



Stock Code: 1586

CHINA FINEBLANKING TECHNOLOGY CO., LTD

2022 General Shareholders' Meeting

Meeting Agenda Handbook

Time: May 27, 2022

**Venue: No. 40, Xinggong Road, Shengang Township,
Changhua County**

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CHINA FINEBLANKING TECHNOLOGY CO., LTD

Procedures for 2022 General Shareholders' Meeting

Time : 2 pm, May 27, 2022 (Friday)

Place: No. 40, Xinggong Road, Shengang Township, Changhua County

Method: Physical Shareholders' Meeting

- 1. Call the Meeting to Order**
- 2. Chairperson's Remarks**
- 3. Management Presentation**
- 4. Matters to be Ratified**
- 5. Matters to be Discussed**
- 6. Election Matters**
- 7. Other Proposals**
- 8. Extemporaneous Motions**
- 9. Adjournment**

China Fineblanking Technology Co., Ltd

Agenda of 2022 General Shareholders' Meeting

Time: 2 pm, May 28, 2021 (Friday)

Place: No. 40, Xinggong Road, Shengang Township, Changhua

Method: Physical Shareholders' Meeting

1. Call the Meeting to Order (reporting of the number of shares represented by attendance)

2. Chairperson's Remarks

3. Management Presentation

- (1) 2021 Business Report
- (2) 2021 Review Report by Audit Committee
- (3) 2021 distribution of remunerations to employees and directors
- (4) 2021 distribution of earnings via cash dividends
- (5) Report on the implementation of the repurchase of treasury shares
- (6) Report on enactment of Ethical Corporate Management Best Practice Principles
- (7) Report on the subsidiary CFTC PRECISION SDN BHD's schedule for liquidation

4. Matters to be Ratified

- (1) Please kindly rectify the Company's 2021 Business Report and Financial Statements.
- (2) Please kindly rectify the Company's Distribution of 2021 Earnings.

5. Matters to be Discussed

- (1) Amend of Regulations for the Acquisition or Disposal of Assets

6. Election Matters

- (1) Election of all directors

7. Other Proposals

- (1) Proposal of Removal of non-compete covenants on new directors, independent directors and the representatives

8. Extemporary Motions

9. Adjournment

Management Presentation

Subject 1

Summary: Please kindly assess the Company's 2021 Business Report.

Explanation: Please kindly refer to page 11~13 of this manual (Attachment 1) for the Company's 2021 Business Report.

Subject 2

Summary: Please kindly assess 2021 Review Report by Audit Committee.

Explanation: Please kindly refer to page 14 of this manual (Attachment 2) for 2021 Review Report by Audit Committee.

Subject 3

Summary: Please kindly assess the 2021 distribution of remunerations to employees and directors.

Explanation: 1. This is processed pursuant to Article 24 of the Company's Articles of Incorporation.

2. The 2021 distribution of remunerations to employees and directors is made in cash, based on 1% or NT\$1,442,004 to directors and 2% or NT\$2,884,009 to employees.

3. The above remunerations were approved by the board on March 25, 2022.

Subject 4

Summary: Please kindly assess the 2021 distribution of earnings via cash dividends.

Explanations: 1. Per Article 24-1 of the Company's Articles of Incorporation, the distribution of dividends from earnings or the legal reserve or capital surplus in part or in all requires the attendance of at least two thirds of the directors and the consent of at least half of the attending directors. Subsequent reporting to a shareholders' meeting is required.

2. A total of NT\$53,607,420 is to appropriated as cash dividends from 2021 distributable earnings. As of March 17, 2022, the total number of shares outstanding is 82,472,954 (including 85,841,954 shares issued, less 3,369,000 treasury shares). This

means each share is entitled to a cash dividend of NT\$0.65. The dividends paid will be rounded down to NT\$1 for each shareholder. Any fractional amount will be transferred to Employees' Benefits Committee.

3. This distribution of earnings prioritizes the distribution of 2021 earnings.
4. This proposal was approved by the board and authorized to Chairperson to determine the ex-dividend base date, issuance date and other relevant matters. If the Company's share capital and thus number of shares outstanding are subsequently changed and as a result, the payout ratio is different, Chairperson has the full discretion as to the handling of relevant matters according to the Company Act or other applicable laws and regulations.

Subject 5

Summary: Please kindly assess Report on the implementation of the repurchase of treasury shares.

Explanation: The purpose, quantity, price range and execution of the tenth, eleventh and twelfth repurchase of the Company's shares. Please refer to page 15~16 Attachment 3 of this manual.

Subject 6

Summary: Please kindly assess Report on enactment of Ethical Corporate Management Best Practice Principles.

Explanation: The "Ethical Corporate Management Best Practice Principles" is based on the "Ethical Corporate Management Best Practice Principles" issued by the Over-the-Counter (OTC), which can assist our company to foster a corporate culture of ethical management and sound development, as well as a sound business operation structure. Please refer to page 17-25 Attachment 4 of this manual.

Subject 7

Summary: Please kindly assess Report on the subsidiary CFTC PRECISION SDN BHD's schedule for liquidation

Explanation: 1. Due to epidemic COVID-19, the Company adjust the subsidiary

CFTC PRECISION SDN BHD's schedule for liquidation and had reported to Board of Directors and recently Shareholders' Meeting.

2. The Company's subsidiary CFTC PRECISION SDN BHD's liquidation plans adjusted as follows:

Schedule	Plan	Progress
By the end of 2020	Completion of CFTC PRECISION SDN. BHD's financial statement auditing and tax auditing for 2017, 2018, and 2019	Completion
By the end of July 2021	Completion of 2020 financial statement auditing and tax auditing	Completion
3Q/4Q 2021	After the CFTC PRECISION SDN. BHD's financial statement auditing and tax auditing for individual have been completed, an application will be filed with CFTC's listing authority, Taipei Exchange for change to committed items for listing on Taipei Exchange(TPEX). Once approved by Taipei Exchange, the Company's board will via a special resolution, initial relevant reporting and filing procedures according to applicable laws and regulations in Malaysia, where CFTC PRECISION SDN. BHD is domiciled.	Completion
By the end of 2021	Completion of CFTC PRECISION SDN. BHD's company registration	1. The board of directors of the Company approved the dissolution and liquidation of CFTC PRECISION SDN. BHD's on January 11, 2022. 2. The Company intends to apply for liquidation

		in accordance with the relevant laws and regulations of Malaysia, where the Company is located (the liquidation process will take approximately 1 to 1.5 years in accordance with the relevant laws and regulations of Malaysia).
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Matters to be Ratified

Subject 1 (proposed by the board)

Summary: Please kindly admit the Company's 2021 Business Report and Financial Statements.

Explanation: 1. The Company's 2021 business report, unconsolidated financial statements and consolidated financial statements were approved by Audit Committee and passed by the board. The unconsolidated and consolidated financial statements were audited and issued with independent auditor's reports by CPA Jacky Chen and CPA David Chen at KPMG Taiwan.

2. Please refer to page 11~13 Attachment 1, page 26~43 Attachment 5 and Attachment 6 respectively of this manual for the business report, independent auditor's reports and financial statements.

Resolution:

Subject 2 (proposed by the board)

Summary: Please kindly admit the Company's distribution of 2021 earnings.

Explanation: The Company's distribution of 2021 earnings was approved by Audit Committee and passed by the board. Please refer to page 44 Attachment 7 of this manual for the Table of Earnings Distribution.

Resolution:

Matters to be Discussed

Subject 1 (proposed by the board)

Summary: Please kindly discuss the amendment of Regulations for the Acquisition or Disposal of Assets.

Explanation: 1. According to the requirements specified in Official Letter OTC-Oversight No. 100013867 on December 16, 2021, changes to OTC commitments and Order No. Financial-Supervisory-Securities-Corporate-1110380465 of the Financial Supervisory Commission on January 28, 2022, amended its Regulations Governing the Acquisition and Disposal of Assets by Public Companies, the Company has amended its Regulations for the Acquisition or Disposal of Assets.

2. Please refer to page 45~51 Attachment 8 of this manual for Comparison Table Before and After Amendment.

Resolutiopagesn:

Election Matters

Subject 1 (proposed by the board)

Summary: Please kindly elect all directors for the Company.

Explanation: 1. The tenure of the twelfth term of directors of the Company will be expired on May 23, 2022, and it is planned to be fully re-elected at the 2022 Annual General Shareholders' Meeting.

2. 9 directors of the 13th BOD (including 4 independent directors) were elected at the Annual General Shareholders' Meeting. Per the Company's Articles of Incorporation, directors are elected by shareholders from the director candidates. The new directors and independent directors shall take office on the date of election until 3 years, from May 27, 2022 to May 26, 2025.

3. The list of director candidates was approved by the Company's board on March 25, 2022. Please refer to Attachment 9 page 52~53 of this manual for the education, experience and shareholdings of these candidates.

4. Please refer to page 72~73 of the manual for the Procedures for Election and Appointment of Directors (Appendix 3).

Election results:

Other Proposals

Subject 1 (proposed by the board)

Summary: Please kindly discuss the removal of non-compete covenants on new directors, independent directors and the Representative.

Explanation: 1. According to Article 209 of the Company Act, directors shall explain key items to and obtain permission from shareholders' meetings for any activities within the Company's scope of business on behalf of themselves or others.

2. The Company's new directors, independent directors and the Representative as above situation. On the presumption that the Company's interest stays uncompromised, it is proposed to agree with the removal of non-compete clauses. Please refer Details of Directors Serving Positions with Other Companies to page 54~55 (Attachment 10).

Resolution:

Extemporaneous Motions

Adjournment

2021 Business Report

Dear Shareholders:

In 2021, China Fineblanking Technology completed the optimization of its management and the improvement of its producing and marketing portfolios. Our revenues hit record highs. Profitability was slightly impacted by the global epidemic changes, chip shortages and soaring raw material prices. In 2021, China Fineblanking Technology will focus on the introduction of new technologies, enhancement of mold design and manufacturing, R&D of new products and development of new clientele, so that we can capitalize on business opportunities in hard-disk drive (HDD) components and auto components and demonstrate solid profitability gradually,

I. China Fineblanking Technology's key achievements in 2021:

1. Our VCM Plates expanded into new global markets for HDD (Hard Disk Drive , HDD) manufacturer customers this year and continued to introduce new products . We have ramped up the production of new application products and expect strong growth in the market for high-end servers and the clouds.
2. Our auto component portfolio consists of five major businesses, including gearboxes, door locks, motors, hydraulic pumps, seat adjusters, and new electric vehicle components, etc. We meet the customers' needs by providing over one thousand products and manufacturing processes.
3. We are committed to investment in capacity expansion to meet the demand from new customers.

II. Financial performance:

China Fineblanking Technology operating revenue of NT\$2,640 million in 2021, up by NT\$344 million (or 14.99%) from NT\$2,296 million in 2020. Profit after tax totaled NT\$108 million during the period, down by NT\$30 million from NT\$138 million in 2020. China Fineblanking Technology's gross margin was 19.38% in 2021, down from 21.56% in 2020, primarily due to global raw material prices increase. The 2021 operating margin was 7.02%, compared with 10.01% in 2020. Net margin in 2021 reached 4.08%, down by 1.92% from 6.00% in 2020.

Unit: NT\$1,000

	2021	2020
Operating revenue, net	2,639,658	2,295,575
Gross profit	511,616	495,035
Operating expenses	326,378	265,305
Operating profit	185,238	229,730
Pre-tax earnings (loss)	180,495	212,746
Net income (loss)	107,662	137,632
Earnings per share (NT\$)	1.29	1.69

III. Technology development:

China Fineblanking Technology maintains a 90% in-house production

rate from mold design, mold manufacturing, to final products. Our tried-and-tested manufacturing processes underpin our technology leadership in the industry and the hard-disk drive industry. As cloud users account for the majority of demand for hard-disk drives, hard-disk drive design has become more complex and requires high-precision production equipment. China Fineblanking Technology continues to invest in mold design and production effectiveness improvement. With a continuous talent pipeline for mold development, years of experience in mold development and automation processing, we spare no efforts in R&D and technology advancement, in order to stay on top of product trends, create core value with differentiation and maintain market leadership.

IV. 2021 Business Plan:

(I) Business guidelines

1. China Fineblanking Technology's headquarter in Taiwan collaborates with overseas subsidiaries for optimized production and work strategically with leading companies overseas in development of high-value added products.
2. We proactively develop new clientele and expand our footprint in the auto products market.
3. We seek to enhance services to existing customers to maintain long-term cooperation and achieve win-wins.
4. We create service advantage by leveraging the geographic proximity of overseas subsidies to customers. With robust quality assurance measures and continued control over production progress, we strive to meet customers' needs by keeping up our production and quality.
5. Without affecting our profitability, we raise funds with rights issues to meet the capital requirement for expansion.
6. We balance between funding flexibility and security and where appropriate, seek to create financial profits.

(II) Production & marketing strategy

1. We plan for expansions. To reduce operating risks, obtain a cost advantage and enhance competitiveness, we will diversify production bases and expand production scale with international division of labor. This is to meet with overseas market requirements of customers so that we create win-wins for ourselves and customers.
2. We stay abreast of market movements, continue to invest in R&D, and constantly improve product quality. We develop the new generation of products in order to maintain market leadership and create new business opportunities.
3. We access funding from the capital market and strengthen our financial capability to respond to business cycles and support our future growth.
4. Environmental friendliness and the circular economy are incorporated into the R&D stage. By working with academia and strategy suppliers, we introduce low-polluting manufacturing procedures and equipment and assess and modify the manufacturing process in order to reduce the environmental impact in order to meet the expectation of all stakeholders on the economic,

social, environmental, and technological fronts.

V. Impact of market competition, regulatory and business environments

The growing concentration of the information technology industry means higher complexity in the scale and scope of our business. To counter the increasing risks, we will focus on technology, quality, precision, value added, and delivery speed in response to the changing competitive landscape.

VI. Development strategy

Going forward, China Fineblanking Technology expects a strong growth momentum given its leadership in technology and equipment. We will focus on the development of high-margin products. China Fineblanking Technology is dedicated to its core business in fine blanking by pursuing high-precision grinding and stamping technology. We hope to strike a balance between the two main businesses, i.e., hard-disk drive components and auto components, so that we can achieve sustainable operations. To create growth momentum, China Fineblanking Technology is also developing new energy vehicles business by working with auto OEMs. In sum, we hope to return to the long-term support from our shareholders and employees by creating stable growth.

