



Ticker: 1586

CHINA FINEBLANKING TECHNOLOGY

2023 Shareholders' meeting

Meeting Handbook

Time: May 31, 2023

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

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CHINA FINEBLANKING TECHNOLOGY

Procedure for the 2023 Shareholders’ Meeting

Meeting time: 10:00 am on May 31, 2023 (Wednesday)

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

Convening method: Physical shareholders’ meeting

- I. Call the Meeting to Order**
- II. Chairperson’s Remarks**
- III. Report Items**
- IV. Ratifications**
- V. Matters to be Discussed**
- VI. Election Matters**
- VII. Other Proposals**
- VIII. Extemporaneous Motions**
- IX. Adjournment**

China Fineblanking Technology Co., Ltd

Agenda for 2023 Shareholders' Meeting

Time: 10:00 am on May 31, 2023 (Wednesday)

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

Convening method: Physical shareholders' meeting

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

II. Chairperson's Remarks

III. Report Items

- (I) 2022 Business Report.
- (II) Review report on the 2022 final accounts by the audit committee.
- (III) Report on the 2022 distribution of employee remuneration and director remuneration.
- (IV) Report on 2022 dividends to shareholders in cash.
- (V) Report on the repurchase of treasury stock.
- (VI) Report on the liquidation of subsidiary CFTC PRECISION SDN BHD.

IV. Ratifications

- (I) Ratification of the 2022 business report and financial statement.
- (II) Ratification of the 2022 dividends to shareholders.

V. Matters to be Discussed

- (I) Issuance of new shares via capitalization of retained earnings

VI. Election Matters

- (I) By-election of independent directors.

VII. Other Proposals

- (I) Removal of non-compete covenants on directors

VIII. Extemporary Motions

IX. Adjournment

Report Items

Subject 1

2022 business report.

Explanation: For the 2022 Business Report, please refer to pages 9-10 of this handbook (Attachment 1).

Subject 2

The audit report on the 2022 final accounts by the audit committee.

Explanation: For the Audit Committee Audit Report, please refer to page 11 (Attachment 2) of this manual.

Subject 3

Please review the 2022 report on the distribution of employee remuneration and director remuneration.

Explanation: I. This is processed pursuant to Article 24 of the Company's Articles of Incorporation.
II. In 2022, the company appropriated 1% of profit as the remuneration in cash for directors, totaling NT\$569,171, and 2% as employee remuneration in cash, totaling NT\$1,138,340.
III. The above remuneration was approved by the board of directors on March 24, 2023.

Subject 4

Report on the 2022 Distribution of Profits in Cash Dividend.

Explanation: I. According to Article 24-1 of the company's articles of association, NT\$16,168,963 was allocated from the 2022 distributable earnings for shareholder dividends in cash. As of March 16, 2023, the total outstanding shares are 80,844,813 (85,898,813 shares issued less 5,054,000 treasury shares), NT\$0.2 is distributed to each share (rounded down to the nearest NT\$); the sum of fractional dividends less than NT\$1 will be added to the employee welfare account.
II. The said surplus in this proposal shall give priority to the surplus of 2022.
III. This proposal has been approved by the board of directors and the chairman is authorized to set the ex-dividend base date, distribution date and other related matters. In case of changes in dividend ratio caused by changes in the number of outstanding shares due to a change in capital shares, the chairman of the board of directors is authorized to handle it in accordance with the company law or its related laws and regulations.

Subject 5

Report on the purchase of treasury stock.

Explanation: Please refer to pages 12-13 of this handbook (Attachment 3) for the purpose, quantity, price range and implementation of the tenth, eleventh and twelfth repurchases of shares by the company.

Subject 6

Report on the liquidation of subsidiary CFTC PRECISION SDN BHD.

Explanation: I. Due to the pandemic of Covid-19, the liquidation of CFTC PRECISION SDN BHD. has been changed and submit to the board of directors for control and reported in the latest shareholders' meeting report.

II. The Company's CFTC PRECISION SDN BHD's liquidation amended progress is as follows:

Schedule	Plan	Current status
By the end of 2020	Complete the financial and tax report of CFTC PRECISION SDN BHD. for 2017~2019.	Done
By the end of July 2021	Completion of 2020 financial statement auditing and tax auditing	Done
3Q/4Q 2021	Once the financial and tax audit of CFTC PRECISION SDN BHD. is done: report to the competent authorities of TWSE/TPEX for approval to change the OTC commitments; proceed with relevant filing (reporting) matters of CFTC PRECISION SDN. BHD. according to the relevant laws and regulations of Malaysia after approval of the competent authorities.	Done
Before Q1 2024	Completion of CFTC PRECISION SDN. BHD's company registration	<ol style="list-style-type: none"> 1. On January 11, 2022, the board of directors approved the dissolution and liquidation of CFTC PRECISION SDN. BHD. 2. Proceed with relevant filing (reporting) matters of CFTC PRECISION SDN. BHD. according to the relevant laws and regulations of Malaysia. (This may take about 1 to 1.5 years according to the relevant laws and regulations of Malaysia.)

Ratifications

Subject 1

(proposed by the board)

2022 business reports and financial statements.

Explanation: I. The company's 2022 business report, the parent company only and consolidated financial statements have been approved by the audit committee and passed by the board of directors. The parent company only and consolidated financial statements have been audited by CPAs Chen Zongzhe and Chen Guozong of KPMG Taiwan who have subsequently issued their audit report.

II. Please refer to pages 9-10 (Attachment 1) and pages 14-31 (Attachment 4, Attachment 5) of this handbook for the business report, accountant's audit report and financial statements.

Resolution:

Subject 2

(proposed by the board)

2022 dividends to shareholders.

Note: The 2022 dividends to shareholders proposal have been approved by the audit committee and the board of directors. For the dividends to shareholders table, please refer to page 32 of this handbook (Attachment 6).

Resolution:

Matters to be Discussed

Subject 1

(proposed by the board)

Summary: Please kindly discuss the proposal for capitalization of earnings via issuance of news shares.

- Explanation:
- I. To meet the needs of corporate development and as part of the 2022 earnings distribution plan, NT\$4,042,250 will be appropriated from the distributable 2022 earnings as bonus shares with a total of 404,225 new shares at a face value of NT\$10 per share. As of March 16, 2023, the Company has a total of 80,844,813 shares outstanding (including 85,898,813 shares issued, less 5,054,000 treasury shares). Each lot of one thousand shares is entitled to 5 bonus shares. All the fractional shares will be consolidated for individual shareholders by the Company's agent for stock affairs within five days after book closure. The Company's Chairperson is authorized to contact specific parties for the purchase of any outstanding fractional shares issued at the face value, rounding down to NT\$1.
 - II. The rights and obligations of new shares will be identical with the issued ordinary shares.
 - III. After the consent from the general shareholders and the approval from the competent authorities, this proposal shall authorize the board to determine the ex-right base date, issuance date and other relevant matters.
 - IV. In case of changes in dividend ratio caused by changes in number of outstanding shares due to changes in capital shares or other factors, the chairman of the board of directors is authorized to handle it in accordance with the company law or its related laws and regulations.

Resolution:

Elections

Subject 1

(proposed by the board)

By-elect independent directors of the company.

- Explanation:
- I. Mr. Wang Yuanhong, an independent director of the company, resigned as an independent director on May 30, 2022 due to his schedule. In order to strengthen corporate governance, it is proposed to elect one independent director to the 13th board of directors at the 2023 shareholders' meeting.
 - II. In accordance with Article 16-1 of the company's articles of association, the company adopts the candidate nomination system for the election of independent directors, and shareholders shall elect the directors from among the nominees listed in the roster of director candidates. The new director shall assume office from the date elected for the entire term of office from May 31, 2023 to May 26, 2025.
 - III. The list of candidates for independent directors was approved by the company's board of directors on March 24, 2023. The relevant education, experience and number of shares held are as follows.
 - IV. For "Director Election Method", please refer to pages 44~45 of this handbook (Appendix 3).

List of Independent Director Candidates

Types of candidates	Names of candidates	Education and experience	No. of shares held
Independent director	Cheng Fengtsung	<p>Education: Ph.D., Department of Industrial Engineering and Management, National Chiao Tung University</p> <p>Work experience: Professor, Smart Machinery Industry Development Center, Feng Chia University Independent director, MOSA INDUSTRIAL CORPORATION Chairman, Fengjia System Management Consulting Co., Ltd.</p>	0

Election results:

Other Proposals

Subject 1

(proposed by the board)

Summary: Please kindly discuss the removal of non-compete covenants on directors.

Explanation: I. 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.

II. For directors of the company having the above circumstances yet without conflicts to the interests of the company, here it is proposed to lift the non-compete clauses. Please refer to page 33 of this handbook (Attachment VII) for the list of concurrent positions in other companies held by directors.

Resolution:

Extemporary Motions

Adjournment

2022 Business Report

CFT is focusing on the operation optimization and improvements of production and sales mix in 2022. Hampered by the global epidemic, chip shortages, inventory adjustments in the electronics industry, and changes in the global market, both revenues and profits were slightly down than last year. In the coming year, CFT will focus on the introduction of new technologies, mold design and manufacturing capabilities, new product development, and new customers to find business opportunities and profitability with high-quality electronic parts, automotive parts and high-end bicycle parts.

I. Main achievements in 2022:

1. VCM Plate continued to launch new products in the hard disk drive (HDD) market this year and mass produce them; benefited by the increase in server hardware and cloud services, revenue of advanced models continued to grow.
2. The development of automotive parts has formed six major business systems including gearboxes, door locks, engines and hydraulic pumps, seat adjusters and new energy; CFT is providing more than a thousand different process technologies to meet customer needs.
3. Expanding the product diversity of high-end bicycle and electric vehicle parts to meet market demand.
4. Continue to invest in production line automation and Industry 4.0 to meet the mass production needs of new customers.

II. Financial Performance:

Sales of CFT in 2022 reached NT\$2.540 billion, NT\$100 million or 3.79% down from NT\$2.64 billion in 2021, while net income after tax fell to NT\$43 million this year down NT\$65 million from NT\$108 million the year before. The gross profit margin in 2022 is 12.94%, down from 19.38% in 2021 as a result of difference in product and sales mix; the operating profit of 2022 went down to negative 0.82% from 7.02% in 2021. While rate of net income after tax fell to 1.70% this year down 2.38% from 4.08% the year before.

	Unit: NTD thousands	
	2022	2021
Revenues net	2,539,681	2,639,658
Gross profit	328,639	511,616
Operating expenses	349,431	326,378
Operating profit (loss)	(20,792)	185,238
Profit (loss) before tax	23,890	180,495
Net income	43,134	107,662
Earnings per share (NT\$)	0.53	1.29

III. Technology development

With up to 90% inhouse technology in mold design, mold making and product output, CFT is relatively mature and leading the industry in technology and process. The hard disk drive industry is trending towards clouds which, in turn, imposes more complex and demanding hard disk design than before. CFT also outruns competitors in 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. Overview of 2023 business plan:

(I) Business guidelines

1. Centered at CFT Taiwan, the Company is to balance and optimize the production systems with overseas subsidiaries, and partner strategically with international leaders to develop high value-added products.
2. Actively develop new customers and expand the automotive product market.
3. We seek to enhance services to existing customers to maintain long-term cooperation and achieve win-wins.
4. Strengthen the advantages of close-to-customer services by overseas subsidiaries with strict quality control

measures to control the progress of production at any time, meet the needs of customers, and ensure the production and quality of products.

5. Timely increase capital in line with the needs of business expansion without affecting profitability.
6. Create appropriate financial profits and safeguard shareholders' rights and interests by balancing funds' flexibility and safety.

(II) Production & marketing strategy

1. Expand operation scale and reduce operation risk: adopt the model of international division of labor, decentralized production bases, and production of scale to obtain cost advantages to strengthen the company's competitiveness, meet the needs of customers in overseas markets, and find mutually beneficial relationships with 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. Utilize funds from the capital market to strengthen the company's financial capabilities to face changes in the economy of the industry and support the company's future growth.
4. Consider the eco-friendly approach from the research and development stage; employ industry-university cooperation and strategic supplier partnerships to meet the expectations of all stakeholders with respect to economy, society, environment, and technology based on "low-pollution process, zero-pollution discharge, and high recycling" production.

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. The future operation will focus on developing 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. In addition to actively expanding the business of new products and new energy vehicle parts with major car manufacturers, CFT is expanding the business of high-end bicycles, electric vehicles and other precision pressing goods to inject new growth momentum into the company.

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

Review Report from Audit Committee

The board of directors of the company has prepared the 2022 business report, 2022 financial statements, and 2022 profit distribution statement. The financial statements have been attested by CPA Chen Zongzhe and Chen Guozong of KPMG Taiwan (entrusted by the board of directors) along with audit report.

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

2023 shareholders' meeting

CHINA FINEBLANKING TECHNOLOGY

Convener of the Audit Committee: Tsai Meier

March 24, 2023

(Attachment 3)

CHINA FINEBLANKING TECHNOLOGY
Execution of repurchase of the company's shares

Buy back times	10	11	12
Types of shares repurchased	Ordinary shares	Ordinary shares	Ordinary shares
Purpose	Transfer of shares to employees	Transfer of shares to employees	Transfer of shares to employees
Estimated repurchase period	March 20, 2020 to May 19, 2020	May 14, 2021 to July 13, 2021	January 17, 2022 to March 16, 2022
The number and proportion of shares scheduled to be repurchased to the company's total issued shares (%)	3,000,000 shares 4.28%	3,000,000 shares 3.56%	2,000,000 shares 2.33%
Scheduled buy-back price range	NT\$23.1 to 56.71	NT\$28.56 to 69.43	NT\$28.25 to 61.65
Actual repurchase period	March 20, 2020 to May 18, 2020	May 14, 2021 to July 12, 2021	January 20, 2022 to March 10, 2022
The actual number and proportion of shares repurchased and the proportion to the company's total issued shares (%)	1,500,000 shares 1.87%	2,349,000 shares 2.79%	1,020,000 shares 1.19%
Average buyback price per share	NT\$35.01	NT\$42.94	NT\$40.79
Actual amount bought back	NT\$52,511,865	NT\$100,872,223	NT\$41,604,120
Execution of share repurchase	<input type="checkbox"/> Execution completed <input checked="" type="checkbox"/> Execution not completed Reason: In order to protect the rights and interests of shareholders, and consider the stable trend of the stock price during the repurchase period, the company adopts the principle of 'buy low but don't chase high' prices and the company buys stock back in batches depending on the change in stock price, so the number of treasury shares bought did not meet the target.	<input type="checkbox"/> Execution completed <input checked="" type="checkbox"/> Execution not completed Reason: In order to protect the rights and interests of shareholders, and consider the stable trend of the stock price during the repurchase period, the company adopts the principle of 'buy low but don't chase high' prices and the company buys stock back in batches depending on the change in stock price, so the number of treasury shares bought did not meet the target.	<input type="checkbox"/> Execution completed <input checked="" type="checkbox"/> Execution not completed Reason: In order to protect the rights and interests of shareholders, and consider the stable trend of the stock price during the repurchase period, the company adopts the principle of 'buy low but don't chase high' prices and the company buys stock back in batches depending on the change in stock price, so the number of treasury shares bought did not meet the target.
The number of shares that have been canceled and transferred for this repurchase	1,500,000 shares	0 share	0 share
The number of shares that have not been canceled and transferred in this repurchase	0 share	2,349,000 shares	1,020,000 shares
The amount of shares that have not been canceled and transferred in this repurchase	NT\$0	NT\$100,872,223	NT\$41,604,120

