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CHINA FINEBLANKING TECHNOLOGY CO.,LTD

2024 Shareholders' meeting

Meeting Handbook

Time: May 30, 2024

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

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CHINA FINEBLANKING TECHNOLOGY

Procedure for the 2024 Shareholders' Meeting

Meeting time: 10:00 am on May 30, 2024 (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. Extemporaneous Motions**
- VII. Adjournment**

China Fineblanking Technology Co., Ltd

Agenda for 2024 Shareholders' Meeting

Time: 10:00 am on May 30, 2024 (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) 2023 Business Report.
- (II) Review report on the 2023 final accounts by the audit committee.
- (III) Report on the 2023 distribution of employee remuneration and director remuneration.
- (IV) Report on 2023 dividends to shareholders in cash.
- (V) Report on the offering and issuance of the fourth secured convertible bonds and the fifth unsecured convertible bonds in Taiwan.
- (VI) Report on the liquidation of subsidiary CFTC PRECISION SDN. BHD.(CFTC Precision Sdn Bhd)
- (VII) Report of directors' remuneration in 2023.

IV. Ratifications

- (I) Ratification of the 2023 business report and financial statement.
- (II) Ratification of the 2023 dividends to shareholders.

V. Matters to be Discussed

- (I) Issuance of new shares via capitalization of retained earnings.
- (II) Amendment of the "Articles of Incorporation"

VI. Extemporary Motions

VII. Adjournment

Report Items

Subject 1

Summary: 2023 business report.

Explanation: For the 2023 Business Report, please refer to pages 6~7 of this handbook (Attachment 1).

Subject 2

Summary: The audit report on the 2023 final accounts by the audit committee.

Explanation: For the Audit Committee Audit Report, please refer to page 8 (Attachment 2) of this manual.

Subject 3

Summary: Please review the 2023 report on the distribution of employee remuneration and director remuneration.

Explanation: I. In accordance with Article 24 of the Articles of Incorporation, If the Company reports profits for the year, no less than 2% of the profits should be distributed as remunerations to employees and no more than 5% distributed as remunerations to directors.

II. The Company's 2023 settlement was loss before tax. In accordance with Article 24 of the Articles of Incorporation, no remuneration to employees and directors was provided for 2023.

III. The above remuneration was approved by the board of directors on March 25, 2024.

Subject 4

Summary: Report on the 2023 Distribution of Profits in Cash Dividend.

Explanation: I. According to Article 24-1 of the company's articles of association, NT\$8,125,830 was allocated from the accumulated distributable earnings in the previous years for shareholder dividends in cash. As of March 25, 2024, the total outstanding shares are 81,258,302 (86,303,038 shares issued plus 9,264 shares converted from convertible bonds and less 5,054,000 treasury shares), NT\$0.1 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 current earnings distribution proposal is for the distribution of accumulated earnings from previous years.

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

Summary: Report on the offering and issuance of the forth secured convertible bonds and the fifth unsecured convertible bonds in Taiwan.

Explanation: I. To repay the second domestic secured convertible bonds and the third domestic unsecured convertible bonds issued in 2020 and the bank loan, the Company plans to issue the forth secured convertible bonds and the fifth unsecured convertible bonds in Taiwan. The issuance was approved by the Financial Supervisory Commission on June 14, 2023 with Official Letter FSC-Securities-Issuance No. 1120345190 and No.11203451901. The forth issuance of secured convertible bonds in Taiwan started to be trading on Taipei Exchange on August 30, 2023, the fifth issuance of unsecured convertible bonds on August 31, 2023.

II. Please refer to page 10 of this handbook (Attachment 3) for the reasons for and matters in relation to the raising and issuance of convertible bonds under Article 246 of the "Company Act".

Subject 6

Summary: Report on the liquidation of subsidiary CFTC PRECISION SDN BHD. BHD.(CFTC Precision Sdn Bhd)

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

2. The Company's CFTC PRECISION SDN BHD. (CFTC Precision Sdn Bhd) liquidation updated 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
By the end of 2025 Q1	Completed the cancellation of the company registration of the subsidiary and, CFTC PRECISION SDN. BHD's company	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.)

Subject 7

Summary: Report on 2023 remuneration to directors.

Explanation: Please refer to page 10 of this handbook (Attachment 4) for the payment of remuneration to directors in 2023.

Ratifications

Subject 1 (proposed by the board)

Summary: 2023 business reports and financial statements.

Explanation: I. The company's 2023 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 Zong-Zhe and Chen Guo-Zong of KPMG Taiwan who have subsequently issued their audit report.

II. Please refer to pages 6~7 (Attachment 1) and pages 11~28 (Attachment 5, Attachment 6) of this handbook for the business report, accountant's audit report and financial statements.

Resolution:

Subject 2 (proposed by the board)

Summary: 2023 dividends to shareholders.

Explanation: The 2023 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 29 of this handbook (Attachment 7).

Resolution:

Matters to be Discussed

Subject 1 (proposed by the board)

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

Explanation: I. To meet the needs of corporate development and as part of the 2023 earnings distribution plan, NT\$2,437,750 will be appropriated from the distributable earnings in previous years as bonus shares with a total of 243,775 new shares at a face value of NT\$10 per share. As of March 25, 2024, the Company has a total of 81,258,302 shares outstanding (including 86,303,038 shares issued plus 9,264 shares converted from convertible bonds and less 5,054,000 treasury shares). Each lot of one thousand shares is entitled to 3 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. For the shareholders who participated in book-entry transfer, the amount for fractional shares was used as the book-entry transfer fee.

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:

Subject 2 (proposed by the board)

Summary: Please kindly discuss the amendment to the "Articles of Incorporation".

Explanation: The Company's "Articles of Incorporation" needs to be amended to meet the needs of the Company's operations and development. For the comparison table of the Articles of Incorporation, please refer to pp. 30-31 of this Handbook (Attachment 8).

Resolution:

Extemporary Motions

Adjournment

2023 Business Report

CFTC is focusing on the operation optimization and improvements of the production and sales mix from the three directions of investment, business and management in 2023. Suffering from the global epidemic, chip shortages, inventory adjustments in the electronics industry, and changes in the global market, both revenues and profits are down slightly from last year. In the coming year, CFTC 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 of CFTC in 2023:

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; CFTC 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:

Operating revenue of CFTC in 2023 reached NT\$2.311 billion, NT\$229 million or 9.02% down from NT\$2.54 billion in 2022, while profit fell to NT\$(54) million this year down NT\$97 million from NT\$43 million the year before. The gross profit margin in 2023 is 11.08%, down from 12.94% in 2022 as a result of differences in the product and sales mix; the rate of operating loss in 2023 went down to negative 2.93% from 0.82% in 2022. While the rate of profit fell to (2.35)% this year down 4.05% from 1.70% the year before.

	Unit: NT\$ thousand	
	2023	2022
Operating Revenues	2,310,590	2,539,681
Gross profit	256,014	328,639
Operating expenses	323,620	349,431
Operating profit (loss)	(67,606)	(20,792)
Profit (Loss) from continuing operations before tax	(73,406)	23,890
Profit (Loss)	(54,313)	43,134
Earnings per share (NT\$)	(0.67)	0.52

III. Technology development:

With up to 90% of the mold design technology, mold making and product output being inhouse, CFTC 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 designs than before. CFTC 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 CFTC 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, CFTC 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: Tsai Wei-Che



CHINA FINEBLANKING TECHNOLOGY

Review Report from Audit Committee

The board of directors of the company has prepared the 2023 business report, 2023 financial statements, and 2023 profit distribution statement. The financial statements have been attested by CPA Jacky Chen and David Chen 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

CFTC 2024 Shareholders' meeting

CHINA FINEBLANKING TECHNOLOGY

Convener of the Audit Committee: Tsai Mei-E



March 25, 2024

CHINA FINEBLANKING TECHNOLOGY

Issuance of convertible corporate bonds in 2023

Types of corporate bonds	Forth issuance of secured convertible bonds in Taiwan	Fifth issuance of unsecured convertible bonds in Taiwan
Issuance date	August 30, 2023	August 31, 2023
Par value	NT\$100,000	NT\$100,000
Place of issuance and trading	Issued in Taiwan and traded on Taipei Exchange	Issued in Taiwan and traded on Taipei Exchange
Issued price	107.2% of the par value	100% of the par value
Amount raised	NT\$200 million	NT\$300 million
Interest rate	0% coupon rate	0% coupon rate
Maturity	Three years and mature on August 30, 2026	Three years and mature on August 31, 2026
Guarantor	Taiwan Cooperative Bank Ltd.	None
Trustee	Bank SinoPac	Bank SinoPac
Underwriter	Taiwan Cooperative Securities Co., Ltd.	Taiwan Cooperative Securities Co., Ltd.
Attorney	No share certificates required as no physical securities were produced	No share certificates required as no physical securities were produced
Accountant	No share certificates required as no physical securities were produced	No share certificates required as no physical securities were produced
Repayment methods	Unless bondholders convert their holdings into the Company's ordinary shares according to Article 10 of the Regulations Governing the Issuance and Conversion of these convertible bonds, or the bonds are called before maturity according to Article 18, or the Company repurchases the bonds from securities brokers and subsequently cancels these bonds, the Company shall make full repayment in cash at the par value for all outstanding bonds within ten business days from the day following the maturity of the convertible corporate bonds.	Unless bondholders convert their holdings into the Company's ordinary shares according to Article 10 of the Regulations Governing the Issuance and Conversion of these convertible bonds, or the bonds are called before maturity according to Article 18, or the Company repurchases the bonds from securities brokers and subsequently cancels these bonds, the Company shall make full repayment in cash at 101.5075% of the par value (or 0.5% real yield) for all outstanding bonds within ten business days from the day following the maturity of the convertible corporate bonds.
Outstanding principal	NT\$200,000,000	NT\$299,700,000
Call or early repayment clauses	Article 18 of the Regulations Governing the Issuance and Conversion of the Company's forth secured convertible bonds in Taiwan	Article 18 of the Regulations Governing the Issuance and Conversion of the Company's fifth unsecured convertible bonds in Taiwan
Covenants	None	None
Updated conversion price	NT\$33.02	NT\$32.38
Status of bond conversion as of the book closure date (April 1, 2024)	Outstanding balance NT\$200,000,000	Outstanding balance NT\$299,700,000
Callable terms and conditions	None	None

CHINA FINEBLANKING TECHNOLOGY

Payment of directors' remuneration in 2023

Unit: NT\$ thousand / thousand shares

Title	Name	Remunerations to directors								A + B + C + D as % of profit (loss) after tax		Remuneration received as an employee								A + B + C + D + E + F + G as % of profit after tax		Remuneration from the Company's investees or the Company's parent		
		Remuneration (A)		Pension (B)		Director remuneration (C)		Business expenses (D)				Salary, bonuses and special disbursements (E)		Pension (F)		Employee remuneration (G)								
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report			The Company	All companies in the financial report
																		Cash	Stocks	Cash	Stocks			
Chairman	Huang Yi-Xiang	0	0	0	0	113	113	42	42	(0.57%)	(0.57%)	4,340	4,340	0	0	241	0	241	0	(9.01%)	(9.01%)	0		
Director	Hsieh Ling	0	0	0	0	113	113	42	42	(0.57%)	(0.57%)	0	0	0	0	0	0	0	0	(0.57%)	(0.57%)	0		
Director(Note 1)	Tai Wen-Cheng	0	0	0	0	113	113	0	0	(0.42%)	(0.42%)	0	0	0	0	0	0	0	0	(0.42%)	(0.42%)	0		
Director	Lo, Yung-Chiu	0	0	0	0	113	113	30	30	(0.53%)	(0.53%)	0	0	0	0	0	0	0	0	(0.53%)	(0.53%)	0		
Director	Jotek Investment Co., Ltd. Representative : Wu, Chia-Chuan	0	0	0	0	68	68	36	36	(0.38%)	(0.38%)	0	0	0	0	0	0	0	0	(0.38%)	(0.38%)	0		
Legal person director	Huang Chin-Huang	720	720	0	0	0	0	42	42	(2.81%)	(2.81%)	0	0	0	0	0	0	0	0	(2.81%)	(2.81%)	0		
Independent director	Tsai Mei-E	720	720	0	0	0	0	42	42	(2.81%)	(2.81%)	0	0	0	0	0	0	0	0	(2.81%)	(2.81%)	0		
Independent director	Chen Fu-Pang	720	720	0	0	0	0	42	42	(2.81%)	(2.81%)	0	0	0	0	0	0	0	0	(2.81%)	(2.81%)	0		
Independent director(Note 2)	Cheng Feng-TSung	381	381	0	0	0	0	18	18	(1.47%)	(1.47%)	0	0	0	0	0	0	0	0	(1.47%)	(1.47%)	0		

1. Please describe the policy, system, standard and structure of the remunerations to independent directors, elaborate on the relation between factors such as duties, risks, and time commitment with remuneration amounts:

- (1) The policy, system standard and structure of the remunerations to director are based on "Remuneration Committee Charter".
- (2) Independent directors are also tasked with the functioning of "Remuneration Committee" and "Audit Committee", the remuneration to enhance corporate governance and risk management, incentive and retain talents, assess and monitor the Company's remuneration system for directors, supervisors and managers. They control and manage existing and potential risks, and focus on operational management, asset assessment, and investment management, in order to review and monitor the Company's operational performance. Meanwhile, they also assist the board in the management, assessment and review of risks on a regular basis. Therefore, commensurate remunerations are provided.
2. Compensation to services rendered by directors for companies contained in the financial statements in the most recent year (e.g. non-employee consultants of the parent company, companies contained in the financial statements, and investees) other than those disclosed in the said table: None.

Note 1: Resigned on May 8, 2023

Note 2: Inaugurated on May 31, 2023

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, 2023 and 2022, 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 material 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, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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 the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance 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 Chen, Chung-Che and Chen, Kuo-Tsung.

KPMG

Taipei, Taiwan (Republic of China)

March 25, 2024

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

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollar)

Assets		December 31, 2023		December 31, 2022		Liabilities and Equity		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents(Note (6)(a))	\$ 136,903	4	153,237	5	2100	Short-term borrowings(Note (6)(h))	\$ 100,000	3	230,000	7
1110	Current financial assets at fair value through profit or loss(note (6)(j))	-	-	-	-	2130	Current contract liabilities(Note (6)(q))	7,810	-	7,832	-
1140	Current contract assets(Note (6)(q))	-	-	206	-	2150	Notes payable	26	-	182	-
1150	Notes receivable, net(Note (6)(b) and (q))	2,287	-	2,423	-	2170	Accounts payable	35,072	1	48,505	1
1170	Accounts receivable, net(Note (6)(b) and (q))	113,333	4	76,967	2	2180	Accounts payable to related parties(Note (7))	38,427	1	91,488	3
1200	Other receivables, net(Note (8))	43,182	1	57,094	2	2200	Other payables(Note 6(i))	49,137	1	56,888	2
1210	Other receivables-related parties(Note (7))	34	-	258	-	2220	Other payables to related parties(Note (6)(i) and (7))	109,197	4	274	-
1220	Current tax assets	172	-	-	-	2230	Current tax liabilities	7,397	-	9,046	-
130X	Inventories(Note (6)(c))	124,716	4	155,923	5	2280	Current lease liabilities(Note (6)(l))	1,691	-	2,155	-
1410	Prepayments	3,210	-	4,737	-	2320	Long-term liabilities, current portion(Note (6)(j) and (k))	202,003	6	565,801	17
1470	Other current assets	240	-	272	-	2399	Other current liabilities, others	786	-	741	-
		<u>424,077</u>	<u>13</u>	<u>451,117</u>	<u>14</u>			<u>551,546</u>	<u>16</u>	<u>1,012,912</u>	<u>30</u>
Non-current assets:						Non-Current liabilities:					
1510	Non-current financial assets at fair value through profit or loss(Note(6)(j))	-	-	-	-	2530	Bonds payable(Note (6)(j))	487,604	15	-	-
1550	Investments accounted for using equity method(Note (6)(d))	1,799,671	54	1,787,495	53	2540	Long-term borrowings(Note (6)(k))	734,686	22	719,833	21
1600	Property, plant and equipment(Note (6)(e) 、(7) and (8))	1,010,102	31	1,030,305	31	2570	Deferred tax liabilities(Note (6)(n))	82,656	3	74,319	2
1755	Right-of-use assets(Note (6)(f))	2,968	-	3,112	-	2580	Non-current lease liabilities(Note (6)(l))	1,312	-	999	-
1780	Intangible assets	2,454	-	3,498	-	2630	Long-term deferred revenue	4,123	-	6,690	-
1840	Deferred tax assets(Note (6)(n))	42,353	1	13,729	-	2645	Guarantee deposits received	200	-	200	-
1900	Other non-current assets(Note (6)(g))	39,645	1	67,852	2			<u>1,310,581</u>	<u>40</u>	<u>802,041</u>	<u>23</u>
		<u>2,897,193</u>	<u>87</u>	<u>2,905,991</u>	<u>86</u>			<u>1,862,127</u>	<u>56</u>	<u>1,814,953</u>	<u>53</u>
						Total liabilities					
						Share capital (Note (6)(o)):					
						3110	Ordinary shares	863,123	26	858,988	26
						3200	Capital surplus	578,446	18	555,218	17
						3300	Retained earnings	346,316	10	420,840	13
						3400	Other equity interest	(124,368)	(4)	(97,144)	(3)
						3500	Treasury shares	(204,374)	(6)	(195,747)	(6)
								<u>1,459,143</u>	<u>44</u>	<u>1,542,155</u>	<u>47</u>
						Total equity					
Total assets		<u>\$ 3,321,270</u>	<u>100</u>	<u>3,357,108</u>	<u>100</u>	Total liabilities and equity		<u>\$ 3,321,270</u>	<u>100</u>	<u>3,357,108</u>	<u>100</u>

(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, 2023 and 2022

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

		<u>2023</u>		<u>2022</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue (Note (6)(q) and (7))	\$ 408,243	100	670,472	100
5000	Operating costs (Notes (6)(c), (m), (r), (7) and (12))	416,394	102	558,561	83
5900	Gross (loss) profit from operations	(8,151)	(2)	111,911	17
5910	Less: Unrealized gain or loss from sale	1,218	-	1,494	-
5920	Plus: Realized gain or loss from sale	1,494	-	1,775	-
5950	Net gross (loss) profit from operations	(7,875)	(2)	112,192	17
6000	Operating expenses (Notes (6)(m), (r) and (12)):				
6100	Selling expenses	10,992	3	15,463	2
6200	Administrative expenses	62,192	15	69,269	11
6300	Research and development expenses	10,399	2	13,253	2
6450	Expected credit loss (Note (6)(b))	245	-	-	-
6300	Total operating expenses	83,828	20	97,985	15
6900	Net operating (loss) income	(91,703)	(22)	14,207	2
	Non-operating income and expenses:				
7100	Interest income (Note (6)(s))	1,948	1	512	-
7010	Other income (Note (6)(s))	8,292	1	8,711	1
7020	Other gains and losses, net (Note (6)(s) and (9))	1,532	-	30,260	4
7050	Finance costs, net (Note (6)(l), (s) and (7))	(33,657)	(8)	(23,193)	(3)
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method, net (Note 6(d))	45,930	11	24,713	4
	Total non-operating income and expenses	24,045	5	41,003	6
	(Loss) Profit from continuing operations before tax	(67,658)	(17)	55,210	8
7950	Less: Income tax (benefit) expenses (Note (6)(n))	(13,345)	(3)	12,076	2
	(Loss) Profit	(54,313)	(14)	43,134	6
8300	Other comprehensive income:				
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(34,030)	(8)	28,311	4
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note (6)(n))	(6,806)	(1)	5,662	1
8300	Other comprehensive income	(27,224)	(7)	22,649	3
	Total comprehensive income	\$ (81,537)	(21)	65,783	9
	Earnings per share				
9750	Basic earnings per share (Note (6)(p))	\$	(0.67)		0.52
9810	Diluted earnings per share (Note (6)(p))			\$	0.52

(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, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollar)

	Share capital		Retained earnings				Total other equity interest	Treasury shares	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements		
Balance at January 1, 2022	\$ 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
Loss	-	-	-	-	(54,313)	(54,313)	-	-	(54,313)
Other comprehensive income	-	-	-	-	-	-	(27,224)	-	(27,224)
Total comprehensive income	-	-	-	-	(54,313)	(54,313)	(27,224)	-	(81,537)
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	4,313	-	(4,313)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(16,169)	(16,169)	-	-	(16,169)
Stock dividends of ordinary share	4,042	-	-	-	(4,042)	(4,042)	-	-	-
Reversal of special reserve	-	-	-	(22,649)	22,649	-	-	-	-
Conversion of convertible bonds	93	192	-	-	-	-	-	-	285
Purchase of treasury share	-	-	-	-	-	-	-	(8,627)	(8,627)
Issuance of convertible bonds	-	23,036	-	-	-	-	-	-	23,036
Balance at December 31, 2023	\$ 863,123	578,446	123,841	97,144	125,331	346,316	(124,368)	(204,374)	1,459,143

(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, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollar)

	For the years ended December 31	
	2023	2022
Cash flows from operating activities:		
(Loss) profit before tax	\$ (67,658)	55,210
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	52,740	54,456
Amortization expense	5,645	3,956
Expected credit loss	245	-
Net loss on financial assets and liabilities at fair value through profit or loss	-	57
Interest expense	33,657	23,193
Interest income	(1,948)	(512)
Share of gain of associates and joint ventures accounted for using the equity method	(45,930)	(24,713)
Gain on disposal of property, plant and equipment	(869)	(132)
Unrealized profit from sales	1,218	1,494
Realized profit on from sales	(1,494)	(1,775)
Amortization of deferred revenue	(2,567)	(2,664)
Total adjustments to reconcile profit	<u>40,697</u>	<u>53,360</u>
Changes in operating assets and liabilities:		
Decrease in contract assets	206	87
Decrease (increase) in notes receivable	136	(408)
(Increase) Decrease in accounts receivable	(36,611)	66,481
Decrease (increase) in other receivable	14,136	(2,518)
Decrease (increase) in inventories	31,207	(44,856)
Decrease in prepayments	1,527	912
Decrease in other current assets	32	1,937
Total changes in operating assets	<u>10,633</u>	<u>21,635</u>
(Decrease) Increase in contract liabilities	(22)	536
Decrease in notes payable	(156)	(789)
Increase (decrease) in accounts payable	41,388	(43,644)
Decrease in other payables	(10,577)	(37,118)
Increase (decrease) in other current liabilities	45	(583)
Total changes in operating liabilities	<u>30,678</u>	<u>(81,598)</u>
Total changes in operating assets and liabilities	<u>41,311</u>	<u>(59,963)</u>
Total adjustments	<u>82,008</u>	<u>(6,603)</u>
Cash inflow generated from operations	14,350	48,607
Interest received	1,948	512
Interest paid	(19,362)	(12,374)
Income taxes paid	(1,957)	(5,784)
Net cash (used in) flows from operating activities	<u>(5,021)</u>	<u>30,961</u>

(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, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollar)

Cash flows from investing activities:

Acquisition of property, plant and equipment	(29,549)	(25,514)
Proceeds from disposal of property, plant and equipment	1,027	1,772
Decrease in refundable deposits	34	242
Repatriation of subsidiary surpluses	-	40,091
Acquisition of intangible assets	(650)	(1,623)
Decrease (Increase) in other non-current assets	23,454	(35,817)

Net cash flows used in investing activities

Cash flows from financing activities:

Increase in short-term loans	90,000	305,000
Decrease in short-term loans	(220,000)	(145,000)
Proceeds from issuing bonds	508,359	-
Repayments of bonds	(385,383)	-
Proceeds from long-term loans	179,000	50,000
Repayments of long-term loans	(150,104)	(144,958)
Repayments of lease liabilities	(2,705)	(2,088)
Cash dividends paid	(16,169)	(53,607)
Payments to acquire treasury shares	(8,627)	(94,790)
Treasury shares sold to employees	-	984

Net cash used in financing activities

Net decrease in cash and cash equivalents

Cash and cash equivalents, beginning of the period

Cash and cash equivalents, end of the period

(16,334)	(74,347)
153,237	227,584
\$ 136,903	153,237

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, 2023 and 2022, the consolidated statement 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 material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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 Financial Statement Audit and Attestation Engagements of 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, 2023 and 2022, 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 Chen, Chung-Che and Chen, Kuo-Tsung.

KPMG

Taipei, Taiwan (Republic of China)
March 25, 2024

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

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollar)

		<u>December 31, 2023</u>		<u>December 31, 2022</u>				<u>December 31, 2023</u>		<u>December 31, 2022</u>	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets						Liabilities and Equity					
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note (6)(a))	\$ 414,492	10	351,084	8	2100	Short-term borrowings (Note (6)(h))	\$ 320,461	8	648,759	15
1110	Current financial assets at fair value through profit or loss (Note (6)(j))	-	-	-	-	2130	Current contract liabilities (Note (6)(q))	10,776	-	11,252	-
1140	Current contract assets (Note (6)(q))	58,917	1	50,087	1	2150	Notes payable	26	-	182	-
1150	Notes receivable, net (Note (6)(b) and (q))	85,200	2	85,666	2	2170	Accounts payable	354,052	9	303,497	7
1170	Accounts receivable, net (Note (6)(b) and (q))	706,207	17	641,097	15	2180	Accounts payable to related parties (Note (7))	10,579	-	7,659	-
1200	Other receivables, net (Note (8))	49,053	1	69,548	2	2200	Other payables (Note (6)(i))	338,441	8	327,232	8
1220	Current tax assets	213	-	43	-	2220	Other payables to related parties (Note (6)(i) and (7))	27,478	1	19,325	-
130X	Inventories (Note (6)(c))	579,852	14	719,754	17	2230	Current tax liabilities	9,825	-	11,560	-
1410	Prepayments (Note (6)(d))	149,780	5	182,571	4	2280	Current lease liabilities (Note (6)(l))	1,691	-	2,155	-
1470	Other current assets	240	-	271	-	2320	Long-term liabilities, current portion (Note (6)(j) and (k))	232,292	6	565,801	13
		<u>2,043,954</u>	<u>50</u>	<u>2,100,121</u>	<u>49</u>	2399	Other current liabilities, others	786	-	742	-
								<u>1,306,407</u>	<u>32</u>	<u>1,898,164</u>	<u>43</u>
Non-current assets:						Non-Current liabilities:					
1510	Non-current financial assets at fair value through profit or loss (Note (6)(j))	-	-	-	-	2530	Bonds payable (Note (6)(j))	487,604	12	-	-
1600	Property, plant and equipment (Note (6)(e) and (8))	1,832,208	45	1,973,742	46	2540	Long-term borrowings (Note (6)(k))	734,686	18	750,689	18
1755	Right-of-use assets (Note (6)(f) and (8))	32,316	1	33,936	1	2570	Deferred tax liabilities (Note (6)(n))	82,656	2	74,319	2
1780	Intangible assets	7,592	-	10,050	-	2580	Non-current lease liabilities (Note (6)(l))	1,312	-	999	-
1840	Deferred tax assets (Note (6)(n))	71,298	2	36,606	1	2630	Long-term deferred revenue	4,123	-	6,690	-
1900	Other non-current assets (Note (6)(g))	88,834	2	118,835	3	2645	Guarantee deposits received	271	-	274	-
		<u>2,032,248</u>	<u>50</u>	<u>2,173,169</u>	<u>51</u>			<u>1,310,652</u>	<u>32</u>	<u>832,971</u>	<u>20</u>
								<u>2,617,059</u>	<u>64</u>	<u>2,731,135</u>	<u>63</u>
						Total liabilities					
						Equity attributable to owners of parent (Note (6)(o)):					
						3110	Ordinary shares	863,123	21	858,988	20
						3200	Capital surplus	578,446	14	555,218	13
						3300	Retained earnings	346,316	9	420,840	10
						3400	Other equity interest	(124,368)	(3)	(97,144)	(2)
						3500	Treasury shares	(204,374)	(5)	(195,747)	(4)
						31XX	Total equity attributable to owners of parent:	<u>1,459,143</u>	<u>36</u>	<u>1,542,155</u>	<u>37</u>
						36XX	Non-controlling interests	-	-	-	-
							Total equity	<u>1,459,143</u>	<u>36</u>	<u>1,542,155</u>	<u>37</u>
Total assets		<u>\$ 4,076,202</u>	<u>100</u>	<u>4,273,290</u>	<u>100</u>		Total liabilities and equity	<u>\$ 4,076,202</u>	<u>100</u>	<u>4,273,290</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, 2023 and 2022

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

		<u>2023</u>		<u>2022</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue (Notes (6)(q) and (14))	\$ 2,310,590	100	2,539,681	100
5000	Operating costs (Notes (6)(c)(m)(r), (7) and (12))	<u>2,054,576</u>	<u>88</u>	<u>2,211,042</u>	<u>87</u>
5900	Gross profit from operations	<u>256,014</u>	<u>12</u>	<u>328,639</u>	<u>13</u>
6000	Operating expenses (Notes (6)(m)(r) and (12)):				
6100	Selling expenses	46,708	2	60,012	2
6200	Administrative expenses	173,441	8	193,969	8
6300	Research and development expenses	104,799	4	94,225	4
6450	Expected credit (gain) loss (Note (6)(b))	<u>(1,328)</u>	<u>-</u>	<u>1,225</u>	<u>-</u>
6300	Total operating expenses	<u>323,620</u>	<u>14</u>	<u>349,431</u>	<u>14</u>
6900	Net operating loss	<u>(67,606)</u>	<u>(2)</u>	<u>(20,792)</u>	<u>(1)</u>
	Non-operating income and expenses:				
7100	Interest income (Note (6)(s))	2,214	-	905	-
7010	Other income (Note (6)(s))	31,151	1	46,823	2
7020	Other gains and losses, net (Notes (6)(s), 9 and 12)	8,042	-	36,033	1
7050	Finance costs, net (Notes (6)(l)(s))	<u>(47,207)</u>	<u>(2)</u>	<u>(39,079)</u>	<u>(1)</u>
	Total non-operating income and expenses	<u>(5,800)</u>	<u>(1)</u>	<u>44,682</u>	<u>2</u>
	Profit from continuing operations before tax	<u>(73,406)</u>	<u>(3)</u>	<u>23,890</u>	<u>1</u>
7950	Less: Income tax expenses (Note (6)(n))	<u>(19,093)</u>	<u>(1)</u>	<u>(19,244)</u>	<u>(1)</u>
	Profit	<u>(54,313)</u>	<u>(2)</u>	<u>43,134</u>	<u>2</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	(34,030)	(1)	28,311	1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note (6)(n))	<u>(6,806)</u>	<u>-</u>	<u>5,662</u>	<u>-</u>
8300	Other comprehensive income	<u>(27,224)</u>	<u>(1)</u>	<u>22,649</u>	<u>1</u>
	Total comprehensive income	<u>\$ (81,537)</u>	<u>(3)</u>	<u>65,783</u>	<u>3</u>
	Profit, attributable to:				
8610	Profit, attributable to owners of parent	\$ (54,313)	(2)	43,134	2
8720	Profit, