proposal is rejected or amended in a Board of Directors meeting, please describe the date and session of the meeting, details of the agenda, the board's resolution, and how the Company had handled the Remuneration Committee's proposals (describe the differences and reasons, if any, should the Board of Directors approve a solution that was more favorable than the one proposed by the Remuneration Committee): None.

II. Should any member object or express qualified opinions to the resolution made by the Remuneration Committee, whether on-record or in writing, please describe the date and session of the meeting, details of the agenda, the entire members' opinions, and how their opinions were addressed: None.

III. Discussion and resolution of the Remuneration Committee:

| Meeting Date | Motion | Resolution | The Company's response to the Remuneration Committee's opinions |
|---|---|---|---|
| The 4 th committee The 2nd meeting Feb 19, 2024 | 1.Distribution of the 2023 employees' profit sharing and directors' remunerationn.<br>2.To revise the "Implementation Measures for Employee profit sharing"<br>3. Managers' entitlement to 2023 managers' profit sharing.<br>4. 2023 Second half managers' performance bonus | Approved by all attending Independent Directors. | Employees' profit sharing and directors' remuneratio, to revise "Implementation Measures for Employee Profit Sharing", managers' profit sharing ,and managers' performance bonus were proposed at the Board of Directors Meeting for approval. |

| | | | | |
|---|---|---|---|---|
| | The 4 th committee The 3rd meeting May 30, 2024 | Appointment of convener of the Remuneration Committee. | Chung-Fern Wu was approved and appointed as convener by all attending Independent Directors. | Approved Chung-Fern Wu as convener of the Remuneration Committee. |
| | The 4 th committee The 4th meeting Jul. 30, 2024 | 2024 First half managers' performance bonus | Approved by all attending Independent Directors. | 2024 First half managers' performance bonus were proposed at the Board of Directors Meeting for approval. |
| | The 4rd committee The 5th meeting Oct. 29, 2024 | Proposal for Promotion of Manager | Approved by all attending Independent Directors. | Promotion of Manager were proposed at the Board of Directors Meeting for approval. |

3. Responsibilities of the Remuneration Committee are to assist the Board of Directors in regular assessment of directors' and managers' compensation, and to regularly review the performance targets outlined for directors and managers, and the policies, systems, standards, and structures of their remuneration.

(IV- I) If a nomination committee is established, disclose its organization and operation: Not Applicable.

(V) Promoting sustainable development implementation, and the causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies:

| Promote item | Implementation status | | | Deviation and the causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| I. Does the company have established a governance structure to promote Sustainable Development and set up a unit that specializes (or is involved) in Sustainable Development practices? Is the Sustainable Development unit run by senior management and does it report its progress to the Board of Directors? | ✓ | | On February 11, 2025, the Board of Directors of the Company resolved to establish a Sustainable Development Committee under its jurisdiction, serving as the highest governance unit for sustainable development. The committee will be composed of five directors, including three independent directors. The Sustainable Development Committee convenes at least once a year to monitor and track the Company's sustainable development planning and execution results. If necessary, it submits resolutions to the Board of Directors, and the management team is held accountable for driving these initiatives.<br>To deepen the promotion of sustainability topics, fulfill corporate social responsibility, and strengthen corporate governance, the Company's management team has established a Sustainable Development Implementation Committee. The Chairman chairs the committee, while the President serves as the vice-chairperson. The committee is divided four divisions focusing on Environment (E), Social (S1, S2), and Governance (G), with representatives from each unit forming implementation teams. The committee proposes sustainable development visions, policies, and management guidelines, and has tasked the implementation teams with the responsibility of advancing various sustainable development initiatives.<br>The achievements of implementation and the annual strategies and targets of the next year are reported to the Board twice a year.The | No deviation was found |

| Promote item | Implementation status | | | Deviation and the causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| | | | Board gives advice to the annual strategies and targets and urges the Company to implement such strategies as necessary to ensure that the strategies for sustainable development are fully implemented in operational activities. | |
| II. Does the Company conduct risk assessments of environmental, social, and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? | ✓ | | The data disclosed covers the performance of sustainable development in major locations in 2024. The boundary of risk assessment includes the Company and its domestic and foreign subsidiaries.<br>After combining the internal and external issues that directly or indirectly affect business operations during the period of operation and the needs and expectations of various stakeholder groups, the Company identified material topics with greater impact on CHPT sustainable development to perform risk assessment against ESG in relation to its business operations in order to establish the relevant risk management policies. Please refer to II (V- I) “Risk assessment and risk management strategy for material issues” for the risk assessment and risk management strategies for material issues. | No deviation was found |
| III. Environmental issues<br>(I) Has the Company developed an appropriate environmental management system, given its distinctive characteristics? | ✓ | | (I)The Company has established the management processes related to environmental protection in accordance with the domestic environmental protection laws and regulations, ISO 14001 environmental management system, and the relevant demands of internal/external stakeholders. These processes have also passed the third-party verification.<br>Management system certification: | No deviation was found |

<table>
<tr><th rowspan="2">Promote item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviation and the causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td>(II) Is the Company committed to improving energy efficiency and using renewable materials that produce less impact on the environment?</td><td>✓</td><td></td><td>ISO14001 Environmental Management System certification (Valid until 7/18/2025)<br>ISO45001 Occupational Safety and Health Management System certification (Valid until 7/18/2025)<br>ISO14064-1 Greenhouse Gas Verification (Passed on 5/16/2024)<br>(II)Apart from actively implementing various energy conservation measures and energy management programs, the Company has selected energy-efficient and energy-efficient-designed equipment to reduce the energy consumption by the Company and its products. In the future, the Company will purchase renewable generator to enhance the rate of renewable use year after year to reduce purchased electricity use. The Comapny has also set electricity reduction rate at 1% each year to effectively enhance energy efficiency.<br>◎Annual Electricity Conservation Statistics：
<table>
<tr><th>Year<br>Electricity saved</th><th></th><th>2022</th><th>2023</th><th>2024</th></tr>
<tr><td colspan="2">Total electricity conservation (kWh)</td><td>484,511.8</td><td>982,227.36</td><td>820,718.55</td></tr>
<tr><td rowspan="2">electricity reduction rate (%)</td><td>Plant 1</td><td>2.10%</td><td>3.89%</td><td>3.47%</td></tr>
<tr><td>Headquaters</td><td>0.63%</td><td>2.01%</td><td>1.27%</td></tr>
</table>
Coverage:Taiwan Taoyuan plants area.<br>Note:The statistics of 2024 have not yet been verified by an external third-party.<br>The Company actively implement “green procurement”. In general</td><td></td></tr>
</table>

<table>
<tr><th rowspan="2">Promote item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviation and the causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td>(III) Does the Company assess the potential risks and possibilities of climate changes to the Company now and in the future, and take measures to respond to climate-related</td><td>✓</td><td></td><td>supplies, CHPT prioritizes the purchase of energy-efficient and Green Mark products for hardware and computers, communication products, and consumer electronics. In 2024 green procurement was 54.5%. Furthermore, it has received the prestigious Taoyuan City Green Procurement Excellence Award for three consecutive years.<br>◎Green Procurement Statistics:<br><table><tr><td>Year</td><td>2022</td><td>2023</td><td>2024</td></tr><tr><td>Percentage</td><td>56.9%</td><td>69.6%</td><td>54.5%</td></tr><tr><td>Increase/decrease ratio %</td><td>19%</td><td>31.7%</td><td>16.1%</td></tr></table>Note:The green procurement in the table above is calculated based on a percentage of 37.9% for the year 2020.<br>In raw materials, apart from implementing hazardous substance management including RoHS and halogen-free substances, the Company actively research and develop restricted-substance-free raw materials. In 2022, the Company introduced the SCM supplier basic data management platform to check the hazardous substances when selecting new suppliers or materials. The Company also collect and manage the data of hazardous substances to lower the environmental impact from production activities.<br>(III)Apart from establishing an environmental management system appropriate to the characteristics of the semiconductor industry, the Company has also established counteractions including energy conservation programs, Greenhouse Gas (GHG) emission</td><td></td></tr>
</table>

| Promote item | Implementation status | | | Deviation and the causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| issues? | | | reduction, water recycling, and waste reduction based on the present and future potential risks and opportunities from climate change. | |
| (IV) Does the Company record its greenhouse gas emissions, water consumption, and total weight of waste produced in the past two years, and formulate policies on energy conservation and carbon reduction, greenhouse gas reduction, water consumption, or other waste management? | ✓ | | (IV)The company has currently formulated policies for energy conservation, carbon reduction, water conservation, waste reduction, and greenhouse gas reduction. By implementing measures to conserve energy and reduce carbon emissions, improving energy efficiency, promoting a circular economy, and advocating for sustainability, the Company is responding to the global low-carbon transition and fulfilling its environmental protection responsibilities. It collaborates with internal and external stakeholders to plan carbon reduction strategies and plans. The Company aims to achieve zero carbon growth before 2027, using 2022 as the base year, and align with international carbon reduction trends.<br>1. Energy management<br>※ Energy-saving and carbon reduction measures:<br>(1)Drawstrings for lighting fixtures to facilitate turning off after use.<br>(2)Business process digitization including e-document approval system, e-procurement system, and e-bulletin board.<br>(3)Air conditioning energy consumption improvement plan:<br>A. The air conditioning in public areas is set to a temperature of 25℃ or higher, and glass curtains are | |

| Promote item | Implementation status | | | Deviation and the causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| | | | installed to effectively reduce energy consumption from air conditioning.<br>B. Adjust the air supply method according to the nature of operations in the process area to reduce air conditioning waste and improve operating efficiency.<br>(4)Factory equipment improvement plan:<br>A. Integrate the cooling water system of process equipment to optimize and adjust operating conditions, improve equipment efficiency, and reduce equipment idling energy consumption.<br>B. The equipment of the air-conditioning ice and water system has been improved, and an energy-saving ice and water main unit has been added, supplemented by adjustments to equipment operating conditions to improve equipment efficiency.<br>(5)Standby operation optimization plan for production equipment: This plan aims to optimize the operation of production equipment by linking equipment start/stop with production conditions, adjusting the standby operation status of equipment, and reducing energy consumption.<br>2. Greenhouse Gas (GHG) management<br>Since 2022, our company has implemented the ISO 14064-1 Greenhouse Gas Inventory Management System. According to the statistics, the primary source of emissions is purchased | |

<table>
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<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>electricity, accounting for over 60% of the total emissions. The next significant sources include emissions from the use of products within the organization, process emissions, and fugitive emissions.<br>◎The table below shows the Company’s GHG emissions：<br>Unit: Ton CO2e
<table>
<tr><th>Year</th><th>2022</th><th>2023</th><th>2024</th></tr>
<tr><td>Scope 1</td><td>4,052.6793</td><td>1,890.4375</td><td>1,671.8104</td></tr>
<tr><td>Scope 2</td><td>15,322.2485</td><td>14,695.3848</td><td>14,747.3499</td></tr>
<tr><td>Scope 3</td><td>5,455.0169</td><td>4,858.4878</td><td>4,864.2233</td></tr>
</table>
Note1:inventory boundary: Including operating locations in Taiwan (excluding NavCore Tech).<br>Note2: The statistics of 2024 have not yet been verified by an external third-party.<br>3. Water consumption management<br>The Compnay is committed to the effective use of water with various improvement plans. Through reduction at the source, reclamation and recycling, and reuse, the Compnay continuously reduce water consumption. Alongside with consumption monitoring, the Compnay ensure consumption stability and timely handling of anomalies. Since the Company started water management in 2016, the rate of wastewater recycling and reuse increased every year. Furthermore, we have successfully achieved a 50% wastewater recycling rate for three</td><td></td></tr>
</table>

<table>
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<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>consecutive years.The Compnay re-set the goal of maintaining the wastewater recycling from 50% to 58% a year for 2025-2027.<br>◎Water Consumption Statistics Unit: tons
<table>
<tr><th>Year</th><th>2022</th><th>2023</th><th>2024</th></tr>
<tr><td>Water comsupmtion</td><td>179,135</td><td>165,803</td><td>175,442</td></tr>
<tr><td>Amount of recycled water</td><td>115,139</td><td>93,182</td><td>110,116</td></tr>
<tr><td>Water recycling rate</td><td>64.27%</td><td>56.20%</td><td>62.76%</td></tr>
</table>
Coverage:Taiwan Taoyuan plant 1.<br>Note: The statistics of 2024 have not yet been verified by an external third-party.<br>※Waster conservation measures: Water recycling and reuse plans<br>(1)In-process water recycling: After installing the in-process water recycling system in 2016, the Compnay also continuously adjust the system to the optimal operation condition. Graded management is applied to process wastewater. Lowly polluted wastewater is recycled into water for use by level 1 processes and secondary systems respectively.<br>(2)Pure Water System: The wastewater from the pure water system is collected and treated using the ROR system to purify it into primary process water of RO grade. The purified water is then reintroduced into the process for reuse, while the</td><td></td></tr>
</table>

| Promote item | Implementation status | | | Deviation and the causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| | | | concentrated wastewater is utilized as secondary system water.<br>(3)Cooling water system: Wastewater from the cooling system is recycled for use by level 3 systems and secondary domestic water.<br>(4)Enhancement of Vegetation Irrigation System: The green belt watering system in the factory area prioritizes the use of recycled rainwater to reduce the use of municipal water.<br>4.Waste management<br>Waste generated from operational activities are disposed of by law. Apart from reduction at the source and seeking alternative materials to reduce waste production, the Compnay also follow the circular economy model to recycle waste for reuse. The Compnay continuously reduce pollutant production and optimize waste treatment to replace traditional outsourced transportation and disposal to effectively achieve waste to resources, reduce waste transportation, and fulfill Corporate Social Responsibility. The Compnay will maintain waste recycling at 65% for 2025-2027. | |

<table>
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<tr><td></td><td></td><td></td><td></td></tr>
</table>

Unit: tons

| Year | | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| Domestic Waste | Incineration | 140.154 | 122.871 | 102.591 |
| | Recycle | 83.58 | 51.99 | 46.3 |
| General Industrial Waste | Incineration | 57.62 | 63.33 | 61.91 |
| | Regenerate | 57.24 | 37.178 | 31.613 |
| | Reuse | 6.21 | 6.92 | 4.29 |
| | Auxiliary Fuel | 26.05 | 20.56 | 16.59 |
| Hazardous Industrial Waste | Incineration | 4.28 | 6.92 | 9.88 |
| | Regenerate | 37.2552 | 190.979 | 190.322 |
| | Reuse | 419.97 | 286.731 | 261.675 |
| Total | | 832.3592 | 787.479 | 725.171 |
| Recycling Rate% | | 75.72% | 75.47% | 75.95% |

Note: The statistics of 2024 have not yet been verified by an external third-party.

※Waste reduction measures

(1)Optimization of waste liquid treatment: After reducing pollutant intensity through the pre-processing system, high-concentration wastewater is transported to the post-processing system and mixed with low-concentration wastewater before wastewater treatment to meet the standard of transporting to the sewerage system for discharge.

(2)Copper Waste Recycling Plan: We aim to optimize the treatment method for copper waste and implement a circular regeneration approach to reintroduce it into other industries.

(3)Urea Board Reuse Plan: Reusing the existing incineration

| Promote item | Implementation status | | | Deviation and the causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| | | | waste (urea board) as auxiliary fuel for other industries and then putting it into the value chain can reduce carbon emissions by about 20 metric tons of $CO_2e$/year.<br>(4)The Copper Metal Recycling Program was established in 2019 with the aim of electrochemically reducing high-copper waste solution and producing copper metal in the process. The remaining low-concentration waste acid is processed by the plant's wastewater treatment system, significantly reducing wastewater sludge generation and increasing the recycling rate of waste resources. | |
| IV. Social Issues<br>(I) Has the Company developed its policies and procedures in accordance with the laws and International Bill of Human Rights? | ✓ | | (I) Apart from abiding by the local laws and regulations of the worldwide operational sites and the international conventions relating to human rights, with reference to the Tripartite Declaration of Principles of the International Labor Organization, Universal Declaration of Human Rights, and United Nations Global Compact, the Company establish CHPT Human Right Policy to continuously create a friendly, equal, and democratic workplace environment for employees to work and grow happily. The Company also advocate gender equality; respect freedom of association; care for vulnerable groups, ban child labor; eliminate all forms of forced labor, discrimination, and workplace bullying; ensure equal opportunity of employment; and hold labor-management meeting regularly to promote labor-management | No deviation was found |

| Promote item | Implementation status | | | Deviation and the causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| | | | communication and harmony.<br>The Company continuously pay attention to and organize education and training relating to human rights protection. Apart from facilitating employees to understand and get aware of the relevant concepts of human rights, the Company also aim to enhance their legal compliance so as to reduce the likelihood of relevant risks. For example, the Company organize orientation education and training and sexual harassment prevention course for new employees and establish the workplace bullying prevention mechanism. Additionally, to proect the workplace safety of employees, the Company arrange occupational safety courses to protect their workplace safety. These education and training courses include fire safety, emergency response, first responder, general safety and health, plant safety, and supervisor safety.<br>For persons of different status, including general employees, indigenous peoples, persons with disabilities, pregnant and breastfeeding employees, contractors, and the client's employees, apart from communicating and assessing various human rights issues through multiple exclusive channels, the Company also established relevant mitigation measures to reduce human rights risk. For example, in gender equality, in addition to establishing the Regulations for Prevention of Sexual Harassment in accordance with the Labor Standards Act to prevent and address gender equality issues, the Company also create and optimize a | |

| Promote item | Implementation status | | | Deviation and the causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| (II)Does the Company formulate and implement reasonable employee benefit measures (including remuneration, vacation and other benefits, etc), and appropriately reflect the results of operating performance in employees' profit sharing? | ✓ | | women-friendly workplace environment, such as the breastfeeding (lactation) room and pregnancy parking space, and plan and implement a maternity protection program.<br>(II) The Company has established and implement reasonable employee benefits (including salary, leave, and other benefits) and appropriately reflect operational performance or outcomes to employee remunerations.<br>Upholding the principle of co-engagement with sustainable operations and profit sharing with employees, the Company fairly share profit with employees to create a win-win virtuous circle. Employee renumeration includes the monthly salary, bonus issued to employees every six months based on the achievement in operational targets, and the employee reward issued based on the Company's operational outcomes. Employee bonus and reward will be distributed after the Board's approval of the distribution method of proposed by the Remuneration Committee. The amount of employee bonus and reward will be determined based on the duty, contribution, and performance of respective employees. Salaries paid to employees comply with the relevant laws and regulations, including the basic wage, overtime pay, and statutory benefits. Our overtime pay is even better than the regulatory requirements. The Company values same pay for the same job and hold personnel evaluation meeting regularly to review and continuously optimize the relevant human resources policies, such as the remuneration policy, to ensure internal equality and external | |

| Promote item | Implementation status | | | Deviation and the causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies |
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| | Yes | No | Summary description | |
| (III)Does the Company provide employees with a safe and healthy work environment? Are employees trained regularly on safety and health issues? | ✓ | | competitiveness.<br>The Company also have established the employee welfare committee, and all employees are entitled to the relevant benefits.<br>(III)The Company regularly engages independent third parties to monitor and report environmental activities. The Company also organizes annual employee health checkups and regular health promotion seminars.<br>1.Occupational Environment Monitoring: To ensure employees are protected from the hazards of harmful substances in the workplace and to provide employees with a healthy and comfortable working environment, we conduct regular occupational environment monitoring twice a year, along with two additional monitoring sessions for new or modified work environments, totaling four monitoring sessions annually. This monitoring allows us to assess the exposure levels of our colleagues and adjust the working environment accordingly in real-time to prevent occupational diseases and create a zero-accident environment.<br>Organized 563 sessions of Occupational Safety Series Training Courses for 4,435 participants in 2024.<br>2.The company has been certified with the ISO45001 Occupational Safety and Health Management System certification (Valid until 7/18/2025), covering both our factory and operational headquarters, as we continue to strive towards our goal of achieving zero workplace accidents.<br>3.In 2024, our disablement injury frequency rate decreased | |

<table>
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<tr><td></td><td></td><td></td><td>significantly to zero from 0.73 in 2023, indicating the effective enhancement of our safety culture, occupational accident prevention advocacy, and reinforcement of employee safety awareness. We conduct thorough reviews of occupational accidents, propose improvement measures, promptly revise automated checklists, conduct machine safety interlock component checks, advocate for accident safety and health cases, and proactively monitor the physical and mental well-being of injured colleagues to ensure their safety during work.<br>Since 2022, high-risk operation regulations have been implemented, providing educational promotion regarding signage for high-risk operations, operation management personnel, and protective equipment requirements, supplemented by operational inspections to ensure implementation and reduce occupational accident rates.<br>◎Occupational accident statistics table:
<table>
<tr><th>Year</th><th>2022</th><th>2023</th><th>2024</th></tr>
<tr><td>disablement injury frequency rate</td><td>2.76</td><td>0.73</td><td>0</td></tr>
<tr><td>Number of occupational accidents (cases)</td><td>3</td><td>2</td><td>1</td></tr>
<tr><td>Number of occupational accidents (person)</td><td>3</td><td>2</td><td>0</td></tr>
<tr><td>Ratio to total number of employees</td><td>0.27%</td><td>0.19%</td><td>0%</td></tr>
</table></td><td></td></tr>
</table>

| Promote item | Implementation status | | | Deviation and the causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| (IV) Has the Company implemented an effective training program that helps employees develop skills over their career? | ✓ | | (IV)The Company have established a full-time human resources unit based on the competence model. The Company has also established the career and competence development system based on the career development path of employees. Through the performance evaluation conducted every six months, the Company encourage supervisors to communicate the personal development roadmap with subordinates. A unit may request for professional training courses based on the competence divides during the annual education and training plan investigation. Additionally, the Company have planned career development roadmaps for key roles and established an effective career and competence development system and relevant training courses.<br>Training includes new employee orientation, advanced professional competency training, digital transformation training, and entry-level, middle, and senior management training to help colleagues continuously improve through diverse learning methods and develop key skills. In 2024, career training totaled 725 participants with 1,655.95 total hours. | |
| (V) Does the Company comply with the relevant laws, regulations, and international standards for customer health and safety, customer privacy, marketing and labeling of products and services, and develop relevant consumer or customer protection policies and complaint procedures? | ✓ | | (V) The Company has complied with the relevant intellectual property regulations and international guidelines with regards to customers' health and safety, customers' privacy, marketing and labeling of products and services for the protection of its own interests and those of customers.<br>To protect customer interests, the Company has established "Regulations for Handling Customer Complaints" to provide effective complaint channels. Customers can file complaints | |

| Promote item | Implementation status | | | Deviation and the causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies |
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| | Yes | No | Summary description | |
| | | | through various methods including telephone, e-mail, and feedback during visits by sales or customer service personnel. Relevant departments complete customer complaint reports and respond to customers within 7 working days of receiving complaints. Additionally, the Company conducts regular annual customer satisfaction surveys to understand customer satisfaction in five areas: quality, cost-performance, technology, delivery time, and after-sales service, to provide customers with the best products and services. | |
| (VI) Does the Company formulate a supplier management policy that requires suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and their implementation? | ✓ | | (VI) In order to effectively control the supplier's supply quality, delivery time, coordination, disruption to product quality or production schedule due to poor or insufficient quality, the Company has established supplier management procedures, and requires suppliers to follow the relevant regulations on issues such as environmental protection, occupational safety and health, or labor human rights. In addition to ensuring that the manufacturers of the Company is in line with the Company's environmental friendly and sustainable business philosophy through annual supplier evaluation operations, in order to maintain long-term cooperative exchanges, the Company and suppliers hold meetings from time to time to open a dialogue mechanism between the two parties to ensure a stable supply of main raw materials. | |

| Promote item | Implementation status | | | Deviation and the causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| V. Does the Company prepare its non-financial reports such as its Sustainability Report in accordance with the internationally-used reporting standards or guidelines? Have such reports been assured, verified, or certified by a third party? | ✓ | | The Company has prepared its reports in accordance with the GRI Standards published by the Global Reporting Initiative (GRI), and its 2023 sustainability report has been prepared in accordance with the "core options" of the GRI Standards. The report information also corresponds to domestic and international standards, such as the Taipei Exchange Rules Governing the Preparation and Filing of Sustainability Reports by TPEx Listed Companies, UN Sustainable Development Goals (SDGs), Recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), Sustainability Accounting Standards Board (SASB). The said report has been verified by third-party certification body AFNOR Asia Ltd. in accordance with the Moderate Assurance in Type 1, AA1000AS v3. | No deviation was found |
| VI. If the Company has established Sustainable Development principles in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", please describe its current practices and any deviations from the Best Practice Principles: The Company has established the "Sustainable Development Best Practice Principles" for the reference of implement sustainable development. It has been operated in compliance with the spirit of the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", | | | | |
| VII. Other information useful to the understanding of Sustainable Development: The Company has set up an "ESG" section on the corporate website. | | | | |

(V- I) Risk assessment and risk management strategy for material issues:

| Material Issue | Risk Assessment item | Significance to CHPT | Policy or Strategy for Risk Management |
|---|---|---|---|
| Corporate Governance | Corporate Governance | Transparent, robust corporate governance facilitates sustainable development and maximizes the rights and interests of stakeholders. | • Improve the quality of information disclosure by periodically reporting to stakeholders the Company's accomplishment, outlook, actual governance achievement over the open platform.<br>• Hold Board Meetings periodically to optimize governance-related regulations of the Company.<br>• Strengthen the Board's competence by arranging governance-related courses for directors regularly. |
| | Ethical Management | Since CHTP was established, CHPT has been conducting business based on the integrity corporate culture. CHPT also strongly requests employees to maintain legal compliance and enforce ethical management in all business activities. | • Include the legal knowledge and awareness education of insider trading in the education and training for new employees.<br>• Include awareness education for non-disclosure, non-infringement of IP rights, and business ethics and integrity in the quarterly e-notice.<br>• Publicize the Ethical Corporate Management Best Practice Principles and Employee Code of Ethical Conduct on the corporate website.<br>• Organize the annual online test on the Ethical Corporate Management Best Practice Principles and Guidelines for Conduct for all employees. |
| | Operational Performance | Given that steady growth in operational performance is key to sustainable development, CHPT is committed to making better profit performance to repay stakeholders. | • Constantly engage in technology innovation and pursue industry leadership to acquire long-lasting profit and steady growth.<br>• Increase product value and provide customers with satisfactory service quality.<br>• Maintain sound investor relationships and strengthen corporate governance. |
| | R&D and Innovation | Technology R&D and innovation are the foundation for CHPT to establish industrial competitiveness. Through constant resource investments, CHPT maintains industry leadership in technology to fulfill customer demands. | • Maintain constant R&D of visionary technologies and innovative applications and enforce product design, R&D, and system management.<br>• Engage in active cultivation of R&D talent and reward outstanding R&D talents for excellent performance to ensure the continuation of corporate culture and professional knowledge. |
| | Quality Management | Inculcate quality control in all CHPT employees to effectively reduce defect rate and unnecessary expenses through high quality control awareness and thereby improve operational performance. | • The Company conduct annual quality awareness training to ensure that every employee understands their role and responsibilities and to foster a strong sense of quality awareness among the staff.<br>• Regular quality review meetings are conducted, with representatives from all departments invited to ensure comprehensive participation and consensus.<br>• Conduct internal audits and reviews on a regular basis, analyze any potential quality issues, develop improvement plans, and ensure continuous enhancement of quality.<br>• The Company are committed consistently improving the quality of our products, services, and technology to meet the needs of our customer. |

| | | | |
|---|---|---|---|
| | Customer Relationship | While customer satisfaction is key to sustainable operations, CHPT fulfills customer demands with quality excellence and innovative technology and enhance customer satisfaction with excellent services develop from the customer's point of view. | • Maintain constant communication with customers in each project to eliminate communication barriers and thereby provide customers with the most satisfactory products.<br>• Capture project timeframe and efficiently provide customers with quality products.<br>• Gather customer feedback with customer satisfaction surveys and make timely response and improvement to their feedback to constantly improve customer satisfaction. |
| | Supplier Management | Recognizing that suppliers and contractors are important strategic partners, CHPT maintains good interaction with them to realize sustainable supply chain management and achieve mutual prosperity and common good. | • New suppliers are introduced to sign the Statement of the Code of Ethics and Business Conduct and Social Responsibility Risk Assessment.<br>• The risk assessment of major suppliers includes social responsibility risks.<br>• Publicize corporate social responsibility to the suppliers and request them to sign the statement of the Code of Ethics and Business Conduct and comply with the Cod of Ethics and Business Conduct. |
| Environmental | Energy Management | To mitigate the environmental and ecological impacts of climate change, CHPT implements carbon reduction through energy control and practice the circular economy through equipment upgrading, energy and resource recycling, and awareness education on energy conservation for employees. | • Improve process and equipment for energy conservation through environmental objectives and improvement programs.<br>• Set, periodically review, and make continual improvement of energy conservation KPIs.<br>• Arrange awareness education on energy conservation and carbon reduction for employees. |
| | Water Resource Cycle | Increase the unit consumption of reclaimed water through improvement action plans to reduce water use, lower water consumption, and realize the common good with the environment to achieve business sustainability. | • Increase the unit (unit use) of reclaimed water through improvement action plans to reduce water use, lower water consumption. |
| Social | Talent Development | Constantly maintain an innovative and growing workplace environment for employees to make continual self-improvement in competencies in order to bring nonstop growth momentum to the Company. | • Establish the annual training plan and unfold a diversified education and training system for employees to receive education and training plan with more resources.<br>• Arrange competency-specific training and practice the job transfer and promotion system. |
| | Employee Rights and Interests | Value employee rights, interests, and benefits to ensure fair workplace treatment. CHPT is committed to building a friendly workplace environment to boost the organizational commitment of employees. | • Hold periodical labor-management meetings, encourage employees to express their opinions, and establish protection regulations to keep them safe against retaliation for employees to feel free to express their opinions.<br>• Establish sound regulations to protect the rights and interests of employees and actively address employee feedback. |

| | | | |
|---|---|---|---|
| | Occupational Safety | Zero workplace accident is one of CHPT goals and establish a safe work environment is its responsibility. A safety workplace is built through occupational safety management, education and training, and policy publicization to ensure the health and safety of employees. | • Inventory process noise measurement of each process within the plant every six months.<br>• Arrange special health checkup every year.<br>• Implement operation environment monitoring every six months.<br>• Implement radiation film monitoring each month.<br>• Arrange self-inspection audit every week.<br>• Identify legal and regulatory change each month.<br>• Hold HSE Committee meeting quarterly.<br>• Education and training for emergency response personnel each year.<br>• At least one plant evaluation drill each year. |
| | Information Security | Establish a complete information security management system to ensure that company confidential information, customer business confidential information, and personal information are not improperly disclosed. | • Establish the Information Security Management Committee convened by the chief information security office.<br>• Implement the information security management system (ISMS).<br>• Hold management review meeting regularly to conduct management review of the effectiveness of ISMS implementation. |

(VI) Fulfillment of ethical corporate management, and deviation and the causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies

| Assessment criteria | Actual governance | | | Deviation and the causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| I.Establishment of integrity policies and solutions | | | | No deviation was found |
| (I) Are the Company's guidelines on corporate conduct and ethics provided in internal policies and disclosed publicly? Have the Board of Directors and the management team demonstrated their commitment to implement the policies? | ✓ | | (I)The Company has established and approved via Board Meeting a set of "The Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" and explicitly stated in its "Work Rules" that all employees are bound to comply with the business ethics, uphold integrity, and carry out their duties with the utmost in honesty, discretion, and professionalism. | |
| (II) Has the Company established an evaluation mechanism for the risk of dishonest behaviors? Does the Company regularly analyze and evaluate business activities with a higher risk of dishonesty in the business scope, and formulate a plan to prevent dishonest behaviors, which at least covers Paragraph 2 of Article 7 in the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies? | ✓ | | (II) The Company has "The Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct", "Work Rules", an "Employee Reward and Disciplinary Policy", and "Corruption Reporting Policy" in place to make up a robust disciplinary and grievance system. These policies have been enforced under the "Misconduct Reporting" section of the Company's website. | |
| (III) Has the Company clearly specified the operating procedures, behavior guidelines, disciplinary penalties and grievance system in the plan to prevent dishonesty, and implemented it, and regularly reviewed and revised the plan? | ✓ | | (III) Directors and managers are expected to make business decisions with the utmost integrity, and, based on the principle of interest avoidance, are required to disassociate from voting on any decision or transaction that presents a conflict that is against self-interest. | |

| Assessment criteria | Actual governance | | | Deviation and the causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| II.Enforcing ethical management<br>(I) Does the company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners? | ✓ | | (I) When signing a contract with another party, the Company will try its best to fully understand the other party's integrity management status, and incorporate the integrity management into the contract terms, and specify the integrity clause in the contract. | No deviation was found |
| (II) Has the Company set up a dedicated unit in charge of promotion and execution of the Company's corporate conduct and ethics, and reported to the Board about any operation policies, plans, and supervision on honesty, integrity, and the prevention of dishonesty on a regular basis (at least once a year)? | ✓ | | (II) The Company appoints the Human Resources Division to be the sole responsible unit for the promotion of business integrity. It is responsible for assisting the Board of Directors and Management in the formulation and supervision of Business Integrity Procedures and Behavioral Guidelines, to ensure the implementation of ethical corporate management. Starting from 2019, the unit shall report the implementation status to the Board of Directors once a year. The Company had report the 2024 implementation status to the Board on October 29, 2024:<br>1.Training of new recruits - promotion of legal knowledge including insider trading.<br>2.Quarterly e-bulletins - promotion of confidentiality, intellectual property rights compliance, and conducts of integrity, colleagues are prohibited from disclosing important internal information of the Company, publicizing insider trading and short-term trading norms without authorization.<br>3.Company website - principles of ethical corporate management and business integrity code of conduct for employees. | |

| Assessment criteria | Actual governance | | | Deviation and the causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| (III)Does the Company have any policy that prevents conflict of interest, and channels that facilitate the reporting of conflicting interests? | ✓ | | 4.Organized 6 sessions of internal and external training and education related to ethical management (with topics including issues related to ethical management, gender equality, and other professional and legal issues) for 6,313 participants.<br>5.Occasional seminar - Non-integrity conducts<br>(1)Information security management policy<br>(2)Insider trading and short-swing trading<br>(3)Prohibition of external disclosure regarding Company's internal information<br>6.The Company holds regular Labor-mangement meeting to keep employees informed of the Company's management activities, decisions and their right to express their opinions.<br>(III)1. The Sales Division serves as a contact window through which customers may query, communicate, or resolve product-related issues in a fast and effective manner.<br>The Human Resources Division has been assigned to oversee the execution of business integrity policies, whereas the Legal unit exists to make sure that the Company's business activities are in alignment with the public interest.<br>2. Directors may state opinions and answer questions, but are not allowed to participate in the discussion and voting on any agenda item that presents a conflict between the Company's interests and the interests of the Directors or the entities they represent. | |

| Assessment criteria | Actual governance | | | Deviation and the causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| (IV)Has the Company established effective accounting and internal control systems for the implementation of policies, prepared audit plans according to the evaluation results of dishonest risks, and audited their execution and compliance, or hired external auditors to audit their execution and compliance?<br>(V) Does the Company organize internal or external training on a regular basis to maintain business integrity? | ✓<br>✓ | | (IV)The Company has established an effective accounting system and internal control system. These systems are being reviewed from time to time to ensure that the design and execution continue to be effective.<br>Compliance of the abovementioned systems is also subjected to regular inspection by internal audit personnel.<br>(V) The Company has openly stated its business integrity code of conduct on the website, and constantly reminds all employees and suppliers to comprehend the underlying implications. In addition, the Company organizes legal knowledge training courses for new recruits that cover insider trading. All participants must attend return-trainings on the prevention of insider trading and confidentiality and integrity every years. | |
| III.Operation of the Whistleblowing system<br>(I) Does the Company provide incentives and means for employees to report misconduct? Has the Company assigned dedicated personnel to investigate the reported misconduct?<br>(II) Has the Company established standard operating procedures for investigations on reports, follow-up measures to be taken after the investigation is completed, and related confidentiality mechanisms?<br>(III)Has the Company provided proper whistleblower protection? | ✓<br>✓<br>✓ | | (I) The Company has established a “Corruption Reporting Policy” and set up a “Misconduct Reporting” section on its website. The Legal unit and Audit unit have been assigned to oversee the execution.<br>(II) The Company has established a “Corruption Reporting Policy” that outlines the standard investigation procedures and confidentiality measures for handling reported misconduct.<br>(III)According to the Company's “Corruption Reporting Policy”, the Legal unit and Audit unit are responsible for accepting | No deviation was found |

| Assessment criteria | Actual governance | | | Deviation and the causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| | | | reports of and investigating misconduct. There are measures in place to protect informants against retaliation. | |
| IV.Enhanced information disclosure<br>Has the Company disclosed its integrity principles and progress on its website and MOPS? | ✓ | | For details, please visit the Company's website at https://www.chpt.com | No deviation was found |
| V. If the Company has established business integrity policies in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies", please describe its current practices and any deviations from the Best Practice Principles: The Company has been enforcing business integrity in a manner that complies with the Best Practice Principles. | | | | |
| VI. Other information useful to the understanding of integrity in business dealings: None. | | | | |

(VII) Other information material to the understanding of corporate governance within the Company: None.

(VIII) Internal control

1. Declaration of the Internal Control System: Please refer to the Market Observation Post System (MOPS) website under icon: single company/Corporate Governmance/Corporate Regulations/Internal Controls/Declaration of the Internal Control System (https://mops.twse.com.tw)

2.If the internal control system was reviewed by an external CPA, the result of such review must be disclosed: None

(IX) Major resolutions passed in Shareholders meetings and Board of Directors meetings held in the last year up until the publication date of this annual report:

1. Major shareholders meeting resolutions

| Date of meeting | Name of meeting | Major resolutions | Current progress |
|---|---|---|---|
| May 30, 2024 | Annual general meeting | To accept 2023 Business Report and Financial Statements | Passed unanimously without objection by all shareholders present in the meeting following an inquiry by the chair. |
| | | To accept 2023 earnings distribution | 1. Passed unanimously without objection by all shareholders present in the meeting following an inquiry by the chair.<br>2. July 15, 2024 was set as the ex-dividend base date, whereas August 5, 2024 was determined as the distribution date. (To distribute cash dividends at NT$0.5 per share) |
| | | To elect a new independent director to fill the vacancy | Passed unanimously without objection by all shareholders present in the meeting following an inquiry by the chair. |
| | | To remove non-compete restrictions on new directors and their representatives | Passed unanimously without objection by all shareholders present in the meeting following an inquiry by the chair. |

2. Major Board of Directors meeting resolutions

| Date of meeting | Name of meeting | | Agenda details and avoidance of agenda items with a conflict of interest |
|---|---|---|---|
| Feb.19, 2024 | The seventh board | The 4th meeting | Distribution of 2023 employees' profit sharing and directors' remuneration |
| | | | 2023 Consolidated and Standalone Financial Statements |
| | | | Change of accounting firm and CPA in 2024 |
| | | | 2023 Declaration of Internal Control System |
| | | | 2023 Business Report |
| | | | Distribution of 2023 earnings |
| | | | To elect a new independent director to fill the vacancy |
| | | | Nomination of Independent Director candidates |
| | | | To remove non-compete restrictions on new directors and their representatives |
| | | | Details concerning the 2024 Annual Shareholders' Meeting |
| | | | To revise the "Management of the Procedures for Preparation of Financial Statements" |
| | | | To revise the "Audit Committee Charter" |
| | | | To revise the "Implementation Measures for Employee profit sharing" |
| | | | Change of the internal audit officer |
| | | | 2023 Second half performance bonus |
| | | | 2023 Second half managers' performance bonus<br>Director Shui-Ke Huang and Financial Director Yi-Ping Hsu had voluntarily |

| Date of meeting | Name of meeting | | Agenda details and avoidance of agenda items with a conflict of interest |
|---|---|---|---|
| | | | disassociated from discussion, and the agenda was passed as proposed by all remaining directors present at the meeting. |
| | | | Managers' entitlement to 2023 managers’ profit sharing<br>Director Shui-Ke Huang and Financial Director Yi-Ping Hsu had voluntarily disassociated from discussion, and the agenda was passed as proposed by all remaining directors present at the meeting. |
| Apr. 29, 2024 | The seventh board | The 5th meeting | 2024 Q1 Consolidated Financial Statements |
| | | | Renewal of liability insurancefor directors and managers |
| | | | 2023 Sustainability Report |
| | | | Establish Resources Division |
| | | | Change of the president of Hsinchu Office |
| May 30, 2024 | The seventh board | The 6th meeting | Appointment of Remuneration Committee members |
| Jul. 30, 2024 | The seventh board | The 7th meeting | 2024 Q2 Consolidated Financial Statements |
| | | | To revise the “Board of Directors Rules of Procedure” |
| | | | To revise the “Audit Committee Charter” |
| | | | Short-term Financing Proposal for Suzhou Precision |
| | | | 2024 First half performance bonus |
| | | | 2024 Fisrt half managers' performance bonus<br>Director Shui-Ke Huang and Financial Director Yi-Ping Hsu had voluntarily disassociated from discussion, and the agenda was passed as proposed by all remaining directors present at the meeting. |
| Oct. 29, 2024 | The seventh board | The 8th meeting | 2024 Q3 Consolidated Financial Statements |
| | | | 2025 Business Plan |
| | | | 2025 Audit Plan |
| | | | Credit application with partnered bank |
| | | | To revise the “Internal Contrl System” and” Enforcement Rules of Internal Audit” |
| | | | To formulated the “Rules of Sustainable information management” |
| | | | Proposal for Promotion of Manager<br>Financial Director Yi-Ping Hsu had voluntarily disassociated from discussion, and the agenda was passed as proposed by all remaining directors present at the meeting. |
| Feb. 11, 2025 | The seventh board | The 9th meeting | Distribution of 2024 employees’ profit sharing and directors’ remuneration |
| | | | 2024 Consolidated and Standalone Financial Statements |
| | | | Appointment of certifying CPAs for 2025 and independence assessment |
| | | | 2024 Declaration of Internal Control System |
| | | | 2024 Business Report |
| | | | Distribution of 2024 earnings |
| | | | To revise the “Implementation Measures for Employee profit sharing” |
| | | | To revise the “Employee Performance Bonus Policy” |
| | | | To revise the “Director Remuneration Policy"” |
| | | | To revise the “Articles of Incorporation” |
| | | | Details concerning the 2025 Annual Shareholders' Meeting |
| | | | Established the "Sustainable Development Committee" and formulated the "Sustainable Development Committee Charter" |
| | | | Establish North American Business Division |
| | | | 2024 Second half performance bonus |
| | | | Proposal for Promotion of Manager |
| | | | 2024 Second half managers' performance bonus<br>Director Shui-Ke Huang and Vice President Yi-Ping Hsu had voluntarily disassociated from discussion, and the agenda was passed as proposed by all |

| Date of meeting | Name of meeting | | Agenda details and avoidance of agenda items with a conflict of interest |
|---|---|---|---|
| | | | remaining directors present at the meeting. |
| | | | Managers' entitlement to 2024 managers' profit sharing<br>Director Shui-Ke Huang and Vice President Yi-Ping Hsu had voluntarily disassociated from discussion, and the agenda was passed as proposed by all remaining directors present at the meeting. |
| | | | The adjustment of managers' remuneration<br>Director Shui-Ke Huang and Vice President Yi-Ping Hsu had voluntarily disassociated from discussion, and the agenda was passed as proposed by all remaining directors present at the meeting. |

(X) Documented opinions or declarations made by Directors against board resolutions in the most recent year, up until the publication date of this annual report: None.

**III.Disclosure CPA's fees:**

Unit: NTD thousands

| Name of the accounting firm | Name of CPA | Audit period | Audit fees | Non-audit fees | Total | Remarks |
|---|---|---|---|---|---|---|
| PricewaterhouseCoopers | Chien-Yu Liu | 1/1/2024~ 12/31/2024 | 1,627 | 510 | 2,137 | |
| | Tien-Yi Li. | | | | | |

(I) Details of non-audit services: The non-audit fee of NT$510,000 was the remuneration charged by the accounting firm for tax compliance audit, transfer pricing report and the review of the salary for non-officer employees.

(II) Any replacement of an accounting firm that resulted in the reduction of the audit fees paid, as compared to the previous year:

1. Audit fees before and after the change, and reduction percentage: 2023 fee amount was NT$1,918,000; 2024 fee amount was NT$1,627,000, a reduction of NT$291,000 or 15%.
2. Cause: To strengthen corporate governance and respond to group management needs, in coordination with the parent company of the Group, the Company conducted a selection process through public evaluation and preferred negotiation, appointing PwC to audit and certify the 2024 financial statements. The changes in audit fees are the result of negotiations conducted in accordance with established procedures between the Group's ultimate parent company and the selected firm, as well as the allocation within the Group.

(III) Any reduction in audit fees by more than 10% compared to the previous year:

1. Audit fees before and after the change, and reduction percentage: 2023 fee amount was NT$1,918,000; 2024 fee amount was NT$1,627,000, a reduction of NT$291,000 or 15%.
2. Cause: To strengthen corporate governance and respond to group management needs, in coordination with the parent company of the Group, the Company conducted a selection process through public evaluation and preferred negotiation, appointing PwC to audit and certify the 2024 financial statements. The changes in audit fees are the result of negotiations conducted in accordance with established procedures between the Group's ultimate parent company and the selected firm, as well as the allocation within the Group.

## IV.Change of CPA:

(I)Former CPAs

| | | | |
|---|---|---|---|
| Date of change | Approved by Board of Directors on February 19, 2024 | | |
| Reasons and Explanation of Changes | For the enhancement of corporate governance andgroup management needs, the accounting firm and CPAs have been replaceed. The previous accounting firm and CPAs were Deloitte & Touche and CPAs Yih-Shin Kao and Cheng-Chih Lin. Since the first quarter of 2024, they have been replaced by PricewaterhouseCoopers Taiwan and CPAs Chien-Yu Liu and Tien-Yi Li. | | |
| State whether the Appointment is Terminated or Rejected by the Consignor or CPAs | Client / Status | CPA | Consignor |
| | Appointment terminated automatically | | |
| | Appointment rejected (discontinued) | | V |
| The Opinions other than Unmodified Opinion Issued in the Last Two Years and the Reasons for the Said Opinions | Not applicable | | |
| Is there any disagreement in opinion with the issuer | Yes | - | Accounting principle or practice |
| | | - | Disclosure of financial statements |
| | | - | Auditing scope or procedures |
| | | - | Others |
| | No | V | |
| | Explanation | | |
| Supplementary Disclosure (Disclosures Specified in Article 10.6.1.4~7 of the Standards) | None | | |

(II) Successor CPAs

| | |
|---|---|
| Accounting Firm | PricewaterhouseCoopers Taiwan |
| CPA | Chien-Yu Liu and Tien-Yi Li |
| Date of Engagement | Approved by Board of Directors on February 19, 2024 |
| Prior to the Formal Engagement, Any Inquiry or Consultation on the Accounting Treatment or Accounting Principles for Specific Transactions, and the Type of Audit Opinion that Might be Rendered on the Financial Report | Not applicable |
| Written Opinions from the Successor CPAs that are Different from the Former CPA's Opinions | Not applicable |

(III)The Reply of Former CPAs on Article 10.6.1 and Article 10.6.2.3 of the Standards:

Not applicable.

## V. The Company's Chairman, President, or any managers involved in financial or accounting affairs being employed by the accounting firm or any of its affiliated companies within the most recent year: None.

## VI. Details of shares transferred or pledged by Directors, managers, or shareholders with more than a 10% ownership interest in the last year up until the publication date of this annual report:

(I) Details of shares transferred or pledged by Directors, managers, or shareholders with more than 10% ownership interest

| Title | Name | 2024 | | As of March 31,2025 | |
|---|---|---|---|---|---|
| | | Shares held variation | Shares pledged variation | Shares held variation | Shares pledged variation |
| Director and major shareholder with more than 10% ownership interest | Chunghwa Investment Co., Ltd. | - | - | - | - |
| Chairman | Representative of Chunghwa Investment Co., Ltd.: Hong-Chan Ma | 32,000 | - | - | - |
| Director | Representative of Chunghwa Investment Co., Ltd.: Jung-Kuei Chen | - | - | - | - |
| Director and President | Shui-Ke Huang | - | - | - | - |
| Director | Hsiang Fa Co. | - | - | - | - |
| Director | Representative of Hsiang Fa Co.: Wei-Ning Shen | - | - | - | - |
| Independent Director | Wen-Nan Tsan (Note 1) | - | - | Not applicable | Not applicable |
| Independent Director | Chung-Fern Wu | - | - | - | - |
| Independent Director | Huang-Chuan Chiu | - | - | - | - |
| Independent Director | Chih-Cheng Su | - | - | - | - |
| Vice President | Hsin-Yao Li (Note 2) | - | - | Not applicable | Not applicable |
| Vice President | Chih-Shen Chien (Note 3) | - | - | Not applicable | Not applicable |
| Vice President | Wen-Cong Li | (9,000) | - | - | - |
| Vice President | Yi-Ping Hsu | - | - | - | - |
| Vice President | Hsun-Tai Wei (Note 4) | Not applicable | Not applicable | - | - |
| Vice President | Chang-Hsiu Yang (Note 5) | Not applicable | Not applicable | - | - |

Note 1: Independent Director Mr. Wen-Nan Tsan resigned on March 11, 2024, and the number of shares reportedly held was stated up till this date.

Note 2: Vice President Hsin-Yao Li retired on March 15,2024, and the number of shares reportedly held was stated up till this date.

Note 3: Vice President Chih-Shen Chien retired on April 30,2024, and the number of shares reportedly held was stated up till this date.

Note 4: Vice President Hsun-Tai Wei was newly appointed on March 1, 2025.

Note 5: Vice President Chang-Hsiu Yang was newly appointed on March 1, 2025.

(II) Transfer of shares by directors, managers, and major shareholders to related parties: None.

(III) Pledge of shares by directors, managers, and major shareholders to related parties: None.

## VII. Names and relationships among the top ten shareholders including spouses and second degree relatives or closer:

March 31,2025

| Name | Shares held in their own name | | Shares held by spouse and underage children | | Total shares held in the names of others | | Spouse, relative of the second degree or closer, and relationships among top 10 shareholders | |
|---|---|---|---|---|---|---|---|---|
| | Shares held | Shareholding percentage | Shares held | Shareholding percentage | Shares held | Shareholding percentage | Name | Relationship |
| Chunghwa Investment Co., Ltd. | 11,229,884 | 34.25% | - | - | - | - | None | None |
| Representative of Chunghwa Investment Co., Ltd.: Yen-Chih Ting | - | - | - | - | - | - | None | None |
| Hua Nan Commercial Bank in custody of the Allianz Global Investors Taiwan Technology Fund | 1,066,137 | 3.25% | - | - | - | - | None | None |
| Citibank (Taiwan) in custody of the Swiss Bank European SE Investment Fund | 862,511 | 2.63% | - | - | - | - | None | None |
| Citibank (Taiwan) in custody of the external manager account of Neuberger Berman Europe Ltd. under Norges Bank (Central Bank of Norway) | 849,000 | 2.59% | - | - | - | - | None | None |
| Standard Chartered Bank in custody of the Mizuho Securities Co., Ltd. Investment Fund | 843,000 | 2.57% | - | - | - | - | None | None |
| HSBC (Taiwan) Commercial Bank Co., Ltd. in custody of the BNP Paribas - Internal Trading Platform - Securities Services - TPA Investment Fund | 654,000 | 1.99% | - | - | - | - | None | None |
| Nan Shan Life Insurance Co., Ltd. | 614,000 | 1.87% | - | - | - | - | None | None |
| Representative of Nan Shan Life Insurance Co., Ltd.: Chung-Yao Yin | - | - | - | - | - | - | None | None |
| Neuberger Berman Taiwan 5G Equity SITE Fund | 497,000 | 1.52% | - | - | - | - | None | None |
| HSBC (Taiwan) Commercial Bank Co., Ltd. in custody of the Merrill Lynch International Investment Fund | 484,000 | 1.48% | - | - | - | - | None | None |
| Shui-Ke Huang | 431,594 | 1.32% | 420,000 | 1.28% | - | - | None | None |

**VIII. The total number of shares and total equity stake held in any single enterprise by the Company, its directors, managerial officers, and any companies controlled either directly or indirectly by the Company:**

Unit: shares; %

| Invested business (Note 1) | Held by the Company | | Held by Directors, managers, and directly or indirectly controlled enterprises | | Comprehensive investment | |
|---|---|---|---|---|---|---|
| | Shares held | Shareholding percentage | Shares held | Shareholding percentage | Shares held | Shareholding percentage |
| CHPT US | 2,600,000 | 100% | - | - | 2,600,000 | 100% |
| CHPT JP | 600 | 100% | - | - | 600 | 100% |
| CHPT International | 5,700,000 | 100% | - | - | 5,700,000 | 100% |
| Shanghai Taihua | - | - | -(Note 2) | 100% | -(Note 2) | 100% |
| Suzhou Precision Test Technology Co., Ltd. | - | - | -(Note 2) | 100% | -(Note 2) | 100% |
| TestPro Investment Co., Ltd. | 13,500,000 | 100% | - | - | 13,500,000 | 100% |
| NavCore Tech. Co., Ltd. | - | - | 10,850,000 | 54.25% | 10,850,000 | 54.25% |

Note 1: Investments accounted for using the equity method.
Note 2: The entity is a limited liability company, thus no shares were issued.

# Chapter Three
# Funding Status

## I.Capital and outstanding shares:

(I) Source of capital

1. Share categories

March 31, 2025, Unit: shares

| Share categories | Authorized capital | | | Remarks |
|---|---|---|---|---|
| | Outstanding shares | Unissued shares | Total | |
| Ordinary shares | 32,789,022 | 27,210,978 | 60,000,000 | TPEx listed shares |

2. Capital and Shares

Unit: shares, NTD

| Year/month | Issued price | Authorized capital | | Paid-in capital | | Remarks | | |
|---|---|---|---|---|---|---|---|---|
| | | Shares held | Amount | Shares held | Amount | Source of capital | Paid in properties other than cash | Others |
| August 2005 | 10.00 | 10,000,000 | 100,000,000 | 2,500,000 | 25,000,000 | Initial paid-in capital 25,000,000 | - | Jing-Shou-Zhong-09432741050 |
| October 2005 | 10.00 | 10,000,000 | 100,000,000 | 10,000,000 | 100,000,000 | Issuance of Common Stock 75,000,000 | - | Jing-Shou-Zhong-09433182910 |
| October 2006 | 12.50 | 30,000,000 | 300,000,000 | 15,000,000 | 150,000,000 | Issuance of Common Stock 50,000,000 | - | Jing-Shou-Zhong-09533146510 |
| July 2007 | 10.00 | 30,000,000 | 300,000,000 | 16,500,000 | 165,000,000 | Retained Earnings Transferred to Capital 15,000,000 | - | Jing-Shou-Zhong-09632622210 |
| August 2007 | 10.00 | 30,000,000 | 300,000,000 | 17,500,000 | 175,000,000 | Issuance of Common Stock 10,000,000 | - | Jing-Shou-Zhong-09632838640 |
| August 2008 | 10.00 | 30,000,000 | 300,000,000 | 18,637,500 | 186,375,000 | Retained Earnings Transferred to Capital 11,375,000 | - | Jing-Shou-Zhong-09733097370 |
| June 2009 | 10.00 | 30,000,000 | 300,000,000 | 19,196,625 | 191,966,250 | Retained Earnings Transferred to Capital 5,591,250 | - | Jing-Shou-Zhong-09832665990 |
| June 2011 | 12.02 | 30,000,000 | 300,000,000 | 19,396,625 | 193,966,250 | Employee Stock Bonus 2,000,000 | - | Jing-Shou-Zhong-10032245220 |
| March 2013 | 10.10 | 30,000,000 | 300,000,000 | 20,206,625 | 202,066,250 | Exercise of stock option 8,100,000 | - | Jing-Shou-Zhong-10233310900 |
| July 2013 | 10.00 | 30,000,000 | 300,000,000 | 21,419,022 | 214,190,220 | Retained Earnings Transferred to Capital 12,123,970 | - | Jing-Shou-Zhong-10233818330 |

Unit: shares, NTD

| Year/month | Issued price | Authorized capital | | Paid-in capital | | Remarks | | |
|---|---|---|---|---|---|---|---|---|
| | | Shares held | Amount | Shares held | Amount | Source of capital | Paid in properties other than cash | Others |
| July 2013 | 13.38 | 30,000,000 | 300,000,000 | 21,602,022 | 216,020,220 | Employee Stock Bonus 1,830,000 | - | Jing-Shou-Zhong-10233818330 |
| August 2014 | 25.00 | 30,000,000 | 300,000,000 | 23,002,022 | 230,020,220 | Issuance of Common Stock 14,000,000 | - | Jing-Shou-Zhong-10333684130 |
| September 2014 | 50.00 | 30,000,000 | 300,000,000 | 28,002,022 | 280,020,220 | Issuance of Common Stock 50,000,000 | - | Jing-Shou-Zhong-10333737010 |
| March 2016 | 360.00 | 60,000,000 | 600,000,000 | 30,789,022 | 307,890,220 | Issuance of Common Stock 27,870,000 | - | Jing-Shou-Zhong-10533359960 |
| November 2017 | 1,267.33 | 60,000,000 | 600,000,000 | 32,789,022 | 327,890,220 | Issuance of Common Stock 20,000,000 | - | Fu-Jing-Deng-10691067990 |

(II) List of major shareholders: shareholders with more than 5% ownership interest or who are among the top 10

March 31,2025

| Shares / Name of major shareholder | Shares held | Shareholding percentage |
|---|---|---|
| Chunghwa Investment Co., Ltd. | 11,229,884 | 34.25% |
| Hua Nan Commercial Bank in custody of the Allianz Global Investors Taiwan Technology Fund | 1,066,137 | 3.25% |
| Citibank (Taiwan) in custody of the Swiss Bank European SE Investment Fund | 862,511 | 2.63% |
| Citibank (Taiwan) in custody of the external manager account of Neuberger Berman Europe Ltd. under Norges Bank (Central Bank of Norway) | 849,000 | 2.59% |
| Standard Chartered Bank in custody of the Mizuho Securities Co., Ltd. Investment Fund | 843,000 | 2.57% |
| HSBC (Taiwan) Commercial Bank Co., Ltd. in custody of the BNP Paribas - Internal Trading Platform - Securities Services - TPA Investment Fund | 654,000 | 1.99% |
| Nan Shan Life Insurance Co., Ltd. | 614,000 | 1.87% |
| Neuberger Berman Taiwan 5G Equity SITE Fund | 497,000 | 1.52% |
| HSBC (Taiwan) Commercial Bank Co., Ltd. in custody of the Merrill Lynch International Investment Fund | 484,000 | 1.48% |
| Shui-Ke Huang | 431,594 | 1.32% |

(III) Dividend policy and execution:

1. Dividend policy stated in the Company's Articles of Incorporation:

Annual surpluses concluded by the Company is first subject to taxation and reimbursement of previous losses, followed by a 10% legal reserve. However, no further provision is needed when the legal reserve has accumulated to an amount equal to the Company's paid-in 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, subject to the Board of Directors' proposal and reporting at the 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. Each year the Board of Directors shall prepare a profit distribution proposal with resolution sought from a shareholders' meeting. After considering financial, business and operational factors, the Company may distribute the whole of distributable profits for the year. Dividends can be distributed in shares or in cash and 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 legal 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 legal reserve it can be distributed by issuing in new shares or cash for the portion in excess of 25% of the paid-in capital.

The Board of Directors has resolved in accordance with the articles of association. In line with the Company's financial business development goals and plans, and without consideration of other special circumstances, the Company's dividend distribution is based on the principle of distributing 40% to 50% of the current year's net income.

2. Dividend distribution proposed for the next shareholders meeting:

The Company's 2024 dividends have been proposed as follows during the Board of Directors meeting dated February 11, 2025. Once the proposal is resolved in the annual general meeting, the Chairman shall be authorized to set details such as the baseline date for dividend distribution.

Chunghwa Precision Test Tech. Co., Ltd.
Earnings Distribution Proposal
2024

Unit: NTD

| | |
|---|---|
| Unappropriated retained earnings of previous years | 2,649,882,656 |
| Plus: Net income of 2024 | 509,712,843 |
| Less: 10% provision for legal reserve | 50,971,284 |
| Plus: Special reserve | 78,803 |
| Distributable earnings | 3,108,703,018 |
| Distributions: | |
| Shareholders' cash dividends (NT$7.8 per share) | 255,754,372 |
| Unappropriated retained earnings | 2,852,948,646 |

(IV) Effect of proposed stock dividends on the Company's business performance and EPS: Not applicable.

(V) Employees' profit sharing and directors' remuneration

1. Percentage or range of employees' profit sharing and directors' remuneration stated in the Articles of Incorporation:

   Annual profits concluded by the Company are subject to employees' profit sharing of 5%~12%, which the Board of Directors may decide to distribute in cash or in shares. Employees of subsidiaries that meet certain criteria are also entitled to receive remuneration. The abovementioned profits are also subject to directors' 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 employees' profit sharing and directors' remuneration as described above.

2. Basis of calculation for employees' profit sharing, directors' remuneration and share-based compensations, and accounting treatments for any discrepancies between the amounts estimated and the amounts paid:

   The 2024 employees' profit sharing was estimated by applying a certain percentage to the current year's pre-tax profit before employees' profit sharing and directors' remuneration. The 2024 employees' profit sharing has been estimated at NT$65,556,000 and the directors' remuneration at NT$2,272,000. Any changes to the amount resolved by the Board of Directors before the publication date of consolidated financial statements will be adjusted in the same year the expense is recognized. Changes that occur after the publication date of consolidated financial statements are treated as changes in the accounting estimate and adjusted in the following year.

3. Remuneration passed by the Board of Directors:

   During the Board of Directors meeting dated February 11, 2025, a resolution was passed to pay employees' profit sharing totaling NT$65,556,000 and directors' remuneration (in cash) totaling 2,272,000. Both employees' profit sharing and directors' remuneration have been recognized as expenses in the financial statements.

4. Actual payment of employees' profit sharing and directors' remuneration in the previous year (including the number of shares allocated, the sum of cash paid, and the price at which shares were issued), and any differences from the figures estimated (explain the amount, the cause, and treatment of such discrepancies):

   The Company paid NT$810,000 of employees' profit sharing (in cash) and NT$28,000 of directors' remuneration from the 2023 profits. The abovementioned employees' profit

sharing and directors' remuneration had been expensed in financial year 2023, and the amount paid was no different from the amount estimated.

5. The Company is committed to providing a working environment with dignity and equity for employees. The Company implement employment diversity, equal pay, and impartiality in promotion opportunities. The Company establish "Remuneration Committee" and offer competitive compensations to talents with potential. Through a transparent remuneration policy, employees are rewarded in line with the operational performance of the Company.

(VI) Buyback of company shares: None.

**II.Disclosure relating to corporate bonds:** None.

**III.Disclosure relating to preferred shares:** None.

**IV.Disclosure relating to global depository receipts:** None.

**V.Employee stock options:** None.

**VI.Employee restricted shares:** None.

**VII.New shares issued for merger or acquisition:** None.

**VIII. Progress on planned use of capital:** As of the publication date of this annual report, the previous issuance of securities by the Company has been completed, and the benefits have also reached expectations.

# Chapter Four
# Operational Overview

## I. Operations:

(I) Scope of business

1. Principal business activities:

(1)CC01080Electronic Parts and Components Manufacturing

(2)CC01110Computers and Peripheral Equipment Manufacturing

(3)CC01120Data Storage Media Manufacturing and Duplicating

(4)CC01990Electrical Machinery, Supplies Manufacturing

(5)F119010Wholesale of Electronic Materials

(6)F219010Retail Sale of Electronic Materials

(7)CB01010Machinery and Equipment Manufacturing

(8)CB01990Other Machinery Manufacturing Not Elsewhere Classified

(9)ZZ99999All business items that are not prohibited or restricted by law, except those that are subject to special approval

2. Weight of business activities:

Unit: NTD thousands

| Main products | Amount - 2024 | Weight (%) |
|---|---|---|
| Probe Cards | 2,424,159 | 67.25 |
| Load Board | 779,785 | 21.63 |
| Service and Others | 400,730 | 11.12 |
| Total | 3,604,674 | 100.00 |

3. Current products (services):

(1)Probe Cards

(2)Load Board

(3)Service and others

4. New products planned for the future:

(1)In response to the development of high frequency and high speed ICs in the semiconductor industry, the Company continues to develop its product technologies for the specification and applications on high-frequency, high speed material, high layer count, high aspect ratio, high density interconnect (HDI) build-up materials, high-speed PCB testing interfaces embedded components, and the high reliance processes.

(2)Provide testing total solutions for Application Processors (AP), High Performance Computing (HPC), Artificial Intelligence (AI), Wi-Fi, memory, Radio Frequency (RF), Complementary Metal-Oxide Semiconductor Image Sensor (CIS), Touch and Display Driver Integration (TDDI), Graphic Processing Unit (GPU), Central Processing Unit (CPU), Solid State Drive Controller (SSD Controller), Network Communication, power

management IC (PMIC), TV System on a Chip (TV SoC), Application Specific Integrated Circuit (ASIC).

(II)Industry overview

1. Current and future industry prospects

(1)Prospects of the global semiconductor industry

According to the research forecast by the World Semiconductor Trade Statistics Association (WSTS), due to the development and rise of emerging technologies such as generative AI and next-generation communications in 2024, the global semiconductor industry experienced significant growth. This momentum came from computing data centers, primarily in the logic and memory domains, and was driven by continued growth in demand for high-performance computing chips. The overall industry trend showed positive growth, with the global semiconductor market reaching US$627 billion in 2024, a significant increase of 19.0% compared to 2023.

**Global Semiconductor Market**




Source: WSTS, December 2024. Graph by CHPT

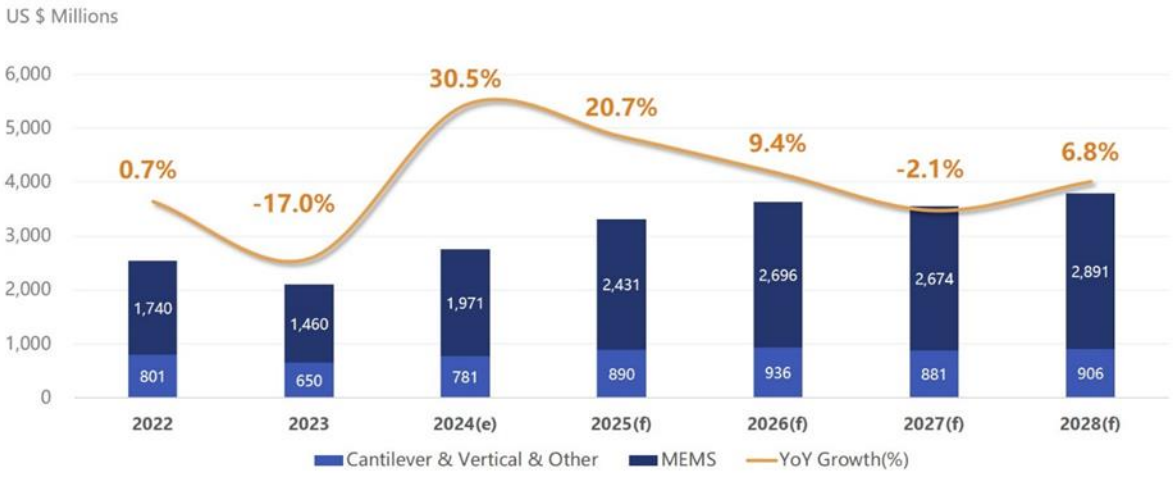
Looking ahead to the semiconductor industry in 2025, driven by the demand for Artificial Intelligence (AI), High Performance Computing (HPC), automotive applications, and low Earth orbit satellites, it is expected that the demand for semiconductors will recover and exhibit a growth trend. The projected global semiconductor production value in 2025 is estimated to reach $697 billion, reflecting a growth of 11.2% compared to 2024.

(2)Probe cards industry current status

Probe Cards is a very important interface between the tester and the wafer to be tested. By contacting the pad or bump on the wafer through the probing needle inside the probe cards, the electric signals are transmitted to the tester to analyze the function and quality of the die. This electrical measurement method is to screen out the defective die. Once these defective die are identified, these die won’t go into the packaging process, hence able to minimize the waste cost when producing IC.

Demand on the high-performance and low-power electronic end devices leads to the increasing usage of the advanced process technology. As the cost of multi-chip module advanced packaging is gradually increasing in 28nm to 2nm node, hence it is essential to choose the probe cards with good cost structure, technology and performance. Additionally, besides the wide variety of ICs, pin differences, pitch changes, and frequency changes are the conditions to fulfill the demand for reliable testing quality design. The MEMS probe cards, CHPT major product range, offers advantages including light touch-down, fine pitch, high pin count, high current, easy maintenance and mixed needle technology to fulfill the demand for wafer engineering verification test and mass production test to successfully break through the bottleneck of traditional probe cards and thereby become the mainstreamed wafer test probe cards. Based on TechInsights' data from December 2024, the global production value of semiconductor probe cards in 2024 was approximately US$2,752 million, representing a increasing of 30.5% compared to 2023. It is projected that in 2025, as the consumer market recovers and AI becomes more widely adopted, the semiconductor industry will experience increased growth momentum. The global production value of semiconductor probe cards is expected to reach US$3,321 million in 2025, reflecting a growth of 20.7% compared to 2024.

Global Probe Cards Market




Source: TechInsights , December 2024. Graph by CHPT

(3)Load board industry current status

Load board is used in the final testing of IC. This test is a functional test and classification to identify whether the function, speed, reliability, power consumption, and other attributes of the IC are normal. Through this stage of testing, an IC with incomplete function is removed to further ensure the overall quality of the ICs and that no final devices are scrapped because of faulty ICs.

Following the evolution of wafer process technology and the rising demand for higher wafer routing intensity, higher transmission speed, and better EMI shielding performance

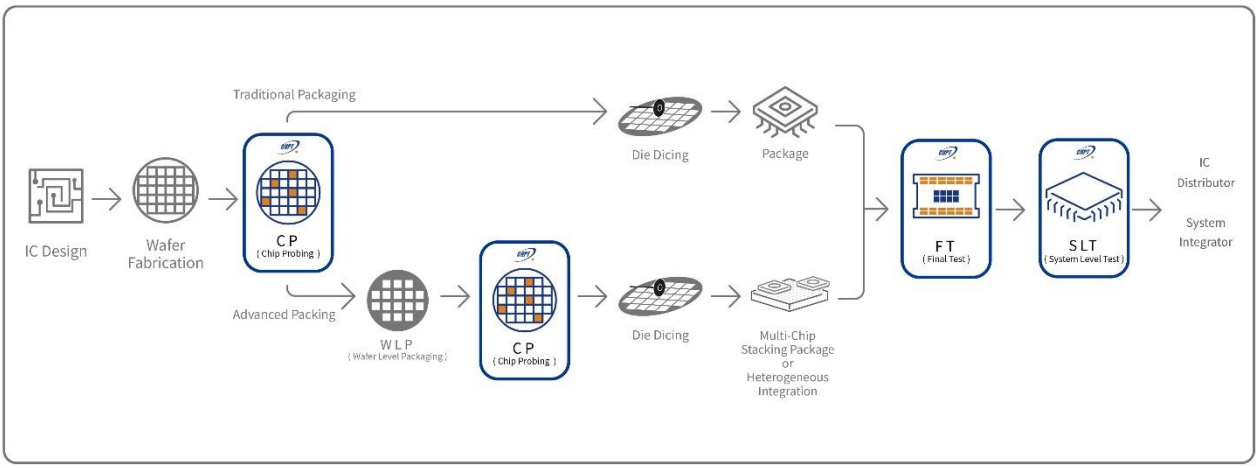
drives the gradual increase in the demand for IC load boards. According to the data by the Industrial Technology Research Institute in November 2024, the 2024 output value of the IC packaging industry is estimated at NT$427 billion, up by 8.6 % over the previous year, with a growth trend.

2. Association between upstream, midstream, and downstream industry participants

Semiconductor is the core components of all various electronic devices, and is used in industries such as electronics, computers, telecommunication and automobiles. The semiconductor upstream is IP design and IC design, midstream is wafer foundries and relevant production inspection equipment, photomasks, chemical solutions, etc, and downstream is IC packaging and testing service and relevant production measurement equipment, components, modulation, and sales channels.

Taiwan IC industry has been developing for many years, having a solid foundation and complete industrial cluster, and has established a complete professional division of labor in the upstream, midstream, and downstream. After developing for many years, Taiwan IC industry has established a solid foundation and a complete industrial cluster. After the product design by IC design companies, wafers will be manufactured by foundry or IDM (Integrated Design Manufacturer). OSAT (Outsourced Semiconductor Assembly and Testing) will perform the front-end wafer testing or chip probing (CP) to select qualified die, then wafer will be diced and individual die to be packaged. Lastly the packed IC will undergo the final testing(FT) and system level testing (SLT). The finished tested IC will be sold through certain sales channels to system integration companies or OEM (Original Equipment Manufacturing) to assemble and make into a system product.

**Industry Supply Chain**




Source: Graph by CHPT

3. Product development trends

CHPT provides testing solutions in the semiconductor manufacturing process. Semiconductor manufacturing is processed through technology nodescaling according to the

Moore's Law or implementing heterogeneous integration through advanced packaging technologies. Wafer testing is to run the test on each die on the wafer with probe cards by the testing machines to ensure that the electrical characteristics and performance of dies comply with the design specifications for the selection of good or known good dies (KGD). IC testing is to run the test with sockets and load boards by the testing machines to test the IC's performance. Hence, the comprehensive and reliable tests have become increasingly important as the trend of higher transistor density per unit area and demand on greater chip performance. The following is a summary of the development trends in different products:

(1)Probe Card

A. Mixed needle technology

In response to the stacked die package and multi-function integration of next-generation chips, heterogeneous or homogenous integration has become the main trend. The MEMS mixed needle probe card is the perfect testing solution for KGDs before packaging into heterogenous ICs with various high performance, high-speed transmission, and high current such as AI and HPC. CHPT also supports material customization for different needle diameters to meet the mechanism demand for the same stress-strain on one probe card.

B. High-speed transmission

In recent years, the widespread adoption of 5G communication and the increasing demand for artificial intelligence (AI) have led to a significant increase in the demand for high-speed communication chips. Signal transmission is regarded as one of the most crucial design considerations in high-speed communication chips. Hence, it is crucial to maintain impedance matching and signal integrity in the signal transmission path. Ensuring the complete transmission of signals has led to a growing emphasis on the design and manufacturing precision of probe card circuits in the development of probe cards.

C. High/low temperature test environment

Because IC products are used in various environments, some wafers must be tested in high or low temperatures for certain special applications. Therefore, the study of temperature variation on probe cards is a research focus.

D. High-current challenge

High-power chip currents are much higher than normal chips, therefore the current carrying capacity (CCC) of the probe needle is very important.

E. High-efficiency demand

To meet the demand of low power consumption by mobile devices, the operating voltage will be relatively low, and the contact resistance of the probe cards when testing the die should be as low as possible.

F. Suitable for all types of chip bonding pad material

With the innovation and development of new semiconductor process technology, different types of bonding pads and pad materials will be derived. When the contact pads of the DUT are different, the required probe card technology will also be different.

(2)Load Board

A.Fine pitch

To fulfill the customer's demand for higher testing efficiency and multi-site for more pins, the Company continues to develop BGA micro-pitch technology as low as pitch 0.3 um.

B.High Speed

In response to the customer's demand for high-speed PAM4 tests, the Company has developed 112Gbps Coaxial socket testing solutions.

4. Competition

The Company's products are mainly used in wafer pre- and post-package testing (Chip Probing before packaging. Final Testing after packaging). The Company's products are tailored to customer needs and are different from the PCB or substrate mass produced by domestic TPEx/TWSE listed manufacturers. To extend growth momentum, apart from continuously develop the market for wafer pre-packaging test boards, in new technology and process, the Company will also continue to make progress in semiconductor testing interfaces in line with the high speed and high frequency evolution. The Company has successfully launched the MEMS probe card using the self-developed mixed needle technology. And probe cards accounted for 30% in the Company's 2024 revenue. The competitors in the field of MEMS probe cards come from the top global companies, as detailed in the following table:

2023 Semiconductor Probe Cards Vendors

Sales, US$M, Calendar Year

| Rank | Company | Region | 2023 |
|---|---|---|---|
| 1 | FormFactor | North America | 497.9 |
| 2 | Technoprobe | Europe | 442.5 |
| 3 | Micronics Japan | Japan | 259.6 |
| 4 | MPI Corporation | Taiwan | 133.3 |
| 5 | JEM | Japan | 116.7 |
| 6 | Nidec SV Probe | Singapore | 73.2 |
| 7 | Korea Instrument | Korea | 65.1 |
| 8 | Will Technology | Korea | 46.1 |
| 9 | STAr Technologies | Taiwan | 41.1 |
| 10 | Synergie CAD | Europe | 40.3 |
| 11 | FEINMETALL | Europe | 34.0 |
| 12 | Yokowo | Japan | 33.2 |
| 13 | TSE | Korea | 27.9 |
| **14** | **Chunghwa Precision Test** | **Taiwan** | **26.9** |
| | Other | | 271.5 |
| Semiconductor Probe Cards | | | 2,109.3 |

Source: TechInsights, 2024/5

(III) Technological research and development

1. R&D expenses made last year and up until the publication date of this annual report:

Unit: NTD thousands

| Item \ Year | 2024 | As of March 31, 2025(Note) |
|---|---|---|
| R&D expenses | 872,934 | 213,640 |

Note: Information as of March 31, 2025 was unaudited.

2. Recently developed technologies or products last year and up until the publication date of this annual report:

| Year | Key research and development results |
|---|---|
| 2024 | Mass production of the PH heat dissipation products |
| | Mass production of ultra-short needles probe BKS products |
| | Mass production of PH mixed needles framework products |
| | Development of Fine Pitch 35um probes |
| | Development of A/R 45 high aspect ratio PCB |
| | Reliability verification of ST ABF materials |
| | 112 Gbps material processing and quality verification |
| | Development of a High-Frequency Testing Framework up to 67GHz |
| | Development of a 224Gbps PAM4 product framework |
| | Development of probe card FCT measurement equipment |
| | Development of automatic high-pressure blowers |
| | Development of automatic thickness gauge for copper foil |
| | Development of high current probe testing machine |
| | Needle design by AI |
| | PH design by AI |
| | CAM by AI |
| | Intelligent ST Design |
| | 3D precision back drilling technology |
| As of the end of 2025. March 31 | Development of triple-temperature probe card testing equipment |

(IV) Long and short-term business plans

1. Short term development strategies and plans

(1)Increase new applications from existing customers and cultivate potential new customers

CHPT maintains a long-standing and strong partnership with existing customers. In addition to continuously deepening cooperation with existing customers and solidifying our existing application share, we are also actively seeking opportunities for engineering verification in other applications. The Company has established strong cooperation with numerous international customers over the years, focusing on technology and quality.

With our All in House vertical integration as support, we manage existing clients' mass production projects, develop potential customers and expand our revenue sources.

(2)Proactive global deployment in response to changes in international economic and trade dynamics

With the political reshuffling in important countries such as Europe, the United States, and China, amid economic and geopolitical conflicts, the world has faced new changes in international trade and economics over the past two years. The international situation has become unpredictable and volatile, where actions easily lead to repercussions. CHPT enhances services at each of its business location, improves the assembly and maintenance capabilities of the subsidiaries in the United States and Mainland China, accelerating its global deployment. With years of technical experience and expertise, CHPT adheres to the service model of "one-stop shop, global service" to provide wafer test cards (including probe cards) and IC test boards to customers in the global semiconductor industry supply chain.

(3)Optimize the product line portfolio and enhance the value of the product

To address the trends in the semiconductor industry and meet customer demands, we will optimize our product portfolio by focusing on the production of test boards. Additionally, we will actively collaborate with customers to provide strategic product bundling services, thereby increasing the proportion of value-added products. CHPT is committed to enhancing customer perception of product performance and pricing through the management of quality, technology, delivery time, and service elements, thereby highlighting the advantages of CHPT products.

2. Mid-term development strategies and plans

(1)Strengthen global technical marketing capabilities

Capture the market movement and future technology development trend, actively participate in international semiconductor shows and probe cards related shows and forums, such as SEMICON Taiwan, SEMICON China, and Semeiconductor Wafer Test Conference (SWTest) to actively strive for introducing new products and new R&D outcomes during the event and strengthen global technology marketing capability for the worldwide customers to know the Company’s self-developed technologies. In recent years, due to the momentum from AI applications, the global semiconductor industry has seen a significant increase in heterogeneous integration demands, and advanced testing technologies are facing considerable challenges. In December 2024, CHPT invited customers to in-depth discussions at the "CHPT Advanced Testing Forum" based on this theme. The forum featured a rich array of topics closely aligned with client needs, receiving significant positive feedback from attendees, demonstrating the capabilities of CHPT in technology and research and development.

(2)Perfect the needles for all various applications

The technology industry is experiencing widespread development, with AI quickly transforming the semiconductor industry, showcasing a new way of life. At SEMICON Taiwan in September 2024, CHPT announced the "AI Application Probe Card" to address the testing requirements for next-generation packaging technologies related to AI chips. CHPT utilizes MEMS probe cards as the core technology. Through proprietary probe technology and AI tools, it has rapidly developed several series of probes, including the NS series, BR series, BKS series, SL series, and MJ series. Using AI technology as a supplement, in order to meet customers' customized chip designs, AI modeling and simulation can be applied to the same series of probe products to design new probe products, thereby completing the needle models required for various application fields

(3)Boosting project acquisition efficiency through AI technology

To address issues arising from human, machine, material, method, and environment in various aspects such as production and sales management, technology and product research and development, internal processes, and customer service, a comprehensive digitization is being implemented. This includes the integration and reshaping of information flow through the adoption of artificial intelligence, with AI taking the lead. The goal is to achieve real-time dispatching, material tracking, equipment monitoring, production history inquiries, and quality anomaly management. This will create a highly efficient team that leads the industry and establishes a higher industrial threshold. Following the self-development of the PH4.0 system design probe card in 2023, the "CHPT X AI" project was launched in 2024. This project, in addition to the research and development of proprietary technologies, gradually integrates and implements information across key processes including design, production manufacturing, and customer service, achieving intelligent optimization of production lines to ensure stable production capacity and quality, and improving case acceptance efficiency.

3. Long-term development strategies and plans

(1)Collaborate with customers to develop new probe card technology

The semiconductor industry is evolving rapidly. The Company continues to monitor technology trends in order to meet the future needs of our customers, and works with them to develop the most advanced probe cards and technology roadmaps.

(2)Proactively introduce AI for revenue expansion

In the next three to five years, the world will experience new political and economic changes, presenting businesses with increased risks and impacts. The integration of AI assistance can enhance the operational resilience of companies CHPT inherits the 'All in House' corporate DNA, and with the launch of the "CHPT X AI" project, AI assistance is gradually being introduced not only in self-technology research and development, but

also in construction methods and manufacturing processes. By integrating knowledge databases built across various domains, CHPT will construct its exclusive AI models in the future, providing enhanced services to the original "All in House" business model. This aims to meet customer needs for smartphone chips and high-performance computing chips whose specifications are rapidly evolving due to AI, thereby expanding revenue.

The short, medium, and long-term development strategies and plans are summarized as follows:

| Strategy | Plan |
|---|---|
| Flexible business model | 1.Increase new applications from existing customers and cultivate potential new customers<br>2.Proactive global deployment in response to changes in international economic and trade dynamics<br>3.Optimize the product line portfolio and enhance the value of the product |
| Proactively introduce AI technology to increase operational efficiency | 1.Strengthen global technical marketing capabilities<br>2.Perfect the needles for all various applications<br>3.Boosting project acquisition efficiency through AI technology |
| Strengthening corporate operational resilience | 1.Collaborate with customers to develop new probe card technology<br>2.Proactively introduce AI for revenue expansion |

## II. Market and sales overview:

(I) Market analysis

1. Locations where products are mainly sold into:

Unit: NTD thousands

| Region \ Year | | 2023 | | 2024 | |
|---|---|---|---|---|---|
| | | Amount | Percentage (%) | Amount | Percentage (%) |
| Export sales | Asia | 546,945 | 18.96 | 620,106 | 17.20 |
| | America | 491,364 | 17.04 | 1,008,551 | 27.98 |
| | Europe | 13,402 | 0.46 | 27,266 | 0.76 |
| | Subtotal | 1,051,711 | 36.46 | 1,655,923 | 45.94 |
| Domestic sales | | 1,832,731 | 63.54 | 1,948,751 | 54.06 |
| Total | | 2,884,442 | 100.00 | 3,604,674 | 100.00 |

2. Market share:

The Company started providing probe card total solution to customers in recent years, including R&D, design, manufacturing, and after-sales All In House total solution. The Company's probe card revenue accounted for about 1.18% in the world in 2024.

3. Future market supply, demand, and growth

(1)Demand

The AI ecosystem is becoming increasingly comprehensive and is gradually being applied in various fields such as electric vehicles, generative AI, and smart manufacturing. The development of these ecosystems must be rooted in the semiconductor industry. In the future, the lifestyle is getting smarter which would only increase IC quantities. Therefore, the demand for Advanced PCB, substrate and probe cards is expected to rise.

(2)Supply

In the environment of increasing demand for advanced manufacturing processes in the semiconductor industry. As technology evolves, if suppliers are unable to make technological breakthroughs or develop next-generation probe cards solutions ahead of customers request, they will gradually be eliminated from the industry and by customers. As one of the suppliers of probe card and testing interface , the Company will continue to research and develop applications and solutions related to the advanced manufacturing process technology. The Company optimizes its product portfolio, and accelerate the expansion of its production capacity of probe cards. It is expected that products related to High Performance Computing (HPC) and AI applications will contribute revenue in this year.

4. Competitive advantages:

(1)With the highly integrated of All In House, smart manufacturing and smart design assisted by "CHPT X AI", and customized service philosophy, the Company continue to provide high-quality service of "One Stop Shop, Global Services".

(2)In terms of PCB and substrate, the Company continue to lead in the technology by providing excellent quality and high stability products. For probe cards used on testing the application processors chips (AP), high performance computing (HPC), radio frequency chips (RF), power management integrated circuit (PMIC), network communication chips, and display driver IC have all passed customer verification.

(3)The Company is committed to fulfill the delivery time of customers. Based on the All In House service concept, the Company offers One Stop Shop service including design, manufacturing, assembly, and after-sales service. Besides shortening communication time and flexibly adjusting production schedules, the Company also introduces smart manufacturing and smart design to effectively shorten lead-time to shipping to meet the customer's demand and expectation for product delivery time.

(4)The Company has comprehensives R&D team with the self-developed capabilities for the key components of the probe cards, and has developed a variety of needles used and verified by customers, which will help to penetrate the probe card market.

(5)The promotion and gradual implementation of the smart manufacturing and smart design will improve production yields and efficiency, which helps to quickly stabilize production and provide high quality and price-competitive products to customers.

5. Future opportunities, threats, and responsive strategies

(1)Opportunities

A. World renowned semiconductor manufacturers at home or abroad are all our customers, which can help the Company to better identify the market trends.

The Company's major customers are domestic and foreign IC design companies, wafer manufacturers companies, and packaging and testing companies. Through cooperation with domestic and foreign renowned semiconductor companies, maintaining long and stable relations with prominent leading companies, the Company can better identify market trends and expand business into new markets and new applications.

B. Leading technology and All In House vertical integration

The Company maintains industrial leadership in design and manufacturing through long-term development of materials, key components, and manufacturing methods and integration with full-path simulation of electrical property and mechanism optimization. By developing fine-pitch, fine line, high pin count, high aspect ratio, high-speed, high frequency, high-temperature, and high-current testing solutions for the customer needs, the Company helps customers take market initiative in the highly competitive industry.

C. One Stop Shop and global service

The Company integrates design, manufacturing, assembly and after-sales all under one service, and provides customers with convenient means of contact to ensure fast responses to their request. By constantly expanding overseas probe card service locations in Asia Pacific and North America, the Company aims to provide customers with fuller local service.

(2)Threats and responsive strategies

A. Price competition from competitors brings the risk of losing market share

Probe cards and load boards are in such intensive competition that the Company is facing pressure from local and foreign suppliers in terms of both pricing and quality. Some competitors have even resolved to price-cutting as a means to increase their market share.

**Responsive strategies:**

a.The Company continually invests in innovative research to develop more advanced products and more effective manufacturing method, and works closely with customers to develop products that are tailored to their needs. The Company upholds the "One Stop Shop" service philosophy combined with industry-leading technological know-how, bringing the best quality products to customers to mitigate the impact of price competition.

b. In terms of probe cards, the Company self-develops and self-produces all key components. By All In House vertically integration with smart deisgn, smart factory management system and equipment automation, the Company is able to increase process stability, shorten development and design time and enhance cost competitiveness.

B. Uncertainty in the development of the global semiconductor industry

In 2024, the world is facing a new international landscape characterized by trade wars, technology wars, and tariff wars, all of which are impacting the growth of the global semiconductor industry. The short-term development of the semiconductor market is marked by a high degree of uncertainty.

**Responsive strategies:**

a. Due to the growth of semiconductor market, the Company has adopted a diversified product portfolio strategy and actively expanded business opportunities for the application of GPU, CPU, TV SoC, ASIC, RF, PMIC, TDDI, memory, network communication, HPC, CIS and AI.

b. China and the U.S. have an important position in the global semiconductor industry. The friction of the technology war between these two countries affects the sales amounts of some end products, which affects customer purchase orders indirectly. The Company will constantly expand overseas service locations and

adjust its marketing strategy according to the development of the U.S.-China technology war and tariff war and the level of impact to the customers.

C. Marketing and R&D talents are difficult to find and train

R&D is the Company's critical competitive advantages, and marketing is an important operational activity for continuing operations. Both are the foundation for the Company's long-term success in the market. Good R&D and marketing talents require training from the long term accumulation of experiences and backing up by professional knowledge. The Company not only nurtures marketing and R&D talents, but also eagerly hires outstanding talents.

**Responsive strategies:**

a. By offering an attractive welfare system, comprehensive training courses and an excellent work environment, the Company aims to increase the employees' level of engagement and to keep these outstanding marketing and R&D talents.

b. The Company will continue working on its research closely with local and foreign leading companies, to facilitate technology exchange between companies' personnel. Through this knowledge exchange, the Company hopes to help its research personnel build up their professional capability, tacit understanding, and know-how required to develop products that satisfy customers' needs, and further improve the value and enhance corporate competitiveness.

D. Competitors' production capability have improved

The market competition of PCB, substrate, and probe cards is intensifying. With the increasing process capability of competitors, the Company will enhance its vertical integration strategy and continue to monitor the growth of the industry.

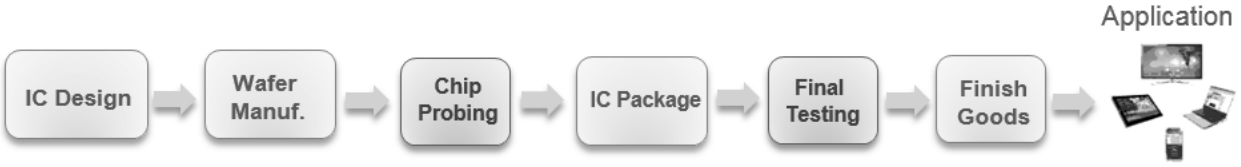
**Responsive strategies:**

In response to the industry trends, the Company's various R&D and manufacturing department conduct project research on different topics with customers, continue to cultivate outstanding talents, assisting customers to optimize the solutions they currently use through cooperation and master the evolution of customer technology blueprint. The Company continues to watch the competitors' capability of production in Advanced PCB, substrate and probe cards, in the aspects of industry trends and customer demands, in order to maintain the Company's technological leadership.

(II) Main product applications and production processes

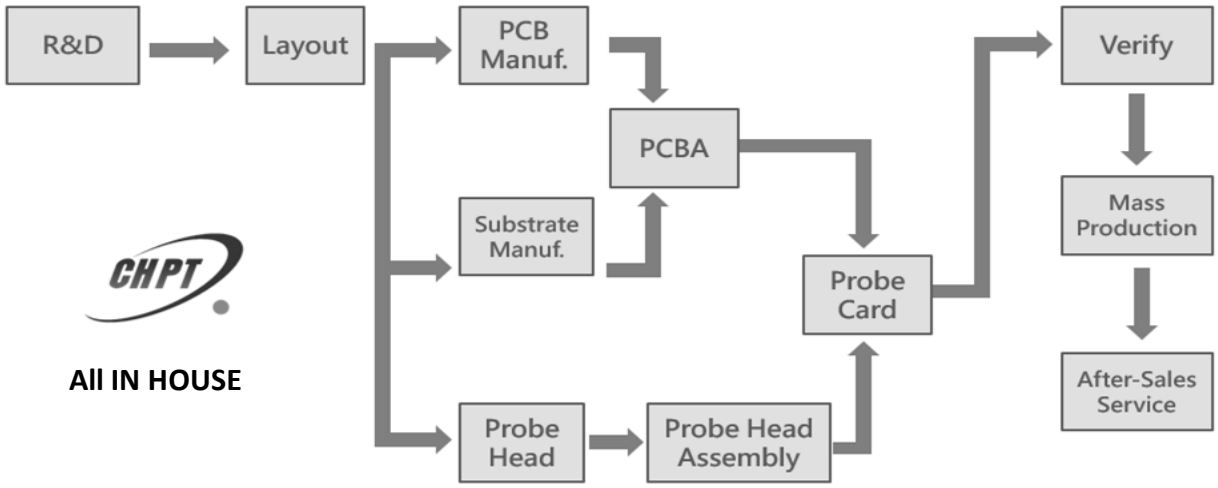
1. Main product applications

| | |
|---|---|
| Probe Cards | Probe Card is a type of interface used for wafer testing. It is used mainly to examine wafer yields after production. |
| Load Board | An important interface for yield testing after IC packaging during the back-end process of semiconductor manufacturing. |
| Probing Needle | A key component of Probe Cards. By establishing direct contact with the wafer, the probing needle forms a circuit that transmits signals to the substrate and the probe cards, which is ultimately received and processed by the test terminal to determine whether a die has passed the test. |




2. Production process:

PCB, Substrate and Probe Cards manufacturing process




(III) Supply of key materials

| Key materials | Main suppliers | Supply status |
|---|---|---|
| Electronic parts<br>Chemical solutions<br>Copper clad laminate<br>Mechanical components | A | Good |
| | B | Good |
| | C | Good |
| | D | Good |
| | E | Good |

The Company maintains a good working relationship with major material suppliers. The supply status has been consistent to date.

(IV) List of main buyers and sellers in the last two (2) years

I. Names of customers representing more than 10% of the total sales in any of the previous two (2) years

Unit: NTD thousands

| 2023 | | | | 2024 | | | |
|---|---|---|---|---|---|---|---|
| Name | Amount | As a percentage of annual net sales (%) | Relationship with the issuer | Name | Amount | As a percentage of annual net sales (%) | Relationship with the issuer |
| J | N/A | N/A | None | J | 524,268 | 14.54 | None |
| F | 491,545 | 17.04 | None | F | 462,929 | 12.84 | None |
| I | 361,611 | 12.54 | None | I | 456,278 | 12.66 | None |
| G | N/A | N/A | None | G | 407,533 | 11.31 | None |
| Others | 2,031,286 | 70.42 | - | Others | 1,753,666 | 48.65 | - |
| Total | 2,884,442 | 100.00 | - | Total | 3,604,674 | 100.00 | - |

**Cause of variation:**

With high demand for AI-related chip test boards, such as smartphone chip probe cards and high-performance computing (HPC), revenue has increased compared to the same period last year.

II. Names of suppliers representing more than 10% of the total purchases in any of the previous two (2) years

Unit: NTD thousands

| 2023 | | | | 2024 | | | |
|---|---|---|---|---|---|---|---|
| Name | Amount | As a percentage of annual net purchases (%) | Relationship with the issuer | Name | Amount | As a percentage of annual net purchases (%) | Relationship with the issuer |
| B | 84,206 | 14.24 | None | B | 201,381 | 20.82 | None |
| C | 59,375 | 10.04 | None | C | 115,060 | 11.90 | None |
| D | N/A | N/A | None | D | 110,683 | 11.45 | None |
| Others | 447,744 | 75.72 | - | Others | 539,906 | 55.83 | - |
| Total | 591,325 | 100.00 | - | Total | 967,030 | 100.00 | - |

**Cause of variation:**

With high demand for AI-related chip test boards, such as smartphone chip probe cards and high-performance computing (HPC), purchase amount has increased compared to the same period last year.

(V) Production volume and value in the last two (2) years

Unit: NTD thousands, pieces

| Year / Item | 2023 | | | 2024 | | |
|---|---|---|---|---|---|---|
| Main products | Production capacity | Production output | Production value | Production capacity | Production output | Production value |
| Probe Cards | 23,965 | 12,069 | 995,175 | 23,965 | 11,842 | 1,137,760 |
| Load Board | 6,453 | 2,153 | 412,134 | 6,453 | 2,835 | 460,402 |
| Service and others | - | - | 196,983 | - | - | 211,922 |
| Total | 30,418 | 14,222 | 1,604,292 | 30,418 | 14,677 | 1,810,084 |

Note: Products under the "Service and others" category vary significantly in their specifications, which makes production capacity and production output incomparable. Comparison was omitted as a result.

(VI) Sales volume and value in the last two (2) years

Unit: NTD thousands, pieces

| Main products | 2023 | | | | 2024 | | | |
|---|---|---|---|---|---|---|---|---|
| | Domestic sales | | Export sales | | Domestic sales | | Export sales | |
| | Output | Value | Output | Value | Output | Value | Output | Value |
| Probe Cards | 1,716 | 1,339,499 | 1,111 | 589,379 | 1,820 | 1,460,438 | 1,471 | 963,721 |
| Load Board | 449 | 319,413 | 760 | 315,828 | 652 | 309,612 | 964 | 470,173 |
| Service and others | - | 173,819 | - | 146,504 | - | 178,701 | - | 222,029 |
| Total | 2,165 | 1,832,731 | 1,871 | 1,051,711 | 2,472 | 1,948,751 | 2,435 | 1,655,923 |

## III. Employee size, average years of service, average age, and academic background in the last two (2) years up until the publication date of this annual report:

| Year | | 2023 | 2024 | As of March 31, 2025 |
|---|---|---|---|---|
| Number of Employee | Direct employees | 393 | 369 | 371 |
| | Indirect employees | 827 | 768 | 772 |
| | Total | 1,220 | 1,137 | 1,143 |
| Average age | | 35.5 | 37 | 37.1 |
| Average years of service | | 5 | 6.1 | 6.1 |
| Education | Doctoral Degree | 12 | 9 | 9 |
| | Master's Degree | 226 | 213 | 215 |
| | Bachelor's Degree | 774 | 746 | 754 |
| | Senior High School | 206 | 167 | 163 |
| | Below Senior High School | 2 | 2 | 2 |

## IV. Contribution to environmental protection:

Any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

## V. Labor-management relations:

(I) Availability and execution of employee welfare, education, training, and retirement policies, elaborate on the agreements between employers and employees, and protection of employees' rights.

1. Employee welfare

Employees are entitled to two sources of welfare. The ones offered by the Company and the ones offered by the Employee Welfare Committee:

(1) Welfare offered by the Company

A. Performance bonuses and employees’ profit sharing are granted depending on the production and operational status.

B. Employees are invited to subscribe to the Company's shares for organizational commitment.

C. Employees are covered by Labor Insurance and National Health Insurance, and the Company makes regular pension contributions to secure employees' lifestyle after retirement.

D. Regular employee health checkup and professional on-site medical consultation and assistance.

E. Year-end banquet, gathering and lottery are organized to reward employees' efforts.

F. Multiple rewards for R&D innovation, patent publishing, improvement proposals, and outstanding performance.

G. Festive bonus.

H. Commendation and reward for senior employees.

I. Wedding subsidy, childbirth subsidy, condolence cash (for the death of parent, spouse, child, etc), and emergency financial aid.

J. Flexible working schedule for some employees.

K. Special leave, time off in lieu (TOIL), multiple types of legal leave.

L. Employee canteens and free meals (Pingzhen Plant) for on-duty employees.

M. Free employee relationship activities and Company anniversary celebration and family day.

N. Employee insurance, self-paid insurance for employee dependents, and health plans for hospitalization treatment of notifiable diseases.

O. Free consultation by financial and insurance companies.

P. Abroad business trip insurance and local insurance for overseas employees.

Q. CHT employee discount.

R. Allowance for employee club activities.

S. Professional on-site masseur service at no cost

(2) Welfare offered by the Welfare Committee

A. Allowance for employee travels and dining subsidies.

B. Unscheduled group events of different themes.

C. Festive bonus, Labor Day gift, and birthday gift.

D. Marriage subsidies, maternity subsidies, funeral subsidies, condolence funds for injury and illness, emergency assistance, etc.

E. Quarterly birthday celebration (including Christmas dinner in Q4).

F. Subsidy for department gathering.

G. Contract shops discounts.

2. Education, training, and execution

(1) Education and training system: Employees are assigned different training programs covering categories including general education, laws and regulations, quality, professional and management education. The training system has been designed to maximize employees' potential and career development, and thereby achieve overall improvements in quality and environmental performance, while ensuring the continual effectiveness of the quality and environment safety management system.

(2) Progress

General education: According to the Company's policies and systems, and actual operational needs, the basic education and training that employees need to complete does not differ from the employees' departments, functions, and management.

Laws and regulations: According to government regulations and legal requirements for operations, employees must complete the necessary training.

Quality: In order to continuously improve product quality and job quality, it is necessary for the Company to arrange training related to quality issues.

Professional: The Company develops professional training according to the requirements of various professional systems and grades, including R&D and design, manufacturing and other general professional technical courses.

Management: In order to continuously improve and optimize the management functions of management personnel, the Company has arranged management training.

The Company's 2024 training expenses are NT$836,000. The results are as follows:

| Category | Results | | |
|---|---|---|---|
| | No. of lessons | hours (hr) | Participants (person) |
| General education (Newcomer Course) | 172 | 2,017.5 | 624 |
| Laws and regulations (external training) | 123 | 1,278.0 | 164 |
| Quality | 194 | 1,743.7 | 1,472 |
| Professional | 343 | 12,154.0 | 7,585 |
| Management | 32 | 2,330.0 | 1,756 |
| Other | 426 | 13,876.9 | 12,089 |
| Total | 1,290 | 33,400.1 | 23,690 |

3. Pension system

The Company complies with the Labor Standards Act and Labor Pension Act by making contributions equal to 6% of employees' monthly insurance salary to their respective pension accounts, while employees' retirement is handled according to the terms of the Labor Pension Act. It is our hope to secure employees' lifestyle after retirement.

4. Terms agreed between the employer and employees

The company does not have a labor union, so there is no collective agreement signed. There are only representatives of both labor and management who are selected and approved in accordance with the law, who hold meetings every quarter to discuss and negotiate labor and management issues. The Company complies with the Labor Standards Act on all matters concerning employment, and has been able to maintain harmonious employment relations to date.

5. Protection of employees' interests

(1) The Company holds the conviction of sharing profits with employees. The Articles of Incorporation states the percentage at which employee remuneration is to be paid, and

the remuneration is used as an incentive for encouraging employees' contribution to the Company's success.

(2) Labor-management meetings are held regularly to facilitate communication and discussion between the employer and employees.

(3)The Company has a complete set of documents in place that outline the Company's management policies and employees' rights, obligations and benefits. Benefits are reviewed and revised regularly for employees' best protection.

6. Work environment and implementation of employee safety and protection measures:

(1) Work environment and employee safety

A. Plant security

The plant has access control set up at all entrances and exits. The gate has security guards stationed 24 hours a day and the entire plant area is covered by a surveillance system. The stationed guards patrol the plant site every 2 hours at night. A 24-hour emergency reporting hotline – 1999 - has been set up to prevent failure and delay in reporting emergency events, which may cause incidents to escalate and pose safety concerns.

B. Emergency response training

The Company hires external professional instructors to conduct fire safety training and drills every six months. Based on risk assessments, the Company has highlighted ten major emergency responses and designed drills for different floors and areas within the plant, which are conducted every two (2) months to improve employees' responses and reduce the risk of hazards.

C. Implementation of workplace safety and health system

The plant also has a workplace safety and health system in place. The Safety and Health Center has been assigned to perform daily inspections of the workplace, and conduct inspections on contractors' safety and health, the standard manufacturing procedures, equipment operation/maintenance policy, and chemicals management. Any defects discovered are rectified in a timely manner to prevent escalation. Each year, the Audit Center conducts 1~2 audits on the workplace safety and health system. In doing so, the Company hope to develop a habit of ongoing improvement and self-management among employees, and raise their awareness towards safety and health that would lead to the creation of a safe and comfortable work environment. The Company has obtained ISO 14001 and ISO 45001 certification.

(2) Employee health service

A. Health checkup

The Company offers a healthcare package that is more comprehensive than what the laws require. One hundred percent of employees have taken the checkup, while employees' family members were invited to take the same tests at the same discounted rate as employees. Employees' health checkups and special health checkup results are further analyzed, assessed, and managed. Additional care is extended to employees that meet certain criteria, and physicians' appointments are arranged whenever necessary to provide proper health consultation. The Company publishes new information on health and disease on a monthly basis. It uses the "Global Push Message" system to notify employees of all locations regarding the latest safety/health concerns and the proper knowledge on healthcare and disease prevention.

B. Health consultation

Physicians are invited to the plant three times a month for three (3) hours per visit. Depending on the nature of employees' queries, the physicians provide consultation for 30 ~ 60 minutes.

C. Health promotion activities

The Company organizes health seminars, annual sport tournaments, hiking events, subsidized trips, and subsidized recreational clubs to encourage employees' participation in recreational activities.

D. Employee meals

The Company offers a diverse range of nutrition-balanced meals to choose from. Environmental reviews are conducted on the caterer on a monthly basis to ensure the safety of food served to employees.

(3) Others

A. Gender equality

The Company value workers' rights and strive to uphold gender equality. To conform with the spirit of the Act of Gender Equality in Employment, the Company has implemented policies and measures to prevent violation of rights and sexual harassment in the workplace, and assigned dedicated personnel to handle complaints of improper behavior. Due to our efforts in building a friendly workplace, no incident of discrimination has occurred during the year.

B. Communication and grievance channels

The Company has open communication channels such as a grievance mailbox and E-mail in place to communicate with employees. Any violation, misconduct,

discrimination, or suggestion employees encounter at work can all be brought to the Company's attention.

C. Employee training and development

The Company has a comprehensive training system to assist employees' development in all aspects, starting from their first day. The training system covers extensive knowledge from work safety, machinery/equipment operation, emergency response, fire safety, first aid, to the use of protective gear. Through systematic training, the Company hope to enhance employees' safety awareness, professional skills, and work efficiency.

(II) List any losses suffered by the Company in the most recent fiscal years and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions) and existing and possible losses arising as a result of employment disputes, and responsive measures:

In 2024 and by the date of report publication, the Company has not incurred any losses due to labor disputes. However, the Company has been fined for violations of regulations based on labor inspection results as follows: Letter No. 1130337837 dated November 29, 2024, ruled that normal working hours combined with extended working hours exceeded regulations, violating Article 32, Paragraph 2 of the Labor Standards Act, resulting in a fine of NT$100,000; Letter No. 1130183675 dated December 5, 2024, ruled that the Company failed to timely adjust insurance brackets according to employees' average salary based on their overall income for the most recent three months, violating Article 14 of the Labor Insurance Act and Article 27 of its Enforcement Rules, resulting in a fine of NT$23,548; Letter No. 11360192250 dated December 9, 2024, ruled that the Company violated Articles 3 and 15 of the Labor Pension Act and Article 15 of its Enforcement Rules, resulting in a fine of NT$5,000.

In response to the abovementioned reasons, the Company has accurately verified and adjusted the insured salary based on the total average salary of employees over the most recent three months as required by law. Simultaneously, the Company has promoted internal awareness and required supervisors to monitor and control employee overtime and excessive work hours to prevent employees from working overtime.

**VI.Information security management**

(I) The Company’s information security risk management framework, information security policy, specific management programs, and resources for information security management are as follows:

1. Information security risk management framework

In January 2022, the Company established the Information Security Committee. On February 11, 2025, the Board appointed Vice President Hsun-Tai Wei to be the chief information security officer concurrently to lead the Information Security Committee plan affairs related to information security, draw up and implement related internal procedures, and periodically conduct internal information security inspections.

The Information Security Committee holds a management review meeting each year to review the status of information security and revise the information security policy and relevant management procedures.

2. Information security policy

(1) Purpose: To build a secure and trusted environment for information operation, maintain business continuity, lower information operation risk, protect the rights and interests of information service users, the information security management system is established as the top guidelines to achieve information security management.

(2) Scope: The scope of information security management of the Company covers the personnel, management system, application, data, documents, media storage, hardware equipment, and network facilities related to information operations of all locations.

(3) Objective: To prevent the improper use or willful damage of the information system by internal and external personnel; to ensure the quick response and timely recovery of normal operation after an emergency or accident due to improper use or willful damage in order to lower the potential economic damage and service disruption.

(4) Procedure: Information data centers, cybersecurity, system development and program modification, information security, information secrecy, IP rights, and information outsourcing management.

3. Management methods

In recent years, the Company has been actively strengthening the Company's overall information framework and implemented numbers of information security improvement projects. In accordance with the ISO 27002 information security international standard, the Company has also established the information security policy covering:

(1) Strengthening intranet and extranet security

A. Implement segment segregation and protection with the next-generation firewalls from first-line brands.

B. Constant loophole surveillance with external information security monitoring

systems.

C. Strengthen external network device monitoring with the IP/MAC management system.

D. Scan and patch intranet vulnerabilities regular

E. Set the multi-factor authentication VPN to service to strengthen the security of work from anywhere.

F. Enhance system development security and introduce the source code scanning tool.

(2) Strengthening endpoint security

A. Periodic update of Windows.

B. Implement endpoint control system management.

C. Deploy famous antivirus software.

D. Activate MDR Threat Detection Response Service.

(3) Data breach protection

A. Establish the e-document encryption mechanism.

B. Control USB storage devices.

C. User privilege classification.

D. Control personal mobile devices and cameras.

(4) Mail security

A. Block spam, viruses, or phishing mails.

B. Establish the mail backup mechanism.

(5) Strengthening IT infrastructure

A. Establish the offsite backup mechanism.

B. Establish the server and network cluster architecture.

(6) Enhancing employee security awareness

A. Perform periodic social engineering drills.

B. Periodically publicize information security policies at the employee portal.

C. Discuss security incidents with IT staff every month.

4. Resources for information security management

The Company actively strengthens the overall information security framework and implement various information security strengthening projects with items including:

(1) Recruit dedicated IT talents.

(2) Strengthen data leak protection and evaluate the implementation of an email audit system.

(3) Increase budgets to strengthen remote operation security.

Performance of the Information Security Committee in Year 2024:

(1) On January 17, 2022, the Company formed the Information Security Committee, which consists of 14 members in total.

(2) The Company has one Information Security Manager and two dedicated Information Security staff member.

(3) The Information Security Committee conducted one management review meeting in the year 2024. The Information Security Committee organized 26 project meetings, while the Information Security Audit Team conducted three internal audit meetings.

(II) In the most recent year and by the date of report publishing, damage, potential impacts caused by material information security incidents, and countermeasures. If reasonable assessment is prevented, state the facts that prevent reasonable assessment: None.

## VII. Major contracts

| Contract nature | Counterparty | Contract start/end date | Main contents | Restrictive clauses |
|---|---|---|---|---|
| Licensing contract | Advantest Taiwan Inc. | 6/1/2013 ~ indefinite (Auto renewal + termination at any time) | Licensed use of machinery and parts | None |
| Design contract | Wu Jui Jung Architect Firm | 9/22/2022~design complete | New project design of the third factory | None |

Note: The Company has not entered into any material contracts other than general commercial transactions.

# Chapter Five

# Review and Analysis of Financial Positions and Business Performance, and Risk Management Issues

## I. Review and analysis of financial positions:

Comparative analysis of financial positions

Unit: NTD thousands; %

| Item \ Year | 2023 | 2024 | Variation | Percentage (%) |
|---|---|---|---|---|
| Current assets | 3,773,213 | 4,936,011 | 1,162,798 | 30.82 |
| Property, plants, and equipment - net | 4,367,845 | 4,088,693 | (279,152) | (6.39) |
| Intangible assets | 38,848 | 25,406 | (13,442) | (34.60) |
| Other assets | 92,489 | 108,193 | 15,704 | 16.98 |
| Total assets | 8,272,395 | 9,158,303 | 885,908 | 10.71 |
| Current liabilities | 675,326 | 1,079,055 | 403,729 | 59.78 |
| Non-current liabilities | 23,546 | 21,470 | (2,076) | (8.82) |
| Total liabilities | 698,872 | 1,100,525 | 401,653 | 57.47 |
| Paid-in capital | 327,890 | 327,890 | - | - |
| Capital reserve | 3,928,286 | 3,928,286 | - | - |
| Retained earnings | 3,271,799 | 3,765,117 | 493,318 | 15.08 |
| Other equity items | (79) | 15,699 | 15,778 | (19,972.15) |
| Non-controlling interests | 45,627 | 20,786 | (24,841) | (54.44) |
| Total equity | 7,573,523 | 8,057,778 | 484,255 | 6.39 |

1.Explanation to variation: (only for variations exceeding 20% and amounting to more than NT$10 million)

(1)Current assets: Due to the increase in cash and cash equivalents and accounts receivable.

(2)Intangible assets: Due to the amortization of software.

(3)Current liabilities and Total liabilities: Due to the increase in accounts payable, salaries and bonuses payable and current tax liabilities.

(4)Other equity items: Due to the foreign exchange differences arising from the translation of financial statements of overseas operating entities.

(5)Non-controlling interests: Due to the net loss of its subsidiary, NavCore Tech. Co., Ltd, in 2024.

The above changes have no significant impact on the financial status of the Company.

2. Future responsive plans: Not applicable.

## II. Review and analysis of financial performance

Comparative analysis of operating performance

Unit: NTD thousands; %

| Item \ Year | 2023 | 2024 | Variation | Percentage (%) |
|---|---|---|---|---|
| Operating revenues | 2,884,442 | 3,604,674 | 720,232 | 24.97 |
| Operating costs | 1,493,306 | 1,677,791 | 184,485 | 12.35 |
| Gross profit | 1,391,136 | 1,926,883 | 535,747 | 38.51 |
| Operating expenses | 1,443,858 | 1,437,326 | (6,532) | (0.45) |
| Operating profit | (52,722) | 488,851 | 541,573 | (1,027.22) |
| Non-operating income and expenses | 31,705 | 63,947 | 32,242 | 101.69 |
| (Loss) Income before Income tax | (21,017) | 552,798 | 573,815 | (2,730.24) |
| Income tax | (23,612) | 67,927 | 91,539 | (387.68) |
| Current net income | 2,595 | 484,871 | 482,276 | 18,584.82 |

1.Explanation to variation: (only for variations exceeding 20% and amounting to more than
(1) Operating revenues: Due to the development of AI has led to an increase in demand for the entire semiconductor industry.
(2) Gross profit: Benefiting from increased demand for AP probe cards and HPC AI-related chip test boards, production capacity utilization has risen, resulting in growth in both gross profit and gross profit margin compared to 2023.
(3) Operating profit: Due to the increase in operating gross profit.
(4) Non-operating income and expenses: Due to the increase of 30.37 million in exchange benefits.
(5) (Loss) Income before Income tax: Due to the increase of gross profit.
(6) Income tax: Mainly caused by income before tax.
(7) Current net income: Due to the increase in Income before Income tax.

2.Expected sales, the basis of estimation, likely impacts on the Company's future financial position, and responsive plans:
The AI ecosystem is becoming increasingly comprehensive and gradually being applied in various fields such as electric vehicles, generative AI, smart manufacturing, and other applications. High-performance computing (HPC) and AI-related products continue to contribute to annual revenue.

## III. Cash flow review and analysis:

(I) Analysis of cash flow variations in the last year:

Unit: NTD thousands; %

| Item \ Year | 2023 | 2024 | Variation | Variation (%) |
|---|---|---|---|---|
| Net cash inflow (outflow) from operating activities | 325,243 | 615,821 | 290,578 | 89.34 |
| Net cash inflow (outflow) from investing activities | (243,936) | (188,146) | 55,790 | (22.87) |
| Net cash inflow (outflow) from financing activities | (408,520) | (42,664) | 365,856 | (89.56) |
| Explanation to major variations:<br>1.Operating activities: Due to the development of AI has led to an increase in demand for the entire semiconductor industry, leading to increased profits in 2024, which in turn results in an increase in cash inflows.<br>2.Financing activities: Due to a decrease in cash dividends issued from 2024 compared to those distributed in 2023, there was a reduction in cash outflows. | | | | |

(II) Improvements for lack of liquidity: Not applicable.

(III) Liquidity analysis for the next year

Unit: NTD thousands

| Unit: NTD thousands ① | Projected net cash flow from operating activities for the year② | Expected cash outflow from other activities for the year ③ | Projected cash surplus ①+②+③ | Financing of cash deficit | |
|---|---|---|---|---|---|
| | | | | Investment plans | Financing plans |
| 3,092,974 | 808,236 | (395,219) | 3,505,991 | - | - |
| 1. Analysis of expected cash flow variations in 2025:<br>(1) Operating activities: The Company expects net cash inflow due to increased operating revenues.<br>(2) Investing activities: The Company expects to incur net cash outflow due to purchase of equipment.<br>(3) Financing activities: The Company expects to incur net cash outflow due to pay cash dividends.<br>2. Responsive measures and liquidity analysis for cash flow deficit: Not applicable. | | | | | |

## IV. Major capital expenditures in the last year and impact on business performance:

To optimize manufacturing capabilities and replace outdated equipment, the Company has been consistently acquiring machinery and equipment. We finance these acquisitions primarily through our own capital. Due to global AI applications driving increased demand in the semiconductor industry, the Company's revenue in 2024 has grown steadily compared to the previous year, resulting in no adverse impact on the Company's financial operations.

## V. Causes of profit or loss incurred on investments in the last year, and any improvements or investments planned for the next year

The Company currently invests primarily in core business activities, and has no plan to invest in other businesses. Departments are required to follow the internal control system and policies such as “investment cycle”, “Asset Acquisition and Disposal Procedures”, and “Subsidiary Supervision and Management Policy” to gain insight into the business and financial performance of the investments.

The Company recognized NT$35,077,000 of investment losses in 2024 using the equity method. In the future, the Company will continue adopting a long-term investment strategy and make careful assessment for all its investment projects.

## VI. Analysis of risk factors:

(I) Impacts of interest rate, exchange rate, and inflation rate to the Company's profitability in the most recent year up until the publication date of this annual report, and responsive measures:

1. Impacts of interest rate variations on the Company's profit and loss, and responsive measures

Unit: NTD thousands; %

| Item | 2023 | 2024 |
|---|---|---|
| Interest income | 25,868 | 28,375 |
| Interest expense | 1,330 | 1,145 |
| Net operating revenues | 2,884,442 | 3,604,674 |
| Interest income/net operating revenues (%) | 0.90 | 0.79 |
| Interest expense/net operating revenues (%) | 0.05 | 0.03 |

Note: All above financial information has been audited.

Interest income and expenses represented only a very small percentage of the Company's net operating revenues in the last two (2) years, meaning that interest rate variations have very little impact on the Company's operations. The Company also pays close attention to changes in the market interest rate and maintains good relationships with banks in order to gain access to lower cost capital. As the Company grows in size and profitability, it builds up abundant reserves of proprietary capital, which limits the impact of interest rate changes on the Company's revenues and profitability.

2. Impacts of exchange rate variations on the Company's profit and loss, and responsive measures

Part of the Company's sales and purchases are denominated in USD, which creates a natural hedge. Gain on currency exchange accounted for 0.08% of the Company's operating revenues in 2023 and 0.90% in 2024, which shows that exchange rate changes have a very limited impact on the Company's operations. In addition, the Company adopts a conservative approach in the management of foreign currency capital, maintains close communication with

banks, and gathers financial news from around the world to keep itself updated with the latest exchange rate movements, and thereby minimize the impact of exchange rate variations.

3. Impacts of inflation on the Company's profit and loss, and responsive measures

The Company constantly monitors raw material prices in the market, and maintains good interaction with suppliers to facilitate timely response to cost changes while reducing impact of inflation on the Company.

(II) Policies on high-risk and highly leveraged investments, loading, endorsements and guarantees, for other parties and financial derivatives. Describe the main causes of any profits or losses incurred in the last year up until the publication date of this annual report and future responsive measures:

1. The Company focuses primarily on core business activities; it did not engage in any high-risk or highly leveraged investment or transactions such as loan to third party, endorsement and guarantee. The Company engages in derivative transactions primarily for hedging purposes. This includes the use of forward foreign exchange to hedge the exchange rate risk of U.S. dollar-denominated assets and liabilities. All transactions for the year 2024 and to date have been in compliance with the relevant regulations.
2. The Company has established its “Operational Procedures for Acquisition and Disposal of Assets” and “Operational Procedures for Loaning of Company Funds and Endorsements and Guarantees” to serve as guidance for related activities.

(III) Future R&D plans and projected expenses in the last year up until the publication date of this annual report:

1. Future R&D plans

(1)Development of Fine Pitch probes

In response to the progress in packaging technology and test point layout, the pitch between chip bumps and pads continues to reduce. To ensure good test efficiency, contact effect, and no damage to the device under test, the development of fine-pitch probes will be more rigorous. In the future, the Company will continue to complete the development of NS30 probes.

(2)Expansion of Probe Head heat dissipation technology

In response to high-current chip testing requirements, frequent probe burning during probe card usage reduces testing efficiency and may damage the chips being tested, resulting in wasted costs and time. Therefore, Probe Head has introduced heat dissipation technology that significantly reduces the frequency of probe burning during chip testing and further protects both the probe card and the device under test. This technology has

been validated by customers for mass production and is now widely used.

(3)Development of high-speed ultra-short probes

High-speed testing demands have surged dramatically, with specifications becoming increasingly challenging. Currently, there are testing requirements for 112Gbps and 224Gbps, necessitating the development of ultra-short probes to meet signal integrity specifications.

(4)Research on proprietary manufacturing technology for key materials

The application of ceramic materials in probe card components is a key technology. The Company will research proprietary manufacturing techniques to adjust material properties according to requirements, such as structural reinforcement and electrical property adjustments, to meet probe card application needs.

(5)Development of micro drilling applications

In response to future PCB requirements for smaller pitch, process evaluation and development are being conducted.

(6)Development of PAM4 224Gbps CP Test Solution

As the bandwidth required for semiconductor testing continues to increase, modulation methods have evolved from the initial NRZ to the current PAM4, significantly improving overall data transmission rates, necessitating the establishment of corresponding high-speed PAM4 Test Solution.

(7)Research and development of 224Gbps Fine Pitch Socket

As semiconductor products move toward miniaturization, it is necessary to develop corresponding Fine Pitch Sockets to realize fine-pitch applications and meet PAM4 224Gbps test rate specifications.

(8)Development of triple-temperature probe card testing equipment

The self-manufactured triple-temperature probe card testing equipment can be paired with various frames to accommodate changes in client products. This setup allows for the early identification of anomalies at high and low temperatures, ensuring the quality of probe card shipments and reducing verification time.

2. Expected R&D expenses for future projects

The Company budgets its R&D expenses depending on the progress of new product and technology development. A total of NT$872,934,000 was spent on research and development in 2024, representing 24% of the operating revenues. The Company expect to spend approximately 24% of the operating revenues on R&D this year (2025), and may raise the percentage in the future according to business performance. In addition, in order to increase production capacity and continue to research and develop new technologies and

new processes, the Company also budget appropriate amounts of capital spending each year for the purchase of machinery and equipment to enhance the Company's competitiveness in the market.

(IV) Financial impacts and responsive measures in the last year up until the publication date of the annual report caused by changes in local and foreign regulations:

The Company has always paying close attention to the important policies, laws and regulations imposed by various countries' governments on the Company's industry. The Company has responded to these changes by making proper adjustments to its operating strategy and introducing new technologies and products that conform with the latest industry requirements. In addition, the Company's daily operations are handled in accordance with relevant local and foreign laws and regulations, and the Company is always aware of important domestic and foreign policy developments trends and changes in the regulations. The Company gather relevant information to keep the management informed for decision-making, so as to fully grasp the changes in the operating environment and adjust the Company's business strategies in a timely manner. In summary, the Company as a whole has not been affected by the major local or foreign policy and legal changes on its financial or business performance in the last year up until the publication date of this annual report.

(V) Financial impacts and responsive measures in the last year up until the publication date of this annual report caused by technological or industrial changes (including information security risk):

The Company continues to invest significant resources into developing new technologies. The Company remain observant of industry changes and technological developments, and adjusts operating strategies where appropriate. Additionally, to build a secure and trusted environment for information operation and lower the risk of information operation, the has established the Information Security Management Procedures, the information security management system (ISMS), and actively strengthen the overall information security framework to maintain business continuity. The Company has not been affected by the changes in technology or industry practice (including information security risk) on its financial or business performance in the last year up until the publication date of this annual report.

(VI) Crisis management, impacts, and responsive measures in the last year up until the publication of this annual report caused by changes of corporate image:

Since its establishment, the Company has been operating the enterprise in a steady and down-to-earth spirit, committed to enhancing internal management capabilities and improving service quality, in orfer to build and maintain a strong corporate image and reputation, for

which the Company has been well-recognized among customers. Furthermore, the Company takes extensive efforts to maintain harmonic labor-management relationship and continue to maintin a sound corporate image. As a result, there has been no crisis management due to changes in corporate image, in the last year up until the publication date of this annual report.

(VII) Expected benefits, risks, and responsive measures of mergers or acquisitions planned in the last year up until the publication of this annual report: None.

(VIII) Expected benefits, risks, and responsive measures of factory expansions planned in the last year up until the publication of this annual report:

In order to meet the Company's future business expansion and operating needs, the Board approved the third plant construction project in July 2022. The construction schedule will be determined based on the semiconductor boom, and the production of the high unit price MEMS probe cards will be relocated to the third plant. As the third plant is adjacent to the first plant, this geographical advantage will facilitate the Company to demonstrate direct and indirect, tangible and intangible, present and future value in the Pingzhen Industrial Park in Taoyuan, provide customers with complete semiconductor testing interface solutions, and start the new era of green, AI, smart manufacturing of the semiconductor testing interface industry. The construction of the factory has no negative effect on the Company's financial and operating businesses, and the possibility of risk is very small.

(IX) Risks and responsive measures associated with concentrated sales or purchases in the last year up until the publication date of this annual report:

1. Risks and responsive measures associated with concentrated purchases

   The Company primarily supplies test interface in the semiconductor industry. Main materials used in business activities include: copper clad laminate, chemical solutions, and electronic components. Due to the abundance of local and foreign suppliers that provide such materials, the Company's purchases are not overly concentrated to any particular supplier.

2. Risks and responsive measures associated with concentrated sales

   The Company's biggest customer in 2024 has been changed from F to J. The 2024 net sales amount accounted for 14.54%. Through product portfolio optimization and the development of new customers and new applications, the Company has progressively completed the structural adjustment of sales concentration on one customer. The Company will continue to strengthen the following strategic deployment:

   (1)Deepen localized service content and grasp overseas deployment trends

Over the past two years, our company has been actively enhancing its service capabilities in North America and the Asia-Pacific region. This strategic focus has become increasingly evident. In today's era of growing geopolitical economic risks and global supply chain restructuring, our customers have shown their appreciation for our commitment to establishing probe card maintenance centers in close proximity. Our company has established ongoing collaborations with major global semiconductor manufacturers, and and overseas clients have gradually contributed to our revenue.

(2)Developing applications for other semiconductor products and planning new niche products and services

AI, HPC, AIoT, and autonomous driving will be new momentum that pushes semiconductor growth. The Company has accumulated rich experience in the above applications to provide customers with effective solutions. Additionally, the Company probe cards have been mass-produced and used by customers. In the future, they will be the key niche products that lift its sales performance.

(X) Impacts, risks, and responsive measures following a major transfer of shareholding by directors or shareholders with more than 10% ownership interest in the last year up until the publication date of this annual report:

The major transfer of shareholding by the Company's directors or shareholders with more than 10% ownership interest are in accordance with the relevant laws and regulations. There is no significant affect to its financial or business performance in the last year up until the publication date of this annual report.

(XI) Impacts, risks, and responsive measures associated with a change of management in the last year up until the publication date of this annual report: None.

(XII) Litigious and non-contentious cases in the last year up until the publication date of this annual report:

Technoprobe S.P.A. (an Italian company, Techprobe Corporation) filed a civil lawsuit against the Company with the Intellectual Property and Commercial Court on November 24, 2023. The lawsuit alleges that the Company infringed upon Technoprobe's Republic of China (Taiwan) Patent No. I705249, covering "SEMI-FINISHED PRODUCT COMPRISING A PLURALITY OF CONTACT PROBES FOR A TESTING HEAD AND RELATED MANUFACTURING METHOD." Technoprobe is seeking NT$31.65 million in damages. The complaint was served on our company on May 14, 2024, and the case is currently under first instance review.

(XIII) Other material risks and responsive measures in the last year up until the publication date of this annual report: None.

**VII. Other important disclosures:** None.

# Chapter Six
# Special Remarks

**I. Affiliated companies:** Please refer to the Market Observation Post System (MOPS) website under icon: single company/ Electronic file download/ the three reporting forms for affiliated enterprises (https://mops.twse.com.tw)

**II. Private placement of securities in the last year up until the publication date of this annual report:** None.

**III. Other supplementary:** None.

# Chapter Seven

# Occurrences of significant impact on shareholders' equity or security prices

There had been no occurrences of significant impact on shareholders' equity or security prices, as defined in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act, in 2024 and up until the publication date of this annual report.

# Chunghwa Precision Test Tech. Co., Ltd.

Chairman: Hong-Chan Ma

President: Shui-Ke Huang

# 2024

中華精測科技股份有限公司
Chunghwa Precision Test Tech. Co., Ltd.