Chairperson: Huang Yi-Xiang General Manager: Huang Yi-Xiang Chief Accounting Officer: Liao Jen-Chieh

(Attachment 2)

CHINA FINEBLANKING TECHNOLOGY CO., LTD

Review Report by Audit Committee

The Company's board has prepared 2021 business report, financial statements and Table of Earnings Distribution. Under the commission from the board, these financial statements were audited and issued with independent auditor's reports by CPA Jacky Chen and CPA David Chen at KPMG Taiwan.

Audit Committee has inspected the abovementioned business report, financial statements and proposal for earnings distribution and found no cause for objection. Hence, this review report is issued according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Kind regards,

To

2022 General Shareholders' Meeting

CHINA FINEBLANKING TECHNOLOGY CO., LTD

Convener of Audi Committee: Wang Yuan-Hong

March 25, 2022

(Attachment 3)

CHINA FINEBLANKING TECHNOLOGY CO., LTD
update on the repurchasing the Company's shares

Times	10	11	12
Types of shares	Common stock	Common stock	Common stock
Purpose	Transfer shares to employees	Transfer shares to employees	Transfer shares to employees
Planned period	March 20, 2020~ May 19, 2020	May 14, 2021~ July 13, 2021	January 17, 2022~ March 16, 2022
Numbers to be repurchased and percentage of the total number of issued shares	3,000,000 4.28%	3,000,000 3.56%	2,000,000 2.33%
Price range of the shares to be repurchased.	23.10~56.71	28.56~69.43	28.25~61.65
Period for the repurchase	March 20, 2020~ May 18, 2020	May 14, 2021~ July 12, 2021	January 20, 2022~ March 10, 2022
Numbers was repurchased and percentage of the total number of issued shares	1,500,000 1.87%	2,349,000 2.79%	1,020,000 1.19%
Average price per share	35.01	42.94	40.97
Amount of the repurchase.	52,511,865	100,872,223	41,604,120
Execution of Repurchases	<input type="checkbox"/> Completed <input checked="" type="checkbox"/> Not completed Reason: In order to protect the shareholders' rights and interests, and considering the stable trend of the stock price during the repurchased period, the Company repurchase the treasury stock in batches under "no chasing" principle depending on the changes of the stock price.	<input type="checkbox"/> Completed <input checked="" type="checkbox"/> Not completed Reason: In order to protect the shareholders' rights and interests, and considering the stable trend of the stock price during the repurchased period, the Company repurchase the treasury stock in batches under "no chasing" principle depending on the changes of the stock price.	<input type="checkbox"/> Completed <input checked="" type="checkbox"/> Not completed Reason: In order to protect the shareholders' rights and interests, and considering the stable trend of the stock price during the repurchased period, the Company repurchase the treasury stock in batches under "no chasing" principle depending on the changes of the stock price.
Numbers of elimination and transfer shares repurchased	1,500,000	0	0
Numbers of non-elimination and	0	2,349,000	1,020,000

non-transfer shares repurchased			
Amount of non- elimination and non-transfer shares repurchased	0	100,872,223	41,604,120

Ethical Corporate Management Best Practice Principles

Article 1 Purpose of adoption and scope of application

These Principles are adopted to assist our company to foster a corporate culture of ethical management and sound development and offer a reference framework for establishing good commercial practices.

The company is advised to, by these Principles, adopt its own ethical corporate management best practice principles applicable to its business groups and organizations of the company, which comprise its subsidiaries, any foundation to which the company's direct or indirect contribution of funds exceeds 50 percent of the total funds received, and other institutions or juridical persons which are substantially controlled by such company ("business group").

Article 2 Unethical conduct

When engaging in commercial activities, directors, supervisors, managers, employees, and mandataries of our companies or persons having substantial control over such companies ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits.

Parties in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managers, employees, or substantial controllers or other stakeholders.

Article 3 Types of benefits

"Benefits" in these Principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment, or rebates of any type or in any name. Benefits received or given occasionally by accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

Article 4 Compliance

The company shall comply with the Company Act, Securities, and Exchange Act, Business Entity Accounting Act, Political Donations Act,

Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, these rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.

Article 5 Policy

The company shall abide by the operational philosophies of honesty, transparency, and responsibility, base policies on the principle of good faith and obtain approval from the board of directors, and establish good corporate governance and risk control and management mechanism to create an operational environment for sustainable development.

Article 6 Prevention Programs

The company shall in its ethic management policy clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conduct ("prevention programs"), including operational procedures, guidelines, and training.

When establishing the prevention programs, our company shall comply with relevant laws and regulations of the territory where the companies and their business group are operating.

Article 7 Scope of Prevention Programs

The company shall establish a risk assessment mechanism against unethical conduct, analyze and assess regularly business activities within their business scope which are at a higher risk of being involved in unethical conduct, establish prevention programs accordingly and review their adequacy and effectiveness regularly.

It is advised company should referring domestic and foreign standards or guidelines in establishing the prevention programs, which shall at least include preventive measures against the following:

1. Offering and acceptance of bribes.
2. Illegal political donations.
3. Improper charitable donations or sponsorship.
4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.
5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.

6. Engaging in unfair competitive practices.

7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.

Article 8 Announcement and Compliance

The company shall request their directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.

The company and our respective business group shall specify in their rules and external documents and on the company website the ethical corporate management policies and the commitment by the board of directors and senior management to rigorous and thorough implementation of such policies and shall carry out the policies in internal management and commercial activities.

The company shall compile documented information on the ethical management policy, statement, commitment, and implementation mentioned in the first and second paragraphs and retain said information properly.

Article 9 Ethical management evaluation of commercial relationships

The company shall engage in commercial activities fairly and transparently used on the principle of ethical management.

Before any commercial transactions, the company shall take into consideration the legality of its agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved.

When entering into contracts with their agents, suppliers, clients, or other trading counterparties, the company shall include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the trading counterparties are involved in unethical conduct, the company may at any time terminate or rescind the contracts.

Article 10 Prohibition against bribery

When conducting business, the company and its directors, supervisors, managers, employees, mandataries, and substantial controllers, may not directly or indirectly offer, promise to offer, request, or accept any improper

benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.

Article 11 Prohibition against illegal donations

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the company and its directors, supervisors, managers, employees, mandataries, and substantial controllers, shall comply with the Political Donations Act and their own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

Article 12 Prohibition against improper donations and sponsorship

When making or offering donations and sponsorship, the company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

Article 13 Prohibition against unreasonable presents, hospitality, or other improper benefits

The company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality, or other improper benefits to establish a business relationship or influence commercial transactions.

Article 14 Prohibits the damage to intellectual property

The company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations, the company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.

Article 15 Prohibits unfair competition

The company shall engage in business activities applicable to competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

Article 16 Prohibits the damage of products and services to stakeholders

In the course of research and development, procurement, manufacture, provision, or sale of products and services, the company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services. They shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in their operations, to prevent their products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the company shall, in principle, recall those products or suspend the services immediately.

Article 17 Organization and Responsibility

The directors, supervisors, managers, employees, mandataries, and substantial controllers of our company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments to ensure implementation of its ethical corporate management policies.

The General Administration Division of our company shall establish and supervise the implementation of the ethical corporate management policies, and shall report to the board of directors regularly.

Article 18 Compliance with conducting business

The company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.

Article 19 Recusal

The company shall adopt policies for preventing conflicts of interest to identify, monitor, and manage risks possibly resulting from unethical conduct, and shall also offer appropriate means for directors, supervisors, managers, and other stakeholders attending or present at board meetings to

voluntarily explain whether their interests would potentially conflict with those of the company.

When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, supervisors, managers, and other stakeholders attending or present at board meetings of our company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the company, the concerned person may not participate in the dispute session of or vote on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as a proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.

The company's directors, supervisors, managers, employees, mandataries, and substantial controllers shall not take advantage of their positions of influence in the company to obtain improper benefits for themselves, their spouses, parents, children, or any other person.

Article 20 Accounting and internal control systems

The company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly to ensure that the design and enforcement of the systems are showing results.

The internal audit unit of our company shall, based on the results of the assessment of the risk of involvement in unethical conduct, devise relevant audit plans including auditees, audit scope, audit items, audit frequency, etc., and examine accordingly the compliance with the prevention programs. The internal audit unit may engage a certified public accountant to carry out the audit and may engage professionals to assist if necessary.

The results of the examination in the preceding paragraph shall be put down in writing in the form of an audit report to be submitted to the board of directors.

Article 21 Operational procedures and guidelines

The company shall establish operational procedures and guidelines and should at least contain the following matters:

1. Standards for determining whether improper benefits have been offered or accepted.

2. Procedures for offering legitimate political donations.
3. Procedures and the standard rates for offering charitable donations or sponsorship.
4. Rules for avoiding work-related conflicts of interest and how they should be reported and handled.
5. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.
6. Regulations and procedures for dealing with suppliers, clients, and business transaction counterparties suspected of unethical conduct.
7. Handling procedures for violations of these Principles.
8. Disciplinary measures on offenders.

Article 22 Training and appraisal

The chairperson, general manager, or senior management of the company shall communicate the importance of corporate ethics to its directors, employees, and mandataries regularly.

The company shall periodically organize training and awareness programs for directors, supervisors, managers, employees, mandataries, and substantial controllers and invite the companies' commercial transaction counterparties so they understand the companies' resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.

The company shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to implement a clear and effective reward and discipline system.

Article 23 Whistle-blowing system

The company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:

1. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow internal and external personnel of the company to submit reports.
2. Dedicated personnel or unit appointed to handle the whistle-blowing system. Any tip involving a director or senior management shall be reported to the independent directors or supervisors. Categories of reported

misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.

3. Follow-up measures to be adopted depending on the severity of the circumstances after investigations of cases reported are completed. Where necessary, a case shall be reported to the competent authority or referred to the judicial authority.

4. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.

5. Confidentiality of the identity of whistle-blowers and the content of reported cases, and an undertaking regarding anonymous reporting.

6. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.

7. Whistle-blowing incentive measures.

When material misconduct or likelihood of material impairment to our company comes to their awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors or supervisors in written form.

Article 24 Disciplinary and appeal system

The company shall adopt and publish a well-defined disciplinary and appeal system for handling violations of the ethical corporate management rules and shall make immediate disclosure on the company's internal website of the title and name of the violator, the date and details of the violation, and the actions taken in response.

Article 25 Disclose

The company shall collect quantitative data about the promotion of ethical management and continuously analyze and assess the effectiveness of the promotion of ethical management policy. It shall also disclose the measures taken for implementing ethical corporate management, the status of implementation, the foregoing quantitative data, and the effectiveness of promotion on their company websites, annual reports, and prospectuses, and shall disclose their ethical corporate management best practice principles on the Market Observation Post System.

Article 26 Review and improvement

The company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their directors, supervisors, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures are taken will be reviewed and improved to achieve better implementation of ethical management.

Article 27 Compliance

The ethical corporate management best practice principles of the company shall be implemented after the board of directors grants the approval, and shall be sent to the supervisors and reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.

This Code was approved at the 24th meeting of the 12th Board of Directors on November 11, 2021.

Independent Auditors’ Report

To the Board of Directors of CHINA FINEBLANKING TECHNOLOGY CO., LTD.:

Opinion

We have audited the financial statements of CHINA FINEBLANKING TECHNOLOGY CO., LTD.(“the Company”), which comprise the balance sheet as of December 31, 2021 and 2020, the statement of comprehensive income, changes in equity and cash flows for the year then ended and notes to the financial statement, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the year then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the non-consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition

For the accounting policies of Revenue recognition, please refer to Note (4)(m) “Revenue from contracts with customers” ; for the explanation of revenue recognition, please refer to Note (6)(q).

Description of key audit matter:

The main business items of the Company are producing and selling parts of HDD and parts of vehicles. The Company sets up shipping warehouse at the customers’ places to fulfill the demands of the customers. The performance obligations are fulfilled at the time that the customers pick up the goods. Revenue recognition is the matter which needs high attention when we conduct the audit of financial statements, because the accuracy of the timepoint of revenue recognition is material to the financial statements and is the matter the users of financial statements concern

Our principal audit procedures included:

- Assessing the adequacy of the accounting policies of revenue recognition; testing the Company's controls surrounding the Sale and Receipt cycle and checking the accuracy of the timepoint of revenue recognition;
- Conducting analysis of variances to the top ten customers to evaluate that there is material abnormality or not; sending confirmations to the trade partners;
- Choosing a period contains date of balance sheet and checking the original certificates concerning to verify that related transactions were presented appropriately.

2. Inventory valuation

For the accounting policies of Inventory valuation, please refer to Note (4)(g) "Inventories" ; for the accounting assumptions and estimation uncertainty of Inventory valuation, please refer to Note (5)(b); for the explanation of Inventory valuation, please refer to Note (6)(c).

Description of key audit matter:

Inventories are measured at the lower of cost and net realizable value. The net realizable value changes arising from uncertainty of technical transformations, and may have a risk which becomes higher than the historical cost. Thus, we consider the inventory evaluation as a key audit matter.

Our principal audit procedures included:

- Obtaining aging statements of each kind of inventories and testing the changes in ages of inventories; selecting samples to check the accuracy of classification range of inventories ages;
- Obtaining the policies of inventories evaluation and evaluated the consistency of these policies; assessing the basis of the valuation net realizable value, sampling and testing the documentary evidence regarding purchases and sales to verify the accuracy of the valuation of allowance to reduce inventories to market.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors'

report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because

the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chung-Che Chen and Kuo-Tsung Chen.

KPMG

Taipei, Taiwan (Republic of China)

March 25, 2022

Notes to Readers

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

The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)
CHINA FINEBLANKING TECHNOLOGY CO., LTD.

Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollar)

Assets		December 31, 2021		December 31, 2020		Liabilities and Equity		December 31, 2021		December 31, 2020						
		Amount	%	Amount	%			Amount	%	Amount	%					
Current assets:						Current liabilities:										
1100	Cash and cash equivalents(Note (6)(a))	\$	227,584	7		194,750	6	2100	Short-term borrowings(Note (6)(h))	\$	70,000	2		16,378	1	
1140	Current contract assets(Note (6)(q))		293	-		196	-	2130	Current contract liabilities(Note (6)(q))		7,296	-		5,055	-	
1150	Notes receivable, net(Note (6)(b) and (q))		2,015	-		1,732	-	2150	Notes payable		971	-		596	-	
1170	Accounts receivable, net(Note (6)(b) and (q))		143,448	4		183,046	6	2170	Accounts payable		100,872	3		38,348	1	
1200	Other receivables, net(Note (8))		54,541	2		57,657	2	2180	Accounts payable to related parties(Note (7))		82,765	2		120,649	4	
1210	Other receivables-related parties(Note (7))		293	-		142	-	2200	Other payables(Note 6(i))		93,573	3		75,708	2	
1220	Current tax assets		-	-		2,296	-	2220	Other payables to related parties(Note (6)(i) and (7))		60	-		58	-	
130X	Inventories(Note (6)(c))		111,067	3		93,741	3	2230	Current tax liabilities		1,474	-		7,063	-	
1410	Prepayments		5,649	-		11,117	-	2280	Current lease liabilities(Note (6)(l))		1,062	-		1,079	-	
1470	Other current assets		2,209	-		4,689	-	2320	Long-term liabilities, current portion(Note (6)(k))		114,180	3		64,537	2	
			547,099	16		549,366	17	2399	Other current liabilities, others		1,324	-		433	-	
											473,577	13		329,904	10	
Non-current assets:								Non-Current liabilities:								
1510	Non-current financial assets at fair value through profit or loss(Note(6)(j))		57	-		60	-									
1550	Investments accounted for using equity method(Note (6)(d))		1,774,281	51		1,649,901	52	2530	Bonds payable(Note (6)(j))		378,449	11		386,166	12	
1600	Property, plant and equipment(Note (6)(e) and (8))		988,892	29		846,809	27	2540	Long-term borrowings(Note (6)(k))		879,902	26		831,511	27	
1755	Right-of-use assets(Note (6)(f))		1,912	-		2,548	-	2570	Deferred tax liabilities(Note (6)(n))		76,094	2		53,176	2	
1780	Intangible assets		3,440	-		3,244	-	2580	Non-current lease liabilities(Note (6)(l))		895	-		1,507	-	
1840	Deferred tax assets(Note (6)(n))		19,886	1		23,091	1	2630	Long-term deferred revenue		9,354	-		10,130	-	
1900	Other non-current assets(Note (6)(g) and (7))		104,408	3		105,506	3	2645	Guarantee deposits received		200	-		200	-	
			2,892,876	84		2,631,159	83				1,344,894	39		1,282,690	41	
											1,818,471	52		1,612,594	51	
									Total liabilities							
									Share capital (Note (6)(o)):							
								3110	Ordinary shares		858,419	25		838,841	26	
								3200	Capital surplus		553,362	16		528,557	17	
								3300	Retained earnings		431,313	13		405,553	13	
								3400	Other equity interest		(119,793)	(3)		(124,488)	(4)	
								3500	Treasury shares		(101,797)	(3)		(80,532)	(3)	
									Total equity		1,621,504	48		1,567,931	49	
									Total liabilities and equity		\$	3,439,975	100		3,180,525	100
	Total assets	\$	3,439,975	100		3,180,525	100									

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
CHINA FINEBLANKING TECHNOLOGY CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollar , Except for Earnings Per Common Share)

		2021		2020	
		Amount	%	Amount	%
4000	Operating revenue (Note (6)(q) and (7))	\$ 843,117	100	797,210	100
5000	Operating costs (Notes (6)(c), (m), (r), (7) and (12))	688,617	82	652,619	82
5900	Gross profit from operations	154,500	18	144,591	18
5910	Less: Unrealized gain or loss from sale	1,775	-	2,075	-
5920	Plus: Realized gain or loss from sale	2,075	-	2,356	-
5950	Net gross profit from operations	154,800	18	144,872	18
6000	Operating expenses (Notes (6)(m), (r) and (12)):				
6100	Selling expenses	23,486	3	20,548	2
6200	Administrative expenses	76,365	9	58,456	7
6300	Research and development expenses	17,175	2	12,100	2
6450	Expected credit loss (gain) (Note (6)(b))	-	-	(3)	-
6300	Total operating expenses	117,026	14	91,101	11
6900	Net operating income	37,774	4	53,771	7
	Non-operating income and expenses:				
7100	Interest income (Note (6)(s))	95	-	174	-
7010	Other income (Note (6)(s))	9,258	1	8,809	1
7020	Other gains and losses, net (Note (6)(s))	(9,119)	(1)	(7,470)	(1)
7050	Finance costs, net (Note (6)(s))	(16,346)	(2)	(16,780)	(2)
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method, net (Note 6(d))	118,212	15	135,835	17
	Total non-operating income and expenses	102,100	13	120,568	15
	Profit from continuing operations before tax	139,874	17	174,339	22
7950	Less: Income tax expenses (Note (6)(n))	32,212	4	36,707	5
	Profit	107,662	13	137,632	17
8300	Other comprehensive income:				
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	5,868	-	8,907	1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	1,173	-	1,782	-
8300	Other comprehensive income	4,695	-	7,125	1
	Total comprehensive income	<u>\$ 112,357</u>	<u>13</u>	<u>144,757</u>	<u>18</u>
9750	Basic earnings per share (Note (6)(p))	<u>\$ 1.29</u>		<u>1.69</u>	
9810	Diluted earnings per share (Note (6)(p))	<u>\$ 1.21</u>		<u>1.53</u>	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
CHINA FINEBLANKING TECHNOLOGY CO., LTD.

Statements of Changes in Equity
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollar)

	Share capital		Retained earnings				Total other equity interest	Treasury shares	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements		
Balance at January 1, 2020	\$ 801,512	512,998	92,992	87,006	129,918	309,916	(131,613)	(120,542)	1,372,271
Profit	-	-	-	-	137,632	137,632	-	-	137,632
Other comprehensive income	-	-	-	-	-	-	7,125	-	7,125
Total comprehensive income	-	-	-	-	137,632	137,632	7,125	-	144,757
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	2,006	-	(2,006)	-	-	-	-
Special reserve appropriated	-	-	-	44,607	(44,607)	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(4,666)	(4,666)	-	-	(4,666)
Stock dividends of ordinary shares	37,329	-	-	-	(37,329)	(37,329)	-	-	-
Conversion of convertible bonds	-	9,858	-	-	-	-	-	-	9,858
Purchase of treasury share	-	-	-	-	-	-	-	(52,512)	(52,512)
Share-based payments	-	5,701	-	-	-	-	-	92,522	98,223
Balance at December 31, 2020	838,841	528,557	94,998	131,613	178,942	405,553	(124,488)	(80,532)	1,567,931
Profit	-	-	-	-	107,662	107,662	-	-	107,662
Other comprehensive income	-	-	-	-	-	-	4,695	-	4,695
Total comprehensive income	-	-	-	-	107,662	107,662	4,695	-	112,357
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	13,763	-	(13,763)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(65,522)	(65,522)	-	-	(65,522)
Stock dividends of ordinary share	16,380	-	-	-	(16,380)	(16,380)	-	-	-
Reversal of special reserve	-	-	-	(7,125)	7,125	-	-	-	-
Conversion of convertible bonds	3,198	9,993	-	-	-	-	-	-	13,191
Purchase of treasury share	-	-	-	-	-	-	-	(100,950)	(100,950)
Share-based payments	-	14,812	-	-	-	-	-	79,685	94,497
Balance at December 31, 2021	\$ 858,419	553,362	108,761	124,488	198,064	431,313	(119,793)	(101,797)	1,621,504

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
CHINA FINEBLANKING TECHNOLOGY CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollar)

	For the years ended December 31	
	2021	2020
Cash flows from operating activities:		
Profit before tax	\$ 139,874	174,339
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	44,675	32,728
Amortization expense	1,644	1,141
Expected credit reversal gain	-	(3)
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	3	(20)
Interest expense	16,346	16,780
Interest income	(95)	(174)
Share of gain of associates and joint ventures accounted for using the equity method	(118,212)	(135,835)
Loss (gain) on disposal of property, plant and equipment	1,587	(3,551)
Unrealized profit on from sales	1,775	2,075
Realized profit on from sales	(2,075)	(2,356)
Amortization of deferred revenue	(2,585)	(931)
Total adjustments to reconcile profit	(56,937)	(90,146)
Changes in operating assets and liabilities:		
(Increase) decrease in contract assets	(97)	1,167
Increase in notes receivable	(283)	(57)
Decrease in accounts receivable	39,598	18,389
Decrease in other receivables	2,965	20,104
Increase in inventories	(17,326)	(15,470)
Decrease (increase) in prepayments	5,468	(8,173)
Decrease (increase) in other current assets	2,481	(3,479)
Total changes in operating assets	32,806	12,481
Increase in contract liabilities	2,241	4,220
Increase (decrease) in notes payable	375	(133)
Increase (decrease) in accounts payable	24,639	(48,601)
Increase in other payables	18,058	29,238
Increase in other current liabilities	891	83
Total changes in operating liabilities	46,204	(15,193)
Total changes in operating assets and liabilities	79,010	(2,712)
Total adjustments	22,073	(92,858)
Cash inflow generated from operations	161,947	81,481
Interest received	95	174
Interest paid	(14,241)	(15,237)
Income taxes paid	(10,555)	(2,679)
Net cash flows from operating activities	137,246	63,739

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
CHINA FINEBLANKING TECHNOLOGY CO., LTD.

Statements of Cash Flows (CONT'D)

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollar)

	For the years ended December 31	
	2021	2020
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(79,440)	(234,685)
Proceeds from disposal of property, plant and equipment	281	7,808
Acquisition of intangible assets	(1,725)	(2,285)
Increase in other non-current assets	(102,791)	(93,833)
Net cash flows used in investing activities	(183,675)	(322,995)
Cash flows from financing activities:		
Increase in short-term loans	160,000	211,136
Decrease in short-term loans	(106,378)	(404,758)
Proceeds from issuing bonds	-	394,110
Proceeds from long-term loans	170,800	703,000
Repayments of long-term loans	(72,048)	(618,384)
Repayments of lease liabilities	(1,136)	(2,037)
Cash dividends paid	(65,522)	(4,666)
Payments to acquire treasury shares	(100,950)	(52,512)
Treasury shares sold to employees	94,497	98,223
Net cash flows from financing activities	79,263	324,112
Net increase in cash and cash equivalents	32,834	64,856
Cash and cash equivalents, beginning of the period	194,750	129,894
Cash and cash equivalents, end of the period	\$ 227,584	194,750

See accompanying notes to parent company only financial statements

Independent Auditors' Report

To the Board of Directors of CHINA FINEBLANKING TECHNOLOGY CO., LTD.:

Opinion

We have audited the consolidated financial statements of CHINA FINEBLANKING TECHNOLOGY CO., LTD. and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as of December 31, 2021 and 2020, the consolidated statement of comprehensive income, changes in equity and cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition

For the accounting policies of Revenue recognition, please refer to Note (4)(m) "Revenue from contracts with customers"; for the explanation of revenue recognition, please refer to Note (6)(r).

Description of key audit matter:

The main business items of the Group are producing and selling parts of HDD and parts of vehicles. The Group sets up shipping warehouse at the customers' places to fulfill the

demands of the customers. The performance obligations are fulfilled at the time that the customers pick up the goods. Revenue recognition is the matter which needs high attention when we conduct the audit of financial statements, because the accuracy of the timepoint of revenue recognition is material to the financial statements and is the matter the users of financial statements concern.

Our principal audit procedures included:

- Assessing the adequacy of the accounting policies of revenue recognition; testing the Group's controls surrounding the Sale and Receipt cycle and checking the accuracy of the timepoint of revenue recognition;
- Conducting analysis of variances to the top ten customers to evaluate that there is material abnormality or not; sending confirmations to the trade partners;
- Choosing a period contains date of balance sheet and checking the original certificates concerning to verify that related transactions were presented appropriately.

2. Inventory valuation

For the accounting policies of Inventory valuation, please refer to Note (4)(h) "Inventories" ; for the accounting assumptions and estimation uncertainty of Inventory valuation, please refer to Note (5)(b); for the explanation of Inventory valuation, please refer to Note (6)(c).

Description of key audit matter:

Inventories are measured at the lower of cost and net realizable value. The net realizable value changes arising from uncertainty of technical transformations, and may have a risk which becomes higher than the historical cost. Thus, we consider the inventory evaluation as a key audit matter.

Our principal audit procedures included:

- Obtaining aging statements of each kind of inventories and testing the changes in ages of inventories; selecting samples to check the accuracy of classification range of inventories ages;
- Obtaining the policies of inventories evaluation and evaluated the consistency of these policies; assessing the basis of the valuation net realizable value, sampling and testing the documentary evidence regarding purchases and sales to verify the accuracy of the valuation of allowance to reduce inventories to market.

Other Matter

CHINA FINEBLANKING TECHNOLOGY CO., LTD. has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2021 and 2020, on which we have issued an unqualified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the

planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chung-Che Chen and Kuo-Tsung Chen.

KPMG

Taipei, Taiwan (Republic of China)
March 25, 2022

Notes to Readers

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

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)
CHINA FINEBLANKING TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollar)

Assets		December 31, 2021		December 31, 2020		Liabilities and Equity		December 31, 2021		December 31, 2020			
		Amount	%	Amount	%			Amount	%	Amount	%		
Current assets:						Current liabilities:							
1100	Cash and cash equivalents (Note (6)(a))	\$	526,955	12	468,484	11	2100	Short-term borrowings (Note (6)(i))	\$	464,047	10		
1140	Current contract assets (Note (6)(r))		75,035	2	91,624	2	2130	Current contract liabilities (Note (6)(r))		9,821	-		
1150	Notes receivable, net (Note (6)(b) and (r))		79,280	2	83,725	2	2150	Notes payable		971	-		
1170	Accounts receivable, net (Note (6)(b) and (r))		634,418	14	626,245	16	2170	Accounts payable		381,366	9		
1200	Other receivables, net (Note (8))		62,642	1	61,912	2	2180	Accounts payable to related parties (Note (7))		11,451	-		
1220	Current tax assets (Note 6(o))		34	-	2,296	-	2200	Other payables (Note 6(j))		376,883	9		
130X	Inventories (Note (6)(c))		659,437	15	503,316	12	2220	Other payables to related parties (Note (6)(j) and (7))		30,247	1		
1410	Prepayments (Note (6)(d))		187,936	4	177,951	4	2230	Current tax liabilities (Note 6(o))		23,188	-		
1470	Other current assets		2,209	-	2,825	-	2280	Current lease liabilities (Note (6)(m))		1,245	-		
			2,227,946	50	2,018,378	49	2320	Long-term liabilities, current portion (Note (6)(l))		114,180	3		
Non-current assets:						2399	Other current liabilities, others			807	-		
1510	Non-current financial assets at fair value through profit or loss (Note (6)(k))		57	-	60	-				1,414,206	32		
1600	Property, plant and equipment (Note (6)(e) and (8))		1,962,289	45	1,858,752	46	Non-Current liabilities:						
1755	Right-of-use assets (Note (6)(f) and (8))		33,155	1	34,766	1	2530	Bonds payable (Note (6)(k))		378,449	9		
1780	Intangible assets		11,213	-	8,320	-	2540	Long-term borrowings (Note (6)(l))		910,310	21		
1840	Deferred tax assets (Note (6)(o))		25,585	1	33,951	1	2570	Deferred tax liabilities (Note (6)(o))		76,094	2		
1900	Other non-current assets (Note (6)(h) and (7))		150,837	3	132,869	3	2580	Non-current lease liabilities (Note (6)(m))		895	-		
			2,183,136	50	2,068,718	51	2630	Long-term deferred revenue		9,354	-		
							2645	Guarantee deposits received		270	-		
										1,375,372	32		
										2,789,578	64		
							Total liabilities						
							Equity attributable to owners of parent (Note (6)(p)):						
						3110	Ordinary shares		858,419	19	838,841	21	
						3200	Capital surplus		553,362	13	528,557	13	
						3300	Retained earnings		431,313	10	405,553	10	
						3400	Other equity interest		(119,793)	(3)	(124,488)	(3)	
						3500	Treasury shares		(101,797)	(3)	(80,532)	(2)	
						31XX	Total equity attributable to owners of parent:		1,621,504	36	1,567,931	39	
						36XX	Non-controlling interests		-	-	-	-	
										1,621,504	36	1,567,931	39

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
CHINA FINEBLANKING TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollar , Except for Earnings Per Common Share)

		2021		2020	
		Amount	%	Amount	%
4000	Operating revenue (Note (6)(r))	\$ 2,639,658	100	2,295,575	100
5000	Operating costs (Notes (6)(c), (n) and (12))	2,128,042	81	1,800,540	78
5900	Gross profit from operations	511,616	19	495,035	22
6000	Operating expenses (Notes (6)(n) and (12)):				
6100	Selling expenses	69,406	3	55,148	3
6200	Administrative expenses	183,095	7	148,870	7
6300	Research and development expenses	88,132	3	56,129	3
6450	Expected credit loss (gain) (Note (6)(b))	(14,255)	(1)	5,158	-
6300	Total operating expenses	326,378	12	265,305	13
6900	Net operating income	185,238	7	229,730	9
	Non-operating income and expenses:				
7100	Interest income (Note (6)(t))	876	-	2,074	-
7010	Other income (Note (6)(t))	41,063	2	35,426	2
7020	Other gains and losses, net (Note (6)(t))	(23,113)	(1)	(26,759)	(1)
7050	Finance costs, net (Note (6)(t))	(23,569)	(1)	(27,725)	(1)
	Total non-operating income and expenses	(4,743)	-	(16,984)	-
	Profit from continuing operations before tax	180,495	7	212,746	9
7950	Less: Income tax expenses (Note (6)(o))	72,833	3	75,114	3
	Profit	107,662	4	137,632	6
8300	Other comprehensive income:				
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	5,868	-	8,907	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	1,173	-	1,782	-
8300	Other comprehensive income	4,695	-	7,125	-
	Total comprehensive income	\$ 112,357	4	144,757	6
	Profit, attributable to:				
8610	Profit, attributable to owners of parent	\$ 107,662	4	137,632	6
8720	Profit, attributable to non-controlling interests	-	-	-	-
		\$ 107,662	4	137,632	6
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent	\$ 112,357	4	144,757	6
8720	Comprehensive income, attributable to non-controlling interests	-	-	-	-
		\$ 112,357	4	144,757	6
9750	Basic earnings per share (Note (6)(q))	\$ 1.29		1.69	
9810	Diluted earnings per share (Note (6)(q))	\$ 1.21		1.53	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
CHINA FINEBLANKING TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollar)

	Equity attributable to owners of parent						Total other equity interest		
	Share capital		Retained earnings				Exchange differences on translation of foreign financial statements	Treasury shares	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings			
Balance at January 1, 2020	\$ 801,512	512,998	92,992	87,006	129,918	309,916	(131,613)	(120,542)	1,372,271
Profit	-	-	-	-	137,632	137,632	-	-	137,632
Other comprehensive income	-	-	-	-	-	-	7,125	-	7,125
Total comprehensive income	-	-	-	-	137,632	137,632	7,125	-	144,757
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	2,006	-	(2,006)	-	-	-	-
Special reserve appropriated	-	-	-	44,607	(44,607)	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(4,666)	(4,666)	-	-	(4,666)
Stock dividends of ordinary shares	37,329	-	-	-	(37,329)	(37,329)	-	-	-
Conversion of convertible bonds	-	9,858	-	-	-	-	-	-	9,858
Purchase of treasury shares	-	-	-	-	-	-	-	(52,512)	(52,512)
Share-based payments	-	5,701	-	-	-	-	-	92,522	98,223
Balance at December 31, 2020	838,841	528,557	94,998	131,613	178,942	405,553	(124,488)	(80,532)	1,567,931
Profit	-	-	-	-	107,662	107,662	-	-	107,662
Other comprehensive income	-	-	-	-	-	-	4,695	-	4,695
Total comprehensive income	-	-	-	-	107,662	107,662	4,695	-	112,357
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	13,763	-	(13,763)	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(65,522)	(65,522)	-	-	(65,522)
Stock dividends of ordinary shares	16,380	-	-	-	(16,380)	(16,380)	-	-	-
Reversal of special reserve	-	-	-	(7,125)	7,125	-	-	-	-
Conversion of convertible bonds	3,198	9,993	-	-	-	-	-	-	13,191
Share-based payments	-	14,812	-	-	-	-	-	79,685	94,497
Purchase of treasury shares	-	-	-	-	-	-	-	(100,950)	(100,950)
Balance at December 31, 2021	\$ 858,419	553,362	108,761	124,488	198,064	431,313	(119,793)	(101,797)	1,621,504

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
CHINA FINEBLANKING TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollar)

	For the years ended December 31	
	2021	2020
Cash flows from operating activities:		
Profit before tax	\$ 180,495	212,746
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	176,734	163,127
Amortization expense	8,985	2,341
Expected credit loss (reversal gain)	(14,255)	5,158
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	3	(20)
Interest expense	23,569	27,725
Interest income	(876)	(2,074)
Loss on disposal of property, plant and equipment	8,306	151
Loss (gain) on disposal of investment properties	-	(8,337)
Amortization of deferred revenue	(2,585)	(931)
Total adjustments to reconcile profit	199,881	187,140
Changes in operating assets and liabilities:		
Decrease (increase) in contract assets	16,589	(7,934)
Decrease (increase) in notes receivable	4,445	(53,120)
Decrease (increase) in accounts receivable	6,082	(14,272)
(Increase) decrease in other receivables	(730)	22,723
Increase in inventories	(156,121)	(30,599)
(Increase) decrease in prepayments	(10,243)	1,870
Increase in other current assets	(3,729)	(2,230)
Total changes in operating assets	(143,707)	(83,562)
Increase in contract liabilities	4,242	4,148
Increase (decrease) in notes payable	375	(133)
Increase in accounts payable	38,776	56,521
Increase in other payables	21,802	18,572
Increase (decrease) in other current liabilities	522	(66)
Total changes in operating liabilities	65,717	79,042
Total changes in operating assets and liabilities	(77,990)	(4,520)
Total adjustments	121,891	182,620
Cash inflow generated from operations	302,386	395,366
Interest received	876	2,074
Interest paid	(23,318)	(35,486)
Income taxes paid	(35,421)	(47,578)
Net cash flows from operating activities	244,523	314,376

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

CHINA FINEBLANKING TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows (CONT'D)

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollar)

	For the years ended December 31	
	2021	2020
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(143,124)	(291,589)
Proceeds from disposal of property, plant and equipment	1,784	7,584
Acquisition of intangible assets	(5,388)	(3,814)
Proceeds from disposal of right-of-use assets	-	2,812
Proceeds from disposal of investment properties	-	17,435
Increase in other non-current assets	(125,634)	(83,324)
Net cash flows used in investing activities	(272,362)	(350,896)
Cash flows from financing activities:		
Increase in short-term loans	668,469	637,710
Decrease in short-term loans	(646,540)	(981,609)
Proceeds from issuing bonds	-	394,110
Proceeds from long-term loans	201,189	703,000
Repayments of long-term loans	(72,047)	(618,384)
Decrease in guarantee deposits received	(5)	(298)
Repayments of lease liabilities	(1,176)	(3,109)
Cash dividends paid	(65,522)	(4,666)
Payments to acquire treasury shares	(100,950)	(52,512)
Treasury shares sold to employees	94,497	98,223
Net cash flows from financing activities	77,915	172,465
Effect of exchange rate fluctuations on cash held	8,395	16,765
Net increase in cash and cash equivalents	58,471	152,710
Cash and cash equivalents, beginning of the period	468,484	315,774
Cash and cash equivalents, end of the period	\$ 526,955	468,484

See accompanying notes to parent company only financial statements.

(Attachment 7)

CHINA FINEBLANKING TECHNOLOGY CO., LTD

Table of Earnings Distribution

2021

Unit: NT\$

Item	Amount	
Undistributed earnings at the beginning of the period		90,401,599
Add: reversal of special reserve	4,694,518	
Add: 2021 net income	107,661,826	
Appropriation:		
Less: legal reserve	(10,766,183)	
Earnings available for distribution		191,991,760
Distribution:		
Less: cash dividends - NT\$0.65 per share * 82,472,954 shares	(53,607,420)	
Unappropriated retained earnings		138,384,340

Note 1: 85,841,954 shares issued - 3,369,000 treasury shares = 82,472,954 of shares outstanding

Note 2: Distribution prioritized with 2021 earnings

Chairperson: Huang Yi-Xiang General Manager: Huang Yi-Xiang Chief Accounting Officer: Liao Jen-Chieh

(Attachment 8)

Comparison Table of the Rules of Procedure for Shareholder Meetings
Before and After Amendment

Article	Amendment	Original	Reason for the change
5	<p>5 、Independence of experts (omitted)</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the self-regulatory rules of the industry associations to which they belong and with the following provisions:</p> <p>1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>2. When conducting a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>3. They shall undertake an item-by-item evaluation of the appropriateness and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>4. They shall issue a statement attesting to the professional competence and independence</p>	<p>5 、Independence of experts (omitted)</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <p>1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have</p>	<p>According to Regulations Governing the Acquisition and Disposal of Assets by Public Companies amended and issued Order No. FSSC 1110380465 of the Financial Supervisory Commission on 28 January 2022.</p>

Article	Amendment	Original	Reason for the change
	of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is appropriate and reasonable, and that they have complied with applicable laws and regulations.	complied with applicable laws and regulations.	
7.1.3	<p>Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>1、The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>2、The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p>	<p>Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>1、The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>2、The discrepancy between the appraisal results of two or more professional appraisers is 10</p>	According to Regulations Governing the Acquisition and Disposal of Assets by Public Companies amended and issued Order No. FSSC 1110380465 of the Financial Supervisory Commission on 28 January 2022.

Article	Amendment	Original	Reason for the change
		percent or more of the transaction amount.	
8.4.4	If the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).	If the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).	According to Regulations Governing the Acquisition and Disposal of Assets by Public Companies amended and issued Order No. FSSC 1110380465 of the Financial Supervisory Commission on 28 January 2022.
9.1.2	Where a public company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price. This requirement does not apply,	Where a public company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20	According to Regulations Governing the Acquisition and Disposal of Assets by Public Companies amended and issued Order No. FSSC 1110380465 of the Financial Supervisory Commission on 28 January 2022.

Article	Amendment	Original	Reason for the change
	however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).	published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).	
10.2.	<p>(omitted)</p> <p>10.2.8.(Deleted)</p> <p>With respect to the types of transactions listed below, when to be conducted between a public company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the company's board of directors may pursuant to. Article 7, paragraph 1, subparagraph 3 delegate the board chairman to decide such matters when the transaction is within NT\$3,000,000 amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <p>1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>2. Acquisition or disposal of real property right-of-use assets held for business use.</p> <p>If the company or a subsidiary thereof that is not a domestic public company will have a transaction set out in paragraph 1 and the transaction amount</p>	<p>(omitted)</p> <p>10.2.8. 10.2The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 31, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount</p> <p>With respect to the types of transactions listed below, when to be conducted between a public company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the company's board of directors may pursuant to. Article 7, paragraph 1, subparagraph 3 delegate the board chairman to decide such matters when the transaction is within NT\$3,000,000 amount and have the decisions subsequently</p>	<p>According to Regulations Governing the Acquisition and Disposal of Assets by Public Companies amended and issued Order No. FSSC 1110380465 of the Financial Supervisory Commission on 28 January 2022.</p>

Article	Amendment	Original	Reason for the change
	<p>will reach 10 percent or more of the company's total assets, the public company shall submit the materials in all the subparagraphs of paragraph 1 to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the public company and its parent company or subsidiaries or between its subsidiaries.</p> <p>The calculation of the transaction amounts referred to in paragraph 1 and the preceding paragraph shall be made in accordance with Article 31, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the shareholders meeting or board of directors and recognized by the individual directors need not be counted toward the transaction amount.</p>	<p>submitted to and ratified by the next board of directors meeting:</p> <p>1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>2. Acquisition or disposal of real property right-of-use assets held for business use.</p>	
13.4	<p>The Company shall not waive the capital increase to China Fineblanking Group Co.,Ltd (hereinafter referred to as CFTC Group) in each future year; CFTC Group shall not waive the capital increase to China Fineblanking International Co.,Ltd (hereinafter referred to as CFTC International) in each</p>	<p>The Company shall not give up the capital increase to China Fineblanking Group Co.,Ltd (hereinafter referred to as CFTC Group) 、 CFTC Precision Sdn Bhd. in each of the future years; Hutchison Group shall not give up the capital increase to China Fineblanking in each of the future years; Hutchison International</p>	<p>According to the requirements specified in Official Letter OTC-Oversight No. 1100013867 on December 16, 2021</p>

Article	Amendment	Original	Reason for the change
	future year; CFTC International shall not waive the capital increase to CFTC Percision(Jiaxing)Ltd.. In the future, if the Company is required to give up the capital increase or dispose of SCDC due to strategic alliance consideration or other consent of the ROC Over-the-Counter Securities Trading Center, a special resolution of the Board of Directors of the Company shall be required. If there is any amendment to the Regulations, the Company shall enter the material information disclosed on the Market Observation Post System and report to the ROC Over-the-Counter Securities Trading Center for review	shall not give up the capital increase to Jiaxing Hutchison Precision Technology Co. If the Company is required to give up the capital increase to China Fineblanking or dispose of China Fineblanking for strategic alliance consideration or other reasons with the consent of the Over-the-Counter Securities Trading Center of the Republic of China, a special resolution of the Board of Directors of the Company shall be required. If there is any amendment to the Regulations, the Company shall enter the material information disclosed on the Market Observation Post System and report to the ROC Over-the-Counter (OTC) for review.	
14.1	(omitted) 6. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances: 1 、 Trading of domestic government bonds or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan. 2 、 Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market	(omitted) 6. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances: 1 、 Trading of domestic government bonds. 2 、 Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.	According to Regulations Governing the Acquisition and Disposal of Assets by Public Companies amended and issued Order No. FSSC 1110380465 of the Financial Supervisory Commission on 28 January 2022.

Article	Amendment	Original	Reason for the change
	<p>funds issued by domestic securities investment trust enterprises.</p> <p>(later omitted)</p>	(later omitted)	

(Attachment 9)

List of Directors Candidates

Type	Name	Eduaction	Worl Experiences	Shareholdings (unit: shares)
Director	Huang I-Hsiang	Graduate Institute of Department of Safety, Health and Environmental Engineering of National Kaohsiung University of Science and Technology	The Company's Chairman and General Manager Director, CFTC Precision (JiaXing) Ltd. Director, CFTC Precision (HuaiAng) Ltd. Director, CFTC PRECISION SDN BHD Chairman, Yong Hong Engineering Ltd. Chairman, Yong Hong Construction Co., Ltd. Chairman, Yong Hong Investment Consulting Co., Ltd.	1,679,655
Director	Hsieh Ling	English major, Department of Applied Foreign Languages, Tung-Fang Institute of Technology	The Company's Director Supervisor, CFTC Precision (JiaXing) Limited Supervisor, CFTC Precision (HuaiAng) Ltd. Procurer, Chen Hua Enterprise Ltd. International Trade Specialist, Cheng Huan Hardware Ltd.	5,765,378
Director	Tai Wen-Cheng	Studied a Li-De Business & Technology Junior College Yong Hong Construction	The Company's Director	2,177,504
Director	Lu Yong-Gong	Department of Economics, Feng Chia University	The Company's Director Chairman, Trade King Enterprises Co., Ltd. Chairman, Alpha Optical Co., Ltd. Jakan Co., Ltd.	1,413,392
Director	Chia-Chuan Investment Representative: Wu Chia-Chuan	Mechanical Engineering, Chung Yuan Christian University	Director, CFTC Precision (JiaXing) Ltd. Director, CFTC Precision (HuaiAng) Ltd. Chairman, Chia-Chuan Investment Director, Superior Plating Technology Chairman, Flourish Precision Machining (JiaShan)Ltd. Director, Huei Cheng Investment Co., Ltd.	5,536,945

Type	Name	Eduaction	Worl Experiences	Shareholdings (unit: shares)
Independent Director	Wang Yuan-Hong	Department of Business Administration, National Cheng Kung University	The Company's Director Principal Attorney, Yong Hua Corporate Law Lawyer, DTT Attorneys-at-Law Independent director, China Steel Chemical Corp. Ltd. Independent director, Daily Polymer Co., Ltd.	0
Independent Director	Tsai Meier	Graduate Institute of Business Administration, National Taiwan University Department of Accounting, National Chengchi University Chief Operating Officer, ST&T Electric Corp.	The Company's Director Amy, Mickey & May Consulting Firm Supervisor, Hong Ching Gas Station Chief Operating Officer, ST&T Electric Corp. Vice President, Finance, MH GoPower Co., Ltd. Vice President, G&E Herbal Biotechnology Assistant Vice President, Hua Nan Securities	0
Independent Director	Dr. Jin H. Huang	PhD, Mechanical Engineering, Northwestern University	The Company's Director Vice President, Feng Chia University Dean, College of Engineering, Feng Chia University Head, Office of Industry-Academia Cooperation, Feng Chia University Professor, Feng Chia University Independent Director, Fulgent Sun International (Holding) Co., Ltd. Director, Winson Machinery Co., Ltd. Independent Director, Best Precision Industrial Co., Ltd.	0
Independent Director	Chen Fu Bang	Graduate Institute of Department of law, Tunghai University	The Company's Director Principal Attorney, Yong Sheng International Law	0

(Attachment 10)

Details of Directors, Independent Directors and the Representatives Serve of other Company

Name	Competitive Company which Serving as a manager, director or supervisor	Position
Director: Huang I-Hsiang	CFTC Precision (JiaXing) Ltd.	Director
	CFTC Precision (HuaiAng) Ltd.	Director
	CFTC PRECISION SDN BHD	Director
	Yong Hong Engineering Ltd.	Chairman
	Yong Hong Construction Co., Ltd.	Chairman
	Chairman, Yong Hong Investment Consulting Co., Ltd.	Chairman
Director: Hsieh Ling	CFTC Precision (JiaXing) Limited	Supervisor
	CFTC Precision (HuaiAng) Ltd.	Supervisor
Director: Lu Yong-Gong	Trade King Enterprises Co., Ltd	Chairman
	Alpha Optical Co., Ltd.	Chairman
	Jakan Co., Ltd.	Director
Director: Chia-Chuan Investment Representative: Wu Chia-Chuan	Chia-Chuan Investment Co., Ltd	Chairman
	Superior Plating Technology Co., Ltd	Director
	Chairman, Flourish Precision Machining (JiaShan) Ltd.	Chairman
	CFTC Precision (JiaXing) Limited	Director
	CFTC Precision (HuaiAng) Ltd.	Director
	Huei Cheng Investment Co., Ltd.	Director
Independent Director: Wang Yuan-Hong	China Steel Chemical Co., Ltd.	Independent Director
	Daily Polymer Co., Ltd.	Independent Director
Independent Director: Tsai Meier	Hong Ching Gas Station Co., Ltd.	Supervisor
Independent Director: Dr. Jin	Winson Machinery Co., Ltd.	Director
	ST&T Electric Co., Ltd.	Independent

Name	Competitive Company which Serving as a manager, director or supervisor	Position
H. Huang		Director
	Fulgent Sun International (Holding) Co., Ltd.	Independent Director

China Fineblanking Technology Co., Ltd's Articles of Incorporation

Chapter 1 General Provisions

Article 1: The Company was incorporated according to the Company Act and named “和勤精機股份有限公司”. Its English name is CHINA FINEBLANKING TECHNOLOGY CO., LTD.

Article 2: The Company's scope of business is as follows:

1. Manufacturing and distribution of a variety of molds and components
2. Manufacturing, processing and distribution of a variety of computer components, sewing machine components, auto and motorcycle components, machinery components, metal components, and plastic components
3. Processing of machine tools
4. Import/export, distribution and installation of a variety of domestic and overseas machine tools, materials, components, and automation electro-mechanical equipment
5. Import and export of the aforesaid items (except futures)
6. Surface cleaning of hardware parts
7. Any other business not restricted or prohibited by laws

Article 3: The Company's total outward investment is not subject to the limitation of 40% of paid-in capital specified by Article 13-1 of the Company Act.

Article 4: The Company's headquarters are located in Changhua County, Taiwan. Where necessary as determined by the board, the Company may set up branches overseas upon approval from competent authority.

Article 5: Where necessary and required by business needs, the Company may provide guarantees to outside parties.

Chapter 2 Shares

Article 6: The Company's authorized capital is NT\$1.5 billion, to be divided into 150 million shares at a face value of NT\$10 per share. The issuance of shares may

be in different rounds, as needed and upon decisions from the board.

NT\$20 million is reserved from the abovementioned capital for the issuance of warrants to employees at a total of 2 million shares, with a face value of NT\$10 per share. The warrants may be issued in multiple tranches as determined by the board. The Company may repurchase its own shares according to laws, upon the decision by the board.

Article 7: The Company's shares may be issued electronically. If the Company prints its own shares, it shall observe the Company Act and other applicable laws and regulations. The shares printed by the Company shall be inscribed and in adherence with the Company Act and other relevant laws and regulations.

Article 7-1: The shares repurchased by the Company according to laws are transferable to the qualified employees of the companies the Company controls or the subordinates to the Company. The transferring terms and methods shall be determined by the board.

The employees entitled to the warrants for the Company's shares include qualified employees of the companies the Company controls or the subordinates to the Company. The issuance terms and methods shall be determined by the board.

The terms and methods of the subscription of the Company's new shares by employees, including qualified employees of the companies the Company controls or the subordinates to the Company, shall be determined by the board.

The terms and methods of the Company's issuance of restricted new shares to employees, including qualified employees of the companies the Company controls or the subordinates to the Company, shall be determined by the board.

Article 8: Any change to the Company's shareholders' register shall be suspended within 60 days before a general shareholders' meeting, within 30 days before an extraordinary shareholders' meeting, or 5 days before the base date of the scheduled issuance of stock or cash dividends or other interest.

Chapter 3 Shareholders' Meetings

- Article 9: The transferring, pledging, reporting of loss, inheritance and gifting of the Company's shares and reporting of loss of seals, requesting for change of seals or addresses by shareholders shall be handled according to regulations set forth by the competent authority. Unless otherwise required by laws and securities regulations, the Company adheres with the Regulations Governing the Administration of Shareholder Services of Public Companies after the public offer of the Company's shares.
- Article 10: Shareholders' meetings are classified into general (regular) and extraordinary (ad-hoc), and convened by the board according to laws. General shareholders' meetings shall be convened at least once a year and within six months after the end of each fiscal year. Extraordinary shareholders' meetings are convened when necessary. When the Company's shares are listed on either the Taiwan Exchange or the Taipei Exchange, electronic means shall be one of the methods for shareholders to exercise their voting rights at shareholders' meetings according to Article 177-1 of the Company Act.
- Article 11: If a shareholder is unable to attend a shareholders' meeting, the shareholder may appoint a proxy to attend the meeting, according to Article 177 of the Company Act, by providing the proxy form issued by the Company and stating the scope of the authorization.
- Article 12: The Company's Chairperson will chair the shareholders' meetings on behalf of the Company. When Chairperson is on leave or for any reason unable to exercise the powers of the chairperson, he/she will designate a director to be his/her deputy. Where Chairperson does not make such a designation, the directors shall select from among themselves one person to serve as chair. A shareholders' meeting convened by any party with convening power other than the board shall be chaired by the convener. If there are two or more conveners, they shall select among themselves one person to serve as chair.

- Article 13: Each share is attached with one voting right, except the restricted shares or the circumstances of no voting rights under the Company Act.
- Article 14: Unless otherwise specified by the Company Act, the adoption of a resolution requires the attendance of the shareholders who represent over half of the total number of issued shares and the consent of at least half of the voting rights among the attending shareholders.
- Article 15: Matters resolved at a shareholders' meeting shall be recorded in the meeting minutes and processed according to Article 183 of the Company Act.

Chapter 4 Directors and Audit Committee

- Article 16: The Company establishes five to nine directors, to be elected by shareholders from candidates nominated by the board. Each term is three years and re-election is allowed. The percentage of aggregate shareholdings by the Company's board should comply with relevant regulations set forth by the securities regulators.
- The Company may purchase liability insurance for directors in service to cover the liabilities incurred by carrying out businesses.
- Article 16-1: After the public offering of the Company's shares, the number of independent directors may not fall below three or less than one fifth of the board. Independent directors are elected by shareholders' meetings from the list of candidates provided by the board.
- The qualifications, shareholdings, limitation on other roles, nomination methods and other compliance matters shall follow relevant regulations set forth by the securities regulator.
- Article 16-2: The Company's board may establish audit, nomination, risk management or other functional committees to meet business needs, and other committees such as in environmental protection to fulfill corporate social responsibility and pursue sustainable operations.
- Article 16-3: The Company establishes Audit Committee. The Audit Committee

or its members are responsible for the exercise of powers as supervisors according to the Company Act, the Securities and Exchange Act, and other laws. Audit Committee shall comprise of independent directors only.

Article 17: If the election is not able to be performed before the expiry of the current term of directors, the term may be extended until the election of and duty-assumption by new directors.

Article 18: If the number of vacant seats exceeds one third of the board, the board shall convene an extraordinary shareholders' meeting to elect replacements within thirty days of the event. The term of replacement directors is limited to the expiry of the current term for the seats. After the public offer of the Company's shares, an extraordinary shareholders' meeting shall be convened for the election of replacements within sixty days of the event.

Article 19: Chairperson of the board should be elected by directors from among themselves in a meeting attended by at least two thirds of directors and with agreement from at least half of the attending directors. Chairperson executes the Company's affairs according to laws, Articles of Incorporation, and decisions from shareholders' meetings and the board.

The first meeting of each board is convened by the director who won the highest number of election rights. All the other meetings shall be convened and chaired by Chairperson. When Chairperson is on leave or for any reason unable to exercise the powers, he/she will designate a director to be his/her deputy. Where Chairperson does not make such a designation, the directors shall select from among themselves one person to serve as chair.

Article 20: Directors' participation in a video-conferenced board meeting is deemed as attendance in person. If a director is on leave or for any reason unable to exercise his/her powers, the deputy shall handle matters according to Article 205 and Article 208 of the Company Act.

Article 21: The Company pays directors the remunerations based on their involvement in operation and value of their contributions and on par with the industry standards in Taiwan and overseas.

Chapter 5 Managers

Article 22: The Company may establish a number of managers, whose appointment, dismissal and remunerations shall be determined by the board attended by more than half of directors and with consent from more than half of attending directors.

Depending on business needs, the Company may hire consultants, with commissioning from Chairperson.

Article 23: At the end of each fiscal year, the board should prepare the following reports and submit to Audit Committee for review thirty days before the general shareholders' meeting. These reports shall be presented to the general shareholders' meeting for rectification.

1. Business Report
2. Financial Statements
3. Proposal for earnings distribution or cumulative losses offsetting

Chapter 6 Accounting

Article 24: In case of profits for the year, the Company should allocate no less than 2% as remuneration to employees and no higher than 5% as remuneration to directors and supervisors. In case of any outstanding cumulative losses, the Company should first reserve a sum to offset the losses. Remunerations to employees may be issued with shares or with cash, as determined by the board, and may be issued to qualified employees of the companies the Company controls or the subordinates to the Company. The qualification for remunerations is determined by the board. The distribution of remunerations to employees, directors and supervisors should be reported to the shareholders' meeting.

Article 24-1: Any earnings in a fiscal year shall be first utilized for tax payments and then for offsetting prior losses before setting aside a legal reserve at 10% of the remaining and undistributed earnings during the period. However, the appropriation of the legal reserve may be exempt if the legal reserve has reached the same amount as paid-in capital. This is followed with the appropriation or reversal of the special reserve, as required by laws. The board may propose the distribution of the remaining earnings, along with cumulative undistributed earnings, and submit the proposal to the the shareholders' meeting for resolution on the distribution of stock dividends or cash dividends.

The distribution of dividends, the legal reserve, or the special reserve in cash in all or in part requires

the convening of a board meeting attended by at least two thirds of the directors and the consent of at least half of the attending directors.

Reporting to the shareholders' meeting is required.

The Company's dividend policy takes into account development plans, investment environments, funding needs and overseas competition at the present and going forward.

It also seeks to ensure the interest of shareholders. Dividends to shareholders each year shall not fall below 10% of the earnings available for distribution. However, dividends may not be issued if the cumulative earnings available for distribution are less than 1% of the paid-in capital. Earnings may be distributed in the form of cash dividends or stock dividends. Cash dividends may not fall below 10% of the total dividends.

Article 25: After the public offer of the Company's share, any proposal to become a private company should be discussed and resolved by the shareholders' meeting. This article stays valid as long as the Company is listed on the Emerging Stock Market, the Taipei Exchange, or the Taiwan Stock Exchange.

Chapter 7 Supplementary Provisions

Article 26: Any issues not covered by the Articles of Incorporation shall be handled according to the Company Act.

The Company's Rules of Organization and Bylaw of Operations shall be established by the board.

Article 27: The Articles of Incorporation were established on November 3, 1992. First amendment on July 9, 1994; second amendment on May 16, 1996; third amendment on June 13, 1997; fourth amendment on November 30, 1997; fifth amendment on October 20, 1998; sixth amendment on October 16, 1999; seventh amendment on December 21, 2000; eighth amendment on May 27, 2002; ninth amendment on September 7, 2003 Tenth amendment on June 26, 2004 Eleventh amendment on June 17, 2005 Twelfth amendment on July 29, 2005 Thirteenth amendment on June 26, 2006 Fourteen amendment on December 21, 2006 Fifteen amendment on May 22, 2007 Sixteenth amendment on June 22, 2010 Seventeenth amendment on June 28, 2011 Eighteenth amendment on June 25, 2012 Nineteenth amendment on June 28, 2013 Twentieth amendment on June 2, 2015 Twenty first amendment on May 19, 2016 Twenty second amendment on July 13, 2017 Twenty third amendment on May 23, 2018 Twenty fourth amendment on May 24, 2019 Twenty fifth amendment on May 28, 2020

CHINA FINEBLANKING TECHNOLOGY CO., LTD
Chairman: Huang Yi-Xiang

CHINA FINEBLANKING TECHNOLOGY CO., LTD

Rules of Procedure for Shareholder Meetings

1. Basis: Establishment in accordance with Article 5 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
2. Purpose: Establishment of a robust corporate governance system and strengthen the supervisory and management functions
3. Applicability: Unless otherwise required by laws or the Articles of Incorporation, the Company's shareholders' meetings should observe these rules.
4. Management authorization and responsibility:
 - 4.1. Formulation, amendment, and abolishment: Finance Department
 - 4.2. Management responsibility: Finance Department
5. Operational procedures:
 - 5.1. Convening and notices of shareholders' meetings:
 - 5.1.1. Unless otherwise specified by laws, shareholders' meetings are convened by the board. The meeting notice, the proxy form, the agenda summarizing proposed rectifications, discussions, election/dissimination of directors and relevant materials should be produced into electronic files and submitted to the the Market Observation Post System (MOPS) thirty days before a general shareholders' meeting or fifteen days before an extraordinary shareholders' meeting. Meeting Agenda Handbook and supplementary materials should be produced electronic files and submitted to the the Market Observation Post System (MOPS) twenty one days before a general shareholders' meeting or fifteen days before an extraordinary shareholders' meeting. Meeting Agenda Handbook and supplementary materials should be available at the Company and the stock transfer agent commissioned by the Company fifteen days before the shareholders' meeting and distributed at the shareholders' meeting.
 - 5.1.2. Notices and announcements should state the reasons for calling of the meetings. With consent from the parties concerned, the notices may be sent electronically.
 - 5.1.3. The election or dismissal of directors; change of the Articles of Incorporation; reduction of capital; application for suspension of public offering; competition permission of directors; conversion of earnings into capital; conversion of reserve into capital; dissolution, merger, division of the Company; or items mentioned Article 185-1 of the Company Act, Articles 26-1 and Article 43-6 of the Securities and Exchange Act, Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of

Securities by Foreign Issuers shall be listed in the reasons for meeting convening with key contents provided, and may not be raised in the extemporary motion. The main contents of the motion may be published on the website designated by the securities authority or by the Company, and the website addresses shall be stated in the notice.

- 5.1.4. Shareholders with 1% or higher of the total number of issued shares may submit a proposal to the Company's general shareholders' meetings. This is, however, limited to one proposal, and none of the additional proposals shall be included in the motion. In addition, the board may not include the proposal by shareholders if it falls into any of the circumstances specified in Item 4 of Article 172-1 of the Company Act. Shareholders may propose suggestions to the Company for the enhancement of public interest or the Company's fulfilment of its social responsibility, and such proposal should be limited to one only according to the procedural requirements set forth by Article 172-1 of the Company Act. None of the additional proposals shall be included in the motion. .
- 5.1.5. The Company should announce the methods (in writing or electronically), venues and time period for accepting proposals from shareholders before the book closure date of a regular shareholders' meeting. The acceptance period shall not be less than ten days.
- 5.1.6. Each proposal from shareholders is limited to 300 Chinese characters. A proposal exceeding 300 Chinese characters will not be included in the motion. A shareholder who has submitted a proposal should attend the shareholders' meeting in person or authorize a party to attend to discuss the proposal.
- 5.1.7. The Company should inform the results of proposals to the proposing shareholders before sending out the notices for the shareholders' meeting and list the accepted proposals in the meeting agenda as part of the notice. The board should explain at the shareholders' meeting the reasons for not including certain shareholders' proposals.
- 5.2. For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization. A shareholder may issue only one proxy form and appoint only one proxy. The proxy form should arrive at the Company at least five days before the shareholders' meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail. Unless a declaration is made to cancel the previous proxy appointment.
After a proxy form has been delivered to the Company, if the shareholder intends to attend in person or would like to exercise voting rights in writing or electronically, a written notice of proxy cancellation shall be submitted to the Company at least two days before the shareholders' meeting. If the cancellation notice is submitted overdue, votes cast at the meeting by the proxy shall prevail.
- 5.3. The venue for a shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and appropriate for a shareholders' meeting. The meeting may not start earlier than 9 a.m. or later than 3 pm. The opinions from independent directors should be fully considered regarding the time and venue of shareholders' meetings.
- 5.4. Preparation of attendance books for sign-ins, etc.:
 - 5.4.1. The Company should specify the sign-in time, venue and other issues of attention in the notices for shareholders' meetings.

- 5.4.2. The processing of shareholders' sign-ins should allow for at least thirty minutes before the meeting starts. The sign-in location should be accompanied with a clear sign and attended by sufficient and suitable personnel.
 - 5.4.3. Shareholders or proxies authorized by shareholders (collectively referred to as "shareholders") should enter the shareholders' meeting by presenting a attendance pass, sign-in card or other attendance certificates. The Company may not impose additional requirements at will on attendance documents. Proxy solicitors should bring identification documents for checking in.
 - 5.4.4. The Company should prepare the attendance book for sign-ins by shareholders, or accept sign-in cards in lieu of signing in.
 - 5.4.5. The Company should distribute copies of Meeting Agenda Handbook, the annual report, attendance passes, speaker's slips and ballots to attending shareholders. Director election ballots should be provided for the election of directors.
 - 5.4.6. There may be more than one representative from a government agency shareholder or a legal person shareholder in the attendance of a shareholders' meeting. When a legal person is appointed to attend as proxy, it may designate only one person to attend the shareholders' meeting.
- 5.5. Chair and attendees of shareholders' meetings:
- 5.5.1. If a shareholders' meeting is convened by the board, the meeting shall be chaired by Chairperson. When Chairperson is on leave or for any reason unable to exercise the powers of the chairperson, Vice Chairperson shall act as the deputy. If there is no Vice Chairperson or Vice Chairperson is also on leave or unable to exercise the powers, Chairperson shall designate an executive director to be his/her deputy or a director to be his/her deputy if there is no executive director. Where Chairperson does not make such a designation, the executive directors or directors shall select from among themselves one person to serve as chair.
The executive director or the director acting as the deputy chair mentioned above should have served for at least six months and established an understanding of the Company's finance and business. The above criteria are applicable to a legal person shareholder's representative on the board.
 - 5.5.2. If a shareholders' meeting is convened by the board, the meeting shall be ideally chaired by Chairperson. At least half of the board directors and at least one member from each functional committee should be attend on behalf of the committee. The attendance shall be recorded in the minutes of shareholders' meetings.
 - 5.5.3. If a shareholders' meeting is convened by a party with power to convene but other than the board, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.
 - 5.5.4. Where necessary, the Company may lawyers, accountants or other professionals to attend shareholders' meetings.
- 5.6. The Company should record the audio and video, continuously and throughout, from the sign-in of shareholders to the meeting and the votes counting process.

The aforesaid audio and video data should be retained for at least one year. However, the record keeping period will end after the conclusion of litigation filed by shareholders according to Article 189 of the Company Act.

5.7. Calculation of shares represented by attending shareholders and meeting procedure:

5.7.1. The attendance of shareholders' meetings should be based on shares represented. Shares represented shall be calculated based on the attendance book records or sign-in cards handed in plus the number of shares with voting rights exercised in writing or electronically.

5.7.2. The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent at least half of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements for a combined total of up to one hour may be made. If the attending shareholders still represent less than one third of the total number of issued shares after two postponements, the chair shall declare the meeting adjourned for want of quorum.

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

5.7.4. Prior to conclusion of the meeting, if the attending shareholders has reached at least half of the total number of issued shares, the chair may resubmit the tentative resolution for voting by the shareholders' meeting pursuant to Article 174 of the Company Act.

5.8. Discussion:

5.8.1. If a shareholders meeting is convened by the board, the meeting agenda shall be set by the board.

All the proposals (including extemporary motions and modified motions) should be voted one by one.

The meeting shall proceed according to the set agenda, which may not be changed without a resolution of the shareholders' meeting.

5.8.2. The above requirements are applicable to the shareholders' meetings convened by those with convening powers other than the board.

5.8.3. The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extemporary motions), unless with a resolution of the shareholders' meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, other members of the board shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of at least half of the votes represented by the attending shareholders, and then continue the meeting.

5.8.4. The chair should provide sufficient opportunities for explanation and discussion of proposals, amendments by shareholders, or extemporary motions. Once the chair deems that it is time for votes, he/she may announce the discussion closed and call for a vote, by allowing for adequate and appropriate voting time.

5.9. Speaking by shareholders:

- 5.9.1. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.
- 5.9.2. An attending shareholder who has submitted a speaker's slip but does not speak shall be deemed to have not spoken. When the content of the speech does not match the subject given on the speaker's slip, the spoken content shall prevail.
- 5.9.3. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed five minutes. However, this can be extended for another three minutes, with the chair's consent. If the shareholder's speech violates the rules or exceeds the scope of the agenda, the chair may terminate the speech.
- 5.9.4. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the speaking shareholder. The chair shall stop any violation of this rule.
- 5.9.5. When a legal person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.
- 5.9.6. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

5.10. Votes calculation and the recusal system:

- 5.10.1. The calculation of votes by a shareholders' meeting should be based on shares represented.
- 5.10.2. With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.
- 5.10.3. Shareholders may not exercise voting rights for themselves or on behalf of other shareholders in issues which their personal interest may be detrimental to the Company's interest.
- 5.10.4. The number of shares for which voting rights may not be exercised under the preceding paragraph will not be included in the voting rights represented by attending shareholders.
- 5.10.5. Except for a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of issued shares. The voting rights in excess of that percentage will not be calculated.

5.11. Voting, scrutineering and votes calculation:

- 5.11.1. A shareholder is entitled to one vote for each share held, except when the shares are restricted or deemed non-voting under Article 179-2 of the Company Act.
- 5.11.2. The exercise of voting rights at the shareholders' meetings convened by the Company should be electronically in principle and may be in writing. The methods to exercise voting rights in writing or electronically should be clearly described in the notices for shareholders' meetings. The shareholders exercising voting rights in writing or electronically are deemed

to be attending the shareholders' meeting in person. However, they are deemed as abstaining from voting for extemporary motions or modified proposals in that shareholders' meeting. Therefore, the Company should avoid the proposal of extemporary motions or the modification of original proposals.

- 5.11.3. The indication for exercising voting rights in writing or electronically abovementioned should be delivered to the Company at least two days before the shareholders' meeting. When duplicate indications proxy forms are delivered, the one received earliest shall prevail. Unless a declaration is made to cancel the previous indication.
- 5.11.4. After the exercise of voting rights in writing or electronically, if the shareholder intends to attend in person, a notice for cancellation of the previously exercised voting rights shall be submitted to the Company in the same method for the exercise of the voting rights at least two days before meeting date. If the cancellation notice is submitted overdue, votes cast in writing or electronically shall prevail. If a shareholder has exercised voting rights in writing or electronically and also authorized a proxy to attend the shareholders' meeting, the votes cast at the meeting by the proxy shall prevail.
- 5.11.5. Unless otherwise specified by the Company Act or the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of at least half of the voting rights represented by the attending shareholders. The chair or designated personnel should announce the total number of voting rights represented by the attending shareholders for the casting of votes on each proposal. After shareholders have completed the voting for individual proposals, the results of the votes cast for, against and abstained should be entered into the Market Observation Post System (MOPS) on the same day after the end of the shareholders' meeting.
- 5.11.6. In case of an amendment or an alternative to a proposal, the chair shall determine the order in which the amendment, the alternative and the original proposal will be put to a vote. When any one among them is passed, the other proposals will be deemed rejected, and no further voting shall be required.
- 5.11.7. The chair shall appoint ballot scrutineers and counters for voting. Ballot scrutineers must be shareholders.
- 5.11.8. Vote counting by a shareholders' meeting on proposals or elections shall be conducted in public at the venue of the shareholders' meeting. Immediately after vote counting has been completed, the results (including the percentages) shall be announced onsite and recorded.

5.12.Election Matters:

- 5.12.1. The election of directors by the shareholders' meeting shall follow the Company's relevant procedures and requirements. The results should be announced immediately onsite , including the list of elected directors and votes attracted.
- 5.12.2. The ballots for the abovementioned election shall be signed and sealed by the scrutineers and properly retained for at least one year. However, the record keeping period will end after the conclusion of litigation filed by shareholders according to Article 189 of the Company Act.

5.13.Meeting minutes and sign-offs:

5.13.1. Matters resolved at a shareholders' meeting shall be recorded in meeting minutes. The meeting minutes shall be signed or stamped by the chair of the meeting and distributed to each shareholder within 20 days after the meeting. Meeting minutes may be produced and distributed in electronic form. The Company may distribute shareholders' meeting minutes via the announcement on the Market Observation Post System (MOPS). The meeting minute shall accurately record the year, month, day, the meeting venue, the chair's name, the methods for resolutions adoption, and a summary of the deliberations and voting results (including percentages), and the number of votes for each candidate if there is an election for directors. Meeting minutes shall be retained for the Company's duration of the existence.

5.14. Announcements:

- 5.14.1. On the day of the shareholders' meeting, the Company should prepare a tally form according to statutory requirements so that proxy solicitors may clearly disclose the number of shares collected and proxy representatives can specify the number of shares represented at the venue of the shareholders' meeting.
- 5.14.2. If the resolutions by shareholders' meetings are, according to laws, Taiwan Stock Exchange Corporation or Taipei Exchange regulations, material information, the Company should transmit the contents to on the Market Observation Post System (MOPS) within required timeframes.

5.15. Maintenance of order at venues:

- 5.15.1. Staff handling administrative affairs of a shareholders' meeting shall wear identification badges or arm bands.
- 5.15.2. The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order onsite, they shall wear an identification badges or arm bands bearing the word "Proctor".
- 5.15.3. If a shareholder attempts to speak through any device other than the public address equipment provided by the Company, the chair may prevent the shareholder from so doing.
- 5.15.4. When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

5.16. Breaks and meeting resumption

- 5.16.1. When a meeting is in progress, the chair may announce a break depending on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, to resume the meeting.
- 5.16.2. If the agenda of a shareholders' meeting (including extemporary motions) has not been concluded but the venue is no longer available for continued use, the shareholders meeting may adopt a resolution to resume the meeting at another venue.
- 5.16.3. A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

6. Supplementary Provisions:

- 6.1. These rules and subsequent amendments take effect upon the approval by a shareholders' meeting.
- 6.2. Effectiveness on June 2, 2007
 - First amendment on June 2, 2015
 - Second amendment on May 28, 2020
 - Third amendment on July 30, 2021

CHINA FINEBLANKING TECHNOLOGY CO., LTD

Procedures for Election and Appointment of Directors

- 1 Basis: In according to Article 21 and Article 41 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
- 2 Purpose: Fair, just and open election of directors
- 3 Applicability: Unless otherwise specified by laws or the Articles of Incorporation, the election of the Company's directors should observe these procedures.
- 4 Management authorization and responsibility:
 - 4.1 Formulation, amendment, and abolishment: Headquarters
 - 4.2 Management responsibility: Headquarters
- 5 Consideration for election of directors:
 - 5.1 The election of the Company's directors should take into account the overall composition of the board. Board members should be, in general, equipped with the knowledge, skills and literacy necessary to exercise their powers. The capabilities required are as follows:
 - 5.1.1 Business judgement
 - 5.1.2 Accounting and financial analysis
 - 5.1.3 Management
 - 5.1.4 Crisis management
 - 5.1.5 Industry knowledge
 - 5.1.6 International outlook
 - 5.1.7 Leadership
 - 5.1.8 Decision-making
 - 5.2 More than half of the Company's directors may not have relations as a spouse or a relative within two degrees to each other.
- 6 Qualifications and election of independent directors:
 - 6.1 The Company's independent directors should meet the qualifications specified in Article 2, Article 3 and Article 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.
 - 6.2 The election of the Company's independent directors should adhere with Article 5 to Article 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and Article 24 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
- 7 Operational procedures:
 - 7.1 The election of the Company's directors shall be based on the nomination of

- candidates with the procedures described in Article 192-1 of the Company Act.
- 7.2 If the number of independent directors falls below the requirement specified by the proviso of the first paragraph of Article 14-2 of the Securities and Exchange Act, the Company should elect independent directors in the next shareholders' meeting for the vacant seats. If all the independent directors have been dismissed, the Company should elect replacements by convening an extraordinary shareholders' meeting within 60 days of the event.
 - 7.3 The Company's election of directors is based on the cumulative voting system. Each share is attached with the election rights in number equal to the number of directors to be elected. These election rights can be used for a single candidate or a number of candidates.
 - 7.4 The election rights required for directors and independent directors is based on the number of seats specified by the Company's Articles of Incorporation. The candidates with the highest votes measured with election rights shall be elected.
 - 7.5 If two or more candidates for the last board seat have attracted the same number of election rights and, the result shall be determined with lot drawing. The chair will draw the lot for the absent candidate(s).
 - 7.6 Before an election, the chair shall appoint scrutineers (who are shareholders) and ballot counters to carry out relevant tasks. Ballot boxes will be prepared by the board, opened and inspected by scrutineers in public.
 - 7.7 Ballots will be invalid under any of the following circumstances:
 - 7.7.1 No use of the ballot prepared and provided by the person with convening power.
 - 7.7.2 Blank ballots thrown into a ballot box
 - 7.7.3 Writing illegible, unidentifiable or tampered
 - 7.7.4 The name of the voted party inconsistent with the list of director candidates
 - 7.7.5 Wording written on the ballot other than the allocated election rights
 - 7.8 Ballots are opened and counted onsite after the completion of voting. The results are announced by the chair regarding the elected directors and the corresponding election rights.

The ballots for the abovementioned election shall be signed and sealed by the scrutineers and properly retained for at least one year. However, the record keeping period will end after the conclusion of litigation filed by shareholders according to Article 189 of the Company Act.
 - 7.9 The board shall issue notifications to the elected directors.
- 8 Supplementary Provision: These procedures and subsequent amendments take effect upon the approval by a shareholders' meeting.
- 8.1 These procedures came into force on June 25, 2012.
 - 8.2 First amendment on May 28, 2020
 - 8.3 Second amendment on July 30, 2021

(Appendix 4)

Shareholdings by all the board directors

(1) Minimum statutory shareholdings by all directors and details of numbers of shares held shown on the shareholder register

Title	Minimum statutory shareholdings	No. of shares held shown on shareholder register as of book closure date
Directors	6,867,357	12,465,929

Note 1: Book closure date: March 29, 2022

Note 2: As of March 29, 2022, the Company's number of issued shares totaled 85,841,954.

Note 3: The Company has, according to Article 14-4 of the Securities and Exchange Act, established Audit Committee and all the independent directors have replaced supervisors.

(2) Details of number of shares held by directors

Title	Name	No. of shares held shown on shareholder register as of book closure date	As % of the total number of issued shares (%)
Chairman	Huang Yi-Xiang	1,679,655	1.77
Directors	Hsieh Ling	5,765,378	6.72
Directors	Lu Yong-Gong	1,430,000	1.66
Directors	Tai Wen-Cheng	2,177,504	2.54
Directors	Jacky Lo	1,413,392	1.65
Independent director	Wang Yuan-Hong	0	0
Independent director	Tsai Meier	0	0
Independent director	Jin H. Huang	0	0
Independent director	Chen Fu Bang	0	0
No. of shares held by all directors		12,465,929	14.52

Proposals from shareholders who own at least 1% of the Company's issued shares

1. According to Article 172-1 of the Company Act, the shareholders who own at least 1% of the Company's issued shares may submit proposals in writing to the Company's general shareholders' meeting for 2022. Proposal acceptance period: from March 4 2022 to March 14, 2022.
2. Proposal from shareholders who own at least 1% of the Company's issued shares to the Company's general shareholders' meeting for 2022: none

CHINA FINEBLANKING TECHNOLOGY CO., LTD

The Procedure for Acquisition and Disposal of Assets

Article 1 Purpose

In order to protect assets and establishment of disposition procedures, these codes are enacted.

Article 2 Application Law

These Regulations are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act ("the Act").

Article 3 Application

- 3.1. The term "assets" as used in these Regulations includes the following:
- 3.2. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
- 3.3. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
- 3.4. Memberships.
- 3.5. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
- 3.6. Right-of-use assets.
- 3.7. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
- 3.8. Derivatives.
- 3.9. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
- 3.10. Other major assets.

Article 4 Terms

- 4.1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
- 4.2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of

shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.

- 4.3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- 4.4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
- 4.5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
- 4.6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
- 4.7. Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.
- 4.8. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
- 4.9. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.

Article 5 Professional independence

Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

- 5.1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act,

or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.

5.2. May not be a related party or de facto related party of any party to the transaction.

5.3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:

1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.

2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.

3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.

4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.

Article 6 Management Authority and Responsibility.

6.1. Formulation, modification, repeal: Finance Department

6.2. Management Responsibility: In accordance with the Company's approval authority.

Article 7

The procedures for acquiring or disposing of property, equipment or assets with rights to use are as follows

7.1. In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

7.1.1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be

followed whenever there is any subsequent change to the terms and conditions of the transaction.

- 7.1.2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
 - B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
- 7.2. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.
- 7.3. The Company for acquisition or disposal of assets through auction procedures of courts, the appraisal report or certified public accountant's opinion can be replaced by documents issued by the courts.
- 7.4. Transaction terms and approval process
When acquiring or disposing of real estate or equipment, the contractor shall evaluate the reasons for the proposed acquisition or disposal, the subject matter, the expected benefits, the counterparty to the transaction, the transfer price, the terms of receipt and payment, and the price reference basis, etc., and then submit them to the authority for judgment, and the management department shall execute them or the relevant departments shall execute them; the authority to authorize the price of each transaction shall be in accordance with the Company's approval authority rules.

Article 8 The procedures for acquisition or disposal of securities investments securities investments

8.1. Appraisal and operating procedures

For the purchase and sale of the Company's marketable securities investments, the finance department shall submit an evaluation report and obtain the subject company's recent financial statements or other relevant information as the basis for the evaluation.

8.2. Procedures for determining transaction conditions and authorization

Each transaction requires the approval of the board of directors, except for fixed-income investments such as time deposits, promissory notes, commercial paper, negotiable certificates of deposit, and bond funds, which are subject to internal control of the investment cycle.

8.3. Execution Unit

The Company's investments in marketable securities shall be executed by the finance department (including subsidiaries) after the approval of the aforementioned approval authority. The Company shall report to the Board of Directors on a quarterly basis.

8.4. Price determination method and reference basis

- 8.4.1. The acquisition and disposal of securities traded on the centralized trading market or on the over-the-counter (OTC) securities trading center (hereinafter referred to as "OTC") of the ROC shall be determined based on the prevailing trading price.
- 8.4.2. The acquisition or disposition of marketable securities not traded on the centralized trading market or the OTC shall be determined by reference to the net value per share, profitability, future development potential and the prevailing trading price, or by reference to the prevailing market interest rate, coupon rate of the bonds and the debtor's creditworthiness.
- 8.4.3. When acquiring or disposing of marketable securities, the Company shall obtain the most recent financial statements of the subject company audited or reviewed by an accountant prior to the date of occurrence of the fact as a reference for evaluating the transaction price.
- 8.4.4. If the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).

Article 9 The procedures for acquisition or disposal of intangible assets or right-of-use assets thereof or memberships or other significant assets

9.1. Evaluation Procedures

- 9.1.1. The acquisition or disposal of membership, patent, copyright, trademark, charter right, any intangible assets or intangible assets should be handled by the unit responsible therefor in accordance with relevant internal rules of the Company. Prior Board approval is required for acquisition or disposal amount exceeding NT\$10 million per item. Nevertheless, the Board can authorize the Chairperson to handle the matter and report to the Board for recognition on an after-the-event basis.
- 9.1.2. Where a public company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction

price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

9.2. Execution Unit

When the Company acquires or disposes of intangible assets, or assets with the right to use, or membership cards and other important assets, the Company shall submit them for approval in accordance with the approval authority of real estate and other fixed assets, and then the user department and the management department shall be responsible for their execution. The Company shall report to the Board of Directors on a quarterly basis on the status of implementation.

Article 10 The procedures for acquisition or disposal of assets by related party

10.1. When a public company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 12 herein. When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

10.2. When the Company acquires or disposes of real estate from a Related Party or when it intends to acquire or dispose of assets other than real estate from or to a Related Party and the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except for trading government bonds or bonds under repurchase/resale agreements and purchasing or redeeming domestic money market funds in Taiwan, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Audit Committee and recognized by the Board:

10.2.1. The purpose, necessity and anticipated benefit of the property acquisition or disposal.

10.2.2. The reason for choosing the Related Party as a trading counterparty.

10.2.3. With respect to the acquisition of real estate from a Related Party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Articles 16 and 17

10.2.4. The date and price at which the Related Party originally acquired the real estate, the original trading counterparty, and that trading counterparty's relationship to the Company and the Related Party.

10.2.5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.

10.2.6.Restrictive covenants and other important stipulations associated with the transaction.

10.2.7.An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding paragraph.

10.2.8.The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 10.2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Audit Committee and recognized by the Board need not be counted toward the transaction amount.

The Board of Directors may, in accordance with Article 7, Paragraph 1, Clause 3 of the Guidelines Governing the Acquisition or Disposal of Assets by Public Companies, authorize the Chairman of the Board of Directors to make a decision within a certain amount of NT\$300 million and submit it to the most recent Board of Directors for ratification afterwards.

A.Acquisition or disposal of equipment or right-to-use assets for business use.

B.Acquisition or disposal of real estate assets for use in business.

10.3. The Company, when acquiring real estate or right-to-use assets from a Related Party shall, evaluate the reasonableness of the transaction costs by the following means:

10.3.1.Based upon the Related Party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer under Taiwan law. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.

10.3.2.Total loan value appraisal from a financial institution where the Related Party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been one year or more. However, this shall not apply where the financial institution is a Related Party of one of the trading counterparties.

A. Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.

B.The Company that acquires real estate from a Related Party and appraises the cost of the real estate in accordance with the provisions of paragraph 1 and paragraph 2 shall also engage a CPA to check the appraisal and render a specific opinion.

C. Where the Company acquires real estate or right-to-use assets from a Related Party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the provisions of paragraph 1 and 2 of Article 10 and the provisions of the preceding four paragraphs do not apply:

(1) The Related Party acquired the real estate through inheritance or as a gift.

(2) More than five years will have elapsed from the time the Related Party signed the contract to obtain the real estate to the signing date for the current transaction.

(3) The real estate is acquired through signing of a joint development contract with the Related Party or through contract development, where the Related Party as the developer, on the land of the Company or a third-party landowner.

(4) The Company acquires real estate right-of-use assets for business use between the Company and its parent company, subsidiaries, or subsidiaries in which the Company directly or indirectly holds 100% of the outstanding shares or capital stock.

10.4.1. Where the Related Party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:

(1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the Related Party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the Related Party's construction division over the most recent three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

(2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.

10.4.2. Where the Company acquiring real estate from a Related Party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction, within one year refers to one year from the actual date of acquisition of the real estate.

10.5. Where a public company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the preceding two articles are uniformly lower than the transaction price, the following steps shall be taken:

10.5.1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.

10.5.2. Supervisors shall comply with Article 218 of the Company Act. Where an audit committee has been established in accordance with the provisions of the Act, the preceding part of this subparagraph shall apply mutatis mutandis to the independent director members of the audit committee.

10.5.3. Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

A public company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent. When a public company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.

Article 11 Engaging in derivatives process

11.1. Type of transaction: The Company shall engage in derivative financial instruments for the purpose of hedging, and shall choose to use the instruments primarily to hedge the risks arising from the Company's business operations.

11.2. Operating or Hedging Strategies: The Company shall engage in derivative transactions for the purpose of hedging risks and shall choose to use instruments that primarily hedge the risks arising from the Company's business operations. The currencies held must be consistent with the Company's actual foreign currency requirements for import and export transactions, and the Company's overall internal parts (i.e., foreign currency revenues and expenses) should be self-levelling in order to reduce the Company's overall foreign exchange risk and save foreign exchange operating costs.

11.3. Division of Responsibilities

11.3.1 Finance staff: As the hub of the derivatives trading management system, they are in charge of the operation of derivatives, and must collect information from the procurement and business departments in order to forecast and generate parts of the company. They must be familiar with market information, trends and risks, financial instruments, rules and regulations, and operating techniques to support their own operations and those of other related departments.

The personnel who operate the derivatives shall be independent of each other for trading, confirmation and delivery.

11.3.1. The authorization to operate derivatives shall be approved by the president and reported to the board of directors for approval.

11.3.2 Auditors: Regularly evaluate whether the derivative transactions are in accordance with the established trading procedures and whether the risks are within the company's tolerance range.

11.4. Trading limits.

11.4.1 Hedging operations: The Company's hedging operations are limited to trading foreign exchange (foreign currency demand arising from import and export operations) net exposure and are capped at 100% of that exposure.

11.4.2 Financial operations: The Company does not engage in financial operations.

11.4.3 Loss limit: The Company shall assess and control the risks faced by the Company for the purpose of hedging transactions in advance, and shall set a loss limit for individual contracts or all contracts, with the loss amount of individual contracts not exceeding 15% of the contract amount. The maximum amount of loss for all contracts shall not exceed 15% of the total contract amount. If the loss exceeds the maximum amount, the Company shall convene a meeting with relevant personnel to discuss and respond to the situation.

11.5. Performance evaluation: The profit and loss of the parts held should be evaluated every week, and an evaluation report should be made and submitted to the senior management.

11.6. Operating Procedures.

11.6.1 Authorized trading personnel shall place orders with the bank by telephone within the authorized limit and fill out the "Application for Pre-trade Evaluation Report on Derivative Commodities" and submit it to the supervisor authorized by the board of directors for approval.

11.6.2 Upon receipt of the confirmation of foreign exchange transaction from the bank, the confirming officer shall immediately confirm the contents of the transaction and clarify with the trader immediately if any irregularities are found.

11.6.3 After the confirming officer, the delivery officer shall execute the delivery according to the details of the transaction order.

11.7. Risk Management Measures: The Company shall adopt the following risk management measures when engaging in derivative transactions.

11.7.1 The scope of risk management shall include credit, market price, liquidity, cash flow, operational and legal risk management.

11.7.2 The trading staff, confirmation and delivery staff of derivatives shall not work in parallel with each other.

11.7.3 Risk measurement, supervision and control personnel shall be in separate departments from those in the preceding paragraph and shall report to the Board of Directors or to a senior officer who is not responsible for making decisions on transactions or parts.

11.7.4 The positions held in derivative transactions shall be evaluated at least once a week and the periodic evaluation reports shall be sent to the senior management authorized by the Board of Directors.

11.7.5 Other important risk management measures.

11.8. The Company's internal auditors shall periodically review the appropriateness of internal controls over derivative transactions, and shall audit the compliance of the trading department with the procedures for derivative transactions on a monthly basis, and shall prepare an audit report, and shall notify the Audit Committee in writing if significant violations are found.

11.9. The Board of Directors shall supervise and manage the Company's derivative transactions in accordance with the following principles.

11.9.1 Designated senior executives shall pay attention to the supervision and control of the risk of derivative transactions at all times.

11.9.2 Regularly evaluate whether the performance of engaging in derivative transactions is in accordance with the established business strategy and whether the risks assumed are within the Company's tolerance range.

11.9.3 Periodically evaluate whether the risk management measures currently in use are appropriate and in accordance with the Code and the Company's established procedures for handling derivative transactions.

11.9.4 To monitor the transactions and profit and loss situation, and to take necessary countermeasures when abnormalities are detected and to report immediately to the Board of Directors, at which the independent directors of the Company shall attend and express their opinions.

11.10. The Company shall establish a "Derivative Transactions Detail" for the types and amounts of derivative transactions engaged in, the dates approved by the Board of Directors, and the regular evaluation of derivative transactions, which shall be posted on the Derivative Transactions Detail for inspection.

Article 12 Procedure for merger, demerger, acquisition, or transfer of shares

12.1. The company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by a public company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between

subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

- 12.2. The company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

- 12.3. The company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

- 12.3.1. When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:

A. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.

B. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.

C. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

- 12.3.2. When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or

has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report in the prescribed format and via the Internet-based information system the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.

12.3.3. Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of the preceding two paragraphs.

12.4. Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

12.5. The companies participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

12.5.1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.

12.5.2. An action, such as a disposal of major assets, that affects the company's financial operations.

12.5.3. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.

12.5.4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.

12.5.5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.

12.5.6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

12.6. The contract for participation by the company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:

12.6.1. Handling of breach of contract.

12.6.2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.

- 12.6.3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
- 12.6.4. The manner of handling changes in the number of participating entities or companies.
- 12.6.5. Preliminary progress schedule for plan execution, and anticipated completion date.
- 12.6.6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.
- 12.7. After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

Article 13 Procedures for managing acquisition or disposal of assets by subsidiaries

- 13.1. Except for the subsidiaries that may not engage in derivative transactions and may not purchase real estate not for business use, the subsidiaries shall follow the parent company's regulations and the parent company shall make public announcements and reports if the reporting standards are met.
A subsidiary's transfer of real estate formerly used for business to real estate not used for business shall be subject to the approval of the parent company's board of directors.
- 13.2. The Company's paid-in capital or total assets shall prevail over the Company's paid-in capital or total assets for the purpose of reporting standards for subsidiary announcements. The paid-in capital or total assets of the Company shall be the standard for determining of a Subsidiary .
- 13.3. The subsidiaries are investees in which the Company directly holds more than 50% of the outstanding voting shares or each investee in which the Company indirectly holds more than 50% of the outstanding voting shares through a subsidiary, and so on, or each investee in which the Company directly and indirectly holds more than 50% of the outstanding voting shares through a subsidiary, and so on.
- 13.4. The Company shall not waive any future capital increase in China Fineblanking Group Co, Ltd. (hereinafter referred to as CFTC-Group) and CFTC Precision Sdn Bhd. in each of the future years; CFTC-Group shall not waive the capital increase to China Fineblanking International Co.,Ltd(hereinafter referred to as CFTC-International); CFTC-International shall not waive the capital increase to CFTC Precision(Jia-Xing) Limited. If there is any amendment to these rules, the Company shall enter the

material information disclosed on the Market Observation Post System and report to the ROC Over-the-Counter Securities Trading Center for review.

Article 14 Announcement and report procedures

14.1. As the Company's shares are traded on the emerging stock market or listed on the Taipei Exchange (TPEX) or the Taiwan Stock Exchange in Taiwan, if any of the following conditions relating to the Company and its Subsidiaries' acquisition or disposal of assets, the relevant information shall be announced and reported in the appropriate format as prescribed by regulations within two days commencing immediately from the Date of occurrence of the Event:

14.1.1. Acquisition of real estate from or to a Related Party, or acquisition or disposal of assets other than real estate from or to a Related Party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more; provided, however, that this shall not apply to the trading of government bonds or bonds under repurchase and resale agreements and the purchase or redemption of domestic money market funds in Taiwan;

14.1.2. Merger, demerger, acquisitions or transfer of shares;

14.1.3. The loss of trading derivatives reaches the limit for all or individual contract set forth in the Procedures for Financial Derivatives Transactions;

14.1.4. Where there is an asset transaction (other than any such transactions referred to in the preceding three subparagraphs), a disposal of receivables to a financial institution, or an investment in mainland China area that reaches 20% or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:

A. Trading of government bonds.

B. Trading of bonds under repurchase/resale agreements and the purchase or redemption of domestic money market funds in Taiwan.

The amount of transactions above shall be calculated as follows:

A. The amount of any individual transaction.

B. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.

C. The cumulative transaction amount of real estate acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.

D. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.

- 14.2. The company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.
- 14.3. All items should be published again if any item required to be disclosed is missing during the original publication.
- 14.4. The contracts, meeting minutes, log books, appraisal reports, and opinions of certified public accounts, lawyers or securities underwriters in connection with the Company's acquisition or disposal of assets shall, except as otherwise specified by relevant Taiwan laws, be kept in the Company for at least five years.
- 14.5. The Company's acquisition or disposal of assets shall, except as otherwise specified by relevant Taiwan laws, be kept in the Company for at least five years. Should any of the following conditions occur after the filing and public announcement of transactions, the Company needs to make a "Announcement and Report" accordingly within two days commencing immediately from the Date of occurrence of the Event according Articles 14.1, 14.2 and 14.3.
- 14.5.1. Amendment, termination or cancellation of the original agreement;
- 14.5.2. Merger, spin-off, acquisition or share transfer not completed as scheduled in the agreement.
- 14.5.3. Change to the originally publicly announced and reported information.

Article 15 Limit on acquisition of real estate, right-to-use assets or marketable securities not for business use

- 15.1. The limits on the Company's acquisition of real estate and its right-to-use assets or marketable securities not intended for business use were as follows

Not to exceed the percentage of the Company's most recent net financial statements	The Company	Third Place Holdings	Subsidiary
1. Total purchases of real estate not for business use and assets with rights to use	10%	-	-
2. Total investment in marketable securities	20%	20%	20%
3. Amount of investment in individual marketable securities	10%	10%	10%

- 15.2. The above table excludes the investment in 100% of the subsidiaries and grandchildren of China Fineblanking Group Co., Ltd (CFTC-Group), China Fineblanking International Co., Ltd (CFTC-Internartional), CFTC

Article 16 Relevant Regulations

16.1. In the event that the manager or the managerial personnel violate these procedures, they shall be punished or compensated for the damage suffered by the Company in accordance with the administrative regulations, depending on the severity of the case.

16.2. The Procedures shall be approved by at least one-half of all members of the Audit Committee, submitted to the Board of Directors for a resolution, and then submitted to the shareholders' meeting for approval, or amended as well. Any dissenting opinions or reservations of the independent directors of the Company shall be set forth in the minutes of the Board of Directors' meeting.

If the first item is not approved by more than one-half of all members of the Audit Committee, it shall be approved by more than two-thirds of all directors and the resolution of the Audit Committee shall be stated in the minutes of the Board of Directors' meeting.

All members of the Audit Committee referred to in the first paragraph and all directors referred to in the preceding paragraph shall be counted as those who are actually in office.

16.3. The calculation of the 10% of total assets requirement in this Code is based on the amount of total assets in the most recent individual or individual financial statements required by the Guidelines Governing the Preparation of Financial Reports by Securities Issuers.