CHINA FINEBLANKING TECHNOLOGY
Execution of repurchase of the company's shares

Buy back times	13	14	
Types of shares repurchased	Ordinary shares	Ordinary shares	
Purpose	Transfer of shares to employees	Transfer of shares to employees	
Estimated repurchase period	June 06, 2022 to August 05, 2022	December 07, 2022 to February 06, 2023	
The number and proportion of shares scheduled to be repurchased to the company's total issued shares (%)	2,000,000 shares 2.33%	1,000,000 shares 1.16%	
Scheduled buy-back price range	NT\$26.46 to 58.22	NT\$23.66 to 50.42	
Actual repurchase period	June 06, 2022 to August 04, 2022	December 09, 2022 to January 17, 2023	
The actual number and proportion of shares repurchased and the proportion to the company's total issued shares (%)	1,098,000 shares 1.28%	587,000 shares 0.68%	
Average buyback price per share	NT\$38.28	NT\$33.85	
Actual amount bought back	NT\$42,028,487	NT\$19,868,690	
Execution of share repurchase	<input type="checkbox"/> Execution completed <input checked="" type="checkbox"/> Execution not completed Reason: In order to protect the rights and interests of shareholders, and consider the stable trend of the stock price during the repurchase period, the company adopts the principle of 'buy low but don't chase high' prices and the company buys stock back in batches depending on the change in stock price, so the number of treasury shares bought did not meet the target.	<input type="checkbox"/> Execution completed <input checked="" type="checkbox"/> Execution not completed Reason: In order to protect the rights and interests of shareholders, and consider the stable trend of the stock price during the repurchase period, the company adopts the principle of 'buy low but don't chase high' prices and the company buys stock back in batches depending on the change in stock price, so the number of treasury shares bought did not meet the target.	
The number of shares that have been canceled and transferred for this repurchase	0 share	0 share	
The number of shares that have not been canceled and transferred in this repurchase	1,098,000 shares	587,000 shares	
The amount of shares that have not been canceled and transferred in this repurchase	NT\$42,028,487	NT\$19,868,690	

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 sheets as of December 31, 2022 and 2021, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, 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, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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 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 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 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

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 24, 2023

(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, 2022 and 2021

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

	2022		2021	
	Amount	%	Amount	%
4000 Operating revenue (Note (6)(q) and (7))	\$ 670,472	100	843,117	100
5000 Operating costs (Notes (6)(c), (m), (r), (7) and (12))	558,561	83	688,617	82
5900 Gross profit from operations	111,911	17	154,500	18
5910 Less: Unrealized gain or loss from sale	1,494	-	1,775	-
5920 Plus: Realized gain or loss from sale	1,775	-	2,075	-
5950 Net gross profit from operations	112,192	17	154,800	18
6000 Operating expenses (Notes (6)(m), (r) and (12)):				
6100 Selling expenses	15,463	2	23,486	3
6200 Administrative expenses	69,269	11	76,365	9
6300 Research and development expenses	13,253	2	17,175	2
6450 Expected credit loss (gain) (Note (6)(b))	-	-	-	-
6300 Total operating expenses	97,985	15	117,026	14
6900 Net operating income	14,207	2	37,774	4
Non-operating income and expenses:				
7100 Interest income (Note (6)(s))	512	-	95	-
7010 Other income (Note (6)(s))	8,711	1	9,258	1
7020 Other gains and losses, net (Note (6)(s), (7) and (9))	30,260	4	(9,119)	(1)
7050 Finance costs, net (Note (6)(l), (s))	(23,193)	(3)	(16,346)	(2)
7070 Share of profit (loss) of associates and joint ventures accounted for using equity method, net (Note 6(d))	24,713	4	118,212	15
Total non-operating income and expenses	41,003	6	102,100	13
Profit from continuing operations before tax	55,210	8	139,874	17
7950 Less: Income tax expenses (Note (6)(n))	12,076	2	32,212	4
Profit	43,134	6	107,662	13
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	28,311	4	5,868	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	5,662	1	1,173	-
8300 Other comprehensive income	22,649	3	4,695	-
Total comprehensive income	\$ 65,783	9	112,357	13
Earnings per share (Note (6)(p))				
9750 Basic earnings per share (Dollar)	\$ 0.53		1.29	
9810 Diluted earnings per share (Dollar)	\$ 0.52		1.21	

(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, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollar)

	Share capital		Retained earnings				Total other equity interest		Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Treasury shares	
Balance at January 1, 2021	\$ 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
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
Profit	-	-	-	-	43,134	43,134	-	-	43,134
Other comprehensive income	-	-	-	-	-	-	22,649	-	22,649
Total comprehensive income	-	-	-	-	43,134	43,134	22,649	-	65,783
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	10,767	-	(10,767)	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(53,607)	(53,607)	-	-	(53,607)
Reversal of special reserve	-	-	-	(4,695)	4,695	-	-	-	-
Conversion of convertible bonds	569	1,712	-	-	-	-	-	-	2,281
Purchase of treasury share	-	-	-	-	-	-	-	(94,790)	(94,790)
Share-based payments	-	144	-	-	-	-	-	840	984
Balance at December 31, 2022	\$ 858,988	555,218	119,528	119,793	181,519	420,840	(97,144)	(195,747)	1,542,155

(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, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollar)

	For the years ended December 31	
	2022	2021
Cash flows from operating activities:		
Profit before tax	\$ 55,210	139,874
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	54,456	44,675
Amortization expense	3,956	1,644
Net loss on financial assets and liabilities at fair value through profit or loss	57	3
Interest expense	23,193	16,346
Interest income	(512)	(95)
Share of gain of associates and joint ventures accounted for using the equity method	(24,713)	(118,212)
(Gain) loss on disposal of property, plant and equipment	(132)	1,587
Unrealized loss on from sales	1,494	1,775
Realized profit on from sales	(1,775)	(2,075)
Amotization of deferred revenue	(2,664)	(2,585)
Total adjustments to reconcile profit	53,360	(56,937)
Changes in operating assets and liabilities:		
Decrease (increase) in contract assets	87	(97)
Increase in notes receivable	(408)	(283)
Decrease in accounts receivable	66,481	39,598
(Increase) decrease in other receivables	(2,518)	2,965
Increase in inventories	(44,856)	(17,326)
Decrease in prepayments	912	5,468
Decrease in other current assets	1,937	2,481
Total changes in operating assets	21,635	32,806
Increase in contract liabilities	536	2,241
(Decrease) increase in notes payable	(789)	375
(Decrease) increase in accounts payable	(43,644)	24,639
(Decrease) Increase in other payables	(37,118)	18,058
(Decrease) Increase in other current liabilities	(583)	891
Total changes in operating liabilities	(81,598)	46,204
Total changes in operating assets and liabilities	(59,963)	79,010
Total adjustments	(6,603)	22,073
Cash inflow generated from operations	48,607	161,947
Interest received	512	95
Interest paid	(12,374)	(14,241)
Income taxes paid	(5,784)	(10,555)
Net cash flows from operating activities	30,961	137,246

(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, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollar)

	For the years ended December 31	
	2022	2021
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(25,514)	(79,440)
Proceeds from disposal of property, plant and equipment	1,772	281
Decrease in refundable deposits	242	-
Repatriation of subsidiary surpluses	40,091	-
Acquisition of intangible assets	(1,623)	(1,725)
Increase in other non-current assets	(35,817)	(102,791)
Net cash flows used in investing activities	(20,849)	(183,675)
Cash flows from financing activities:		
Increase in short-term loans	305,000	160,000
Decrease in short-term loans	(145,000)	(106,378)
Proceeds from long-term loans	50,000	170,800
Repayments of long-term loans	(144,958)	(72,048)
Repayments of lease liabilities	(2,088)	(1,136)
Cash dividends paid	(53,607)	(65,522)
Payments to acquire treasury shares	(94,790)	(100,950)
Treasury shares sold to employees	984	94,497
Net cash flows (used in) from financing activities	(84,459)	79,263
Net (decrease) increase in cash and cash equivalents	(74,347)	32,834
Cash and cash equivalents, beginning of the period	227,584	194,750
Cash and cash equivalents, end of the period	\$ 153,237	227,584

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, 2022 and 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the years 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, 2022 and 2021, 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 audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the 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)(q).

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, 2022 and 2021, 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

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 24, 2023

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

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollar)

Assets		December 31, 2022		December 31, 2021		Liabilities and Equity		December 31, 2022		December 31, 2021	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note (6)(a))	\$ 351,084	8	526,955	12	2100	Short-term borrowings (Note (6)(h))	\$ 648,759	15	464,047	10
1110	Current financial assets at fair value through profit or loss (Note (6)(j))	-	-	-	-	2130	Current contract liabilities (Note (6)(q))	11,252	-	9,821	-
1140	Current contract assets (Note (6)(q))	50,087	1	75,035	2	2150	Notes payable	182	-	971	-
1150	Notes receivable, net (Note (6)(b) and (q))	85,666	2	79,280	2	2170	Accounts payable	303,497	7	381,366	9
1170	Accounts receivable, net (Note (6)(b) and (q))	641,097	15	634,418	14	2180	Accounts payable to related parties (Note (7))	7,659	-	11,451	-
1200	Other receivables, net (Note (8))	69,548	2	62,642	1	2200	Other payables (Note (6)(i))	327,232	8	376,883	9
1220	Current tax assets (Note (6)(n))	43	-	34	-	2220	Other payables to related parties (Note (6)(i) and (7))	19,325	-	30,247	1
130X	Inventories (Note (6)(c))	719,754	17	659,437	15	2230	Current tax liabilities	11,560	-	23,188	-
1410	Prepayments (Note (6)(d))	182,571	4	187,936	4	2280	Current lease liabilities (Note (6)(l))	2,155	-	1,245	-
1470	Other current assets	271	-	2,209	-	2320	Long-term liabilities, current portion (Note (6)(j) and (k))	565,801	13	114,180	3
		<u>2,100,121</u>	<u>49</u>	<u>2,227,946</u>	<u>50</u>	2399	Other current liabilities, others	742	-	807	-
								<u>1,898,164</u>	<u>43</u>	<u>1,414,206</u>	<u>32</u>
Non-current assets:						Non-Current liabilities:					
1510	Non-current financial assets at fair value through profit or loss (Note (6)(j))	-	-	57	-	2530	Bonds payable (Note (6)(j))	-	-	378,449	9
1600	Property, plant and equipment (Note (6)(e), (7) and (8))	1,973,742	46	1,962,289	45	2540	Long-term borrowings (Note (6)(k))	750,689	18	910,310	21
1755	Right-of-use assets (Note (6)(f) and (8))	33,936	1	33,155	1	2570	Deferred tax liabilities (Note (6)(n))	74,319	2	76,094	2
1780	Intangible assets	10,050	-	11,213	-	2580	Non-current lease liabilities (Note (6)(l))	999	-	895	-
1840	Deferred tax assets (Note (6)(n))	36,606	1	25,585	1	2630	Long-term deferred revenue	6,690	-	9,354	-
1900	Other non-current assets (Note (6)(g))	118,835	3	150,837	3	2645	Guarantee deposits received	274	-	270	-
		<u>2,173,169</u>	<u>51</u>	<u>2,183,136</u>	<u>50</u>			<u>832,971</u>	<u>20</u>	<u>1,375,372</u>	<u>32</u>
								<u>2,731,135</u>	<u>63</u>	<u>2,789,578</u>	<u>64</u>
						Total liabilities					
						Equity attributable to owners of parent (Note (6)(o)):					
						3110	Ordinary shares	858,988	20	858,419	19
						3200	Capital surplus	555,218	13	553,362	13
						3300	Retained earnings	420,840	10	431,313	10
						3400	Other equity interest	(97,144)	(2)	(119,793)	(3)
						3500	Treasury shares	(195,747)	(4)	(101,797)	(3)
						31XX	Total equity attributable to owners of parent:	<u>1,542,155</u>	<u>37</u>	<u>1,621,504</u>	<u>36</u>
						36XX	Non-controlling interests	-	-	-	-
							Total equity	<u>1,542,155</u>	<u>37</u>	<u>1,621,504</u>	<u>36</u>
							Total liabilities and equity	<u>\$ 4,273,290</u>	<u>100</u>	<u>\$ 4,411,082</u>	<u>100</u>
	Total assets	<u>\$ 4,273,290</u>	<u>100</u>	<u>4,411,082</u>	<u>100</u>						

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

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

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

		<u>2022</u>		<u>2021</u>	
		Amount	%	Amount	%
4000	Operating revenue (Notes (6)(q) and (14))	\$ 2,539,681	100	2,639,658	100
5000	Operating costs (Notes (6)(c)(m)(r), (7) and (12))	2,211,042	87	2,128,042	81
5900	Gross profit from operations	<u>328,639</u>	<u>13</u>	<u>511,616</u>	<u>19</u>
6000	Operating expenses (Notes (6)(m)(r) and (12)):				
6100	Selling expenses	60,012	2	69,406	3
6200	Administrative expenses	193,969	8	183,095	7
6300	Research and development expenses	94,225	4	88,132	3
6450	Expected credit loss (gain) (Note (6)(b))	1,225	-	(14,255)	(1)
6300	Total operating expenses	<u>349,431</u>	<u>14</u>	<u>326,378</u>	<u>12</u>
6900	Net operating income (loss)	<u>(20,792)</u>	<u>(1)</u>	<u>185,238</u>	<u>7</u>
	Non-operating income and expenses:				
7100	Interest income (Note (6)(s))	905	-	876	-
7010	Other income (Note (6)(s))	46,823	2	41,063	2
7020	Other gains and losses, net (Notes (6)(s) and (9))	36,033	1	(23,113)	(1)
7050	Finance costs, net (Notes (6)(l)(s))	(39,079)	(1)	(23,569)	(1)
	Total non-operating income and expenses	<u>44,682</u>	<u>2</u>	<u>(4,743)</u>	<u>-</u>
	Profit from continuing operations before tax	23,890	1	180,495	7
7950	Less: Income tax expenses (benefit) (Note (6)(n))	(19,244)	(1)	72,833	3
	Profit	<u>43,134</u>	<u>2</u>	<u>107,662</u>	<u>4</u>
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	28,311	1	5,868	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	5,662	-	1,173	-
8300	Other comprehensive income	<u>22,649</u>	<u>1</u>	<u>4,695</u>	<u>-</u>
	Total comprehensive income	<u>\$ 65,783</u>	<u>3</u>	<u>112,357</u>	<u>4</u>
	Profit, attributable to:				
8610	Profit, attributable to owners of parent	\$ 43,134	2	107,662	4
8720	Profit, attributable to non-controlling interests	-	-	-	-
		<u>\$ 43,134</u>	<u>2</u>	<u>107,662</u>	<u>4</u>
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent	\$ 65,783	3	112,357	4
8720	Comprehensive income, attributable to non-controlling interests	-	-	-	-
		<u>\$ 65,783</u>	<u>3</u>	<u>112,357</u>	<u>4</u>
	Earnings per share (Note (6)(p))				
9750	Basic earnings per share (Dollar)	<u>\$ 0.53</u>		<u>1.29</u>	
9810	Diluted earnings per share (Dollar)	<u>\$ 0.52</u>		<u>1.21</u>	

(English Translation of Consolidated 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, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollar)

	Equity attributable to owners of parent							Total other equity interest	Total equity	
	Share capital	Retained earnings					Exchange differences on translation of foreign financial statements			Treasury shares
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings				
Balance at January 1, 2021	\$ 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	
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	
Profit	-	-	-	-	43,134	43,134	-	-	43,134	
Other comprehensive income	-	-	-	-	-	-	22,649	-	22,649	
Total comprehensive income	-	-	-	-	43,134	43,134	22,649	-	65,783	
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	10,767	-	(10,767)	-	-	-	-	
Cash dividends of ordinary shares	-	-	-	-	(53,607)	(53,607)	-	-	(53,607)	
Reversal of special reserve	-	-	-	(4,695)	4,695	-	-	-	-	
Conversion of convertible bonds	569	1,712	-	-	-	-	-	-	2,281	
Purchase of treasury shares	-	-	-	-	-	-	-	(94,790)	(94,790)	
Share-based payments	-	144	-	-	-	-	-	840	984	
Balance at December 31, 2022	\$ 858,988	555,218	119,528	119,793	181,519	420,840	(97,144)	(195,747)	1,542,155	

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

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollar)

	For the years ended December 31	
	2022	2021
Cash flows from operating activities:		
Profit before tax	\$ 23,890	180,495
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	191,514	176,734
Amortization expense	18,022	8,985
Expected credit loss (reversal gain)	1,225	(14,255)
Net loss on financial assets and liabilities at fair value through profit or loss	57	3
Interest expense	39,079	23,569
Interest income	(905)	(876)
Loss on disposal of property, plant and equipment	1,310	8,306
Amortization of deferred revenue	(2,664)	(2,585)
Total adjustments to reconcile profit	247,638	199,881
Changes in operating assets and liabilities:		
Decrease in contract assets	26,117	16,589
(Increase) decrease in notes receivable	(5,259)	4,445
(Increase) decrease in accounts receivable	(852)	6,082
Increase in other receivables	(6,906)	(730)
Increase in inventories	(52,120)	(156,121)
Increase in prepayments	(20,363)	(10,243)
Decrease (increase) in other current assets	1,938	(3,729)
Total changes in operating assets	(57,445)	(143,707)
Increase in contract liabilities	1,431	4,242
(Decrease) increase in notes payable	(789)	375
(Decrease) increase in accounts payable	(86,139)	38,776
(Decrease) increase in other payables	(65,797)	21,802
(Decrease) increase in other current liabilities	(65)	522
Total changes in operating liabilities	(151,359)	65,717
Total changes in operating assets and liabilities	(208,804)	(77,990)
Total adjustments	38,834	121,891
Cash inflow generated from operations	62,724	302,386
Interest received	905	876
Interest paid	(31,356)	(23,318)
Income taxes paid	(11,109)	(35,421)
Net cash flows from operating activities	21,164	244,523

(English Translation of Consolidated 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, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollar)

	For the years ended December 31	
	2022	2021
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(36,308)	(143,124)
Proceeds from disposal of property, plant and equipment	2,260	1,784
Decrease in refundable deposits	263	-
Acquisition of intangible assets	(1,623)	(5,388)
Increase in other non-current assets	(103,683)	(125,634)
Net cash flows used in investing activities	(139,091)	(272,362)
Cash flows from financing activities:		
Increase in short-term loans	961,963	668,469
Decrease in short-term loans	(799,765)	(646,540)
Proceeds from long-term loans	50,000	201,189
Repayments of long-term loans	(144,958)	(72,047)
Decrease in guarantee deposits received	-	(5)
Repayments of lease liabilities	(2,271)	(1,176)
Cash dividends paid	(53,607)	(65,522)
Payments to acquire treasury shares	(94,790)	(100,950)
Treasury shares sold to employees	984	94,497
Net cash flows (used in) from financing activities	(82,444)	77,915
Effect of exchange rate fluctuations on cash held	24,500	8,395
Net (decrease) increase in cash and cash equivalents	(175,871)	58,471
Cash and cash equivalents, beginning of the period	526,955	468,484
Cash and cash equivalents, end of the period	\$ 351,084	526,955

(Attachment 6)

CHINA FINEBLANKING TECHNOLOGY

Table of Earnings Distribution

2022

Unit: NT\$

Item	Amount	
Undistributed earnings at the beginning of the period		138,384,340
Add: reversal of the special reserve under equity	22,649,556	
Add: 2022 after-tax net income	43,133,718	
Appropriation:		
Less: legal reserve	(4,313,372)	
Earnings available for distribution		199,854,242
Distribution items:		
Less: shareholder dividend - cash (NT\$0.20 /share)* 80,844,813 shares	(16,168,963)	
Less: shareholder dividend - stock (NT\$0.05 /share)* 80,844,813 shares	(4,042,250)	
Undistributed earnings at the end of the period		179,643,029

Note 1: 85,898,813 issued shares – 5,054,000 treasury shares = 80,844,813 outstanding shares.

Note 2: The 2022 surplus will be distributed first.

Chairperson: Huang Yi-Xiang

General Manager: Huang Yi-Xiang

Chief Accounting Officer: Liao Jen-Chieh

(Attachment 7)

List of Directors Participation in Other Companies

Name	Managerial officers or directors in restriction companies	Position
Independent director: Huang Jinhuang	ALFORMER Industrial Co., Ltd.	Independent director
Independent Director: Cheng Fengtsung	Fengjia System Management Consulting Co., Ltd.	Chairman
	MOSA INDUSTRIAL CORPORATION	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:
- I. Manufacturing and distribution of a variety of molds and components
 - II. Manufacturing, processing and distribution of a variety of computer components, sewing machine components, auto and motorcycle components, machinery components, metal components, and plastic components
 - III. Processing of machine tools
 - IV. Import/export, distribution and installation of a variety of domestic and overseas machine tools, materials, components, and automation electro-mechanical equipment
 - V. Import and export of the aforesaid items (except futures)
 - VI. Surface cleaning of hardware parts
 - VII. All business activities that are not prohibited or restricted by law, except those that are subject to special approval.
- 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. If required by laws, a special reserve may be recognized or reversed. Any remaining earnings, along with cumulative undistributed earnings, may be distributed as dividends to shareholders based on the proposal from the board and resolution by the shareholders' meeting.

The Board of Directors may be authorized by the Company to distribute dividends and bonuses or all or part of the statutory surplus reserve and capital reserve in the form of cash distribution at a Board of Directors Meeting attended by more than two-thirds of the directors and with the consent of more than half of the directors present and then report to the shareholders' meeting.

The company's dividend policy is based on the current and future development plans, considering the investment environment, capital needs and foreign competition conditions, and taking into account shareholders' interests and other factors. Shareholder dividends, provided that the accumulated distributable surplus is less than 1% of the paid-in share capital, shall not be distributed. 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 Fourteenth 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

Chairman: Huang Yi-Xiang

CHINA FINEBLANKING TECHNOLOGY

Rules of Procedure for Shareholders 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/dissimil of directors and relevant materials should be produced into electronic files and submitted to the Market Observation Post System (MOPS) thirty days before a general shareholders' meeting or fifteen days before an extraordinary shareholders' meeting. Meeting Handbook and supplementary materials should be produced electronic files and submitted to the Market Observation Post System (MOPS) twenty one days before a general shareholders' meeting or fifteen days before an extraordinary shareholders' meeting. Meeting 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. Election or dismissal of directors or supervisors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, non-competition clauses, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extemporary motion; Its main content shall be placed on the website designated by the securities authority or the company, and its website address shall be specified in the notice. If the reason for calling a shareholders' meeting includes the complete election of directors and supervisors and specified the date for the elected to assume office, the same shareholders' meeting may not change the date for assumption of office via an extemporary motion or other methods after the completion of election at the shareholders' meeting.
 - 5.1.4. A shareholder holding one percent or more of the total number of the issued shares may submit to the Company a proposal for discussion at a general shareholders' meeting. The number of items so proposed is limited only to one, and no proposal containing more than one item will be included in the meeting agenda. A shareholder's proposal in alignment with any circumstance under any subparagraph of paragraph 4 of Article 172-1 of the Company Act may not be included in the meeting agenda by the Board of Directors. 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 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. Chairman of the shareholders' meeting, present personnel:
 - 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, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.
The 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 of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extemporary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the 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. When the Company holds a shareholder meeting, it shall adopt the exercise of voting rights by electronic means and may adopt the exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. 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. A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company at least two days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail. Unless a declaration is made to cancel the previous indication.
 - 5.11.4. After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person or online, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, at least two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. 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. Except as otherwise provided in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. 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. When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will be deemed rejected, and no further voting shall be required.
 - 5.11.7. Vote monitoring and counting personnel for the vote on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.
 - 5.11.8. Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.
- 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. These rules came into force on June 2, 2007.
First amendment on June 2, 2015
Second amendment on May 28, 2020
The third revision was on July 30, 2021.

CHINA FINEBLANKING TECHNOLOGY Director Election Method

- 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 directors of the Company shall be conducted in accordance with the procedures for the nomination of candidates stipulated in Article 192-1 of the Company Act.
 - 7.2 When the number of independent directors falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.
 - 7.3 The cumulative voting method shall be used for election of the directors at the Company. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.
 - 7.4 The board shall prepare for and distribute to each shareholder the ballots in the same number of directors to be elected and with the number of election rights attached to shareholdings specified. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.
 - 7.5 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. 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 Those who do not use ballot papers prepared by the legal convenor.
 - 7.7.2 Blank ballots thrown into a ballot box
 - 7.7.3 Writing illegible, unidentifiable or tampered
 - 7.7.4 The candidates indicated are not found in the list of director candidates.
 - 7.7.5 Other words are written other than the number of allocated voting 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, 2020

(Appendix 4)

Shareholdings by all the board directors

(I) 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
Director	6,871,905	16,890,874

Note 1: Book closure date: April 2, 2023.

Note 2: Number of shares issued by the company as of April 2, 2023: 85,898,813.

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.

(II) 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	1,997,655	2.32
Director	Hsieh Ling	5,765,378	6.71
Director	Chia-Chuan Investment	5,536,945	6.45
Director	Tai Wen-Cheng	2,177,504	2.53
Director	Jacky Lo	1,413,392	1.65
Independent director	Tsai Meier	0	0
Independent director	Dr. Jin H. Huang	0	0
Independent director	Chen Fu-Pang	0	0
No. of shares held by all directors		16,890,874	19.66

(Appendix 5)

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

1. In accordance with the provisions of Article 172-1 of the Company Act, a shareholder holding one percent or more of the total number of issued shares may submit to the Company a proposal in writing for discussion at 2023 shareholders' meeting of the company. Proposal time: March 10, 2023 to March 20, 2023.
2. Proposals from shareholders holding more than 1% of the company's total issued shares at the 2023 shareholders' Meeting: None.

(Appendix 6)

The Impact of Stock dividend Issuance on Business Performance, EPS, and Shareholder Return Rate

Item		Year	2023
Paid-in capital at the beginning of the period (NT\$)			838,841,220
Dividends issued for the year (Note 1)	Cash dividends per share		0.2
	Stock dividends issued via capitalization of earnings (No. of stock dividends per shares)		0.005
	Stock dividends issued via capitalization of capital surplus (No. of stock dividends per shares)		-
Change of operating performance	Operating profit		N/A (Note 2)
	Operating profit change from last year (%)		
	Net income		
	Net income change from last year (%)		
	Earnings per share		
	Earnings per share change from last year (%)		
Pro forma earnings per share and P/E ratio	If cash dividends are issued in lieu of stock dividends issued with capitalization of earnings	Pro forma earnings per share (NT\$)	N/A (Note 2)
		Pro forma annual earnings yield	
	If no stock dividends issued via capitalization of capital surplus	Pro forma earnings per share (NT\$)	N/A (Note 2)
		Pro forma annual earnings yield	
	If cash dividends are issued in lieu of stock dividends issued via capitalization of capital surplus	Pro forma earnings per share (NT\$)	N/A (Note 2)
		Pro forma annual earnings yield	

Note 1: The 2023 estimated capitalization of earnings proposal is based on the resolution of the board of directors on March 24, 2023, and will be conducted in accordance with relevant regulations once adopted by the 2023 shareholders' meeting.

Note 2: The company has not disclosed the 2023 financial forecast, there is no need to disclose the 2023 forecast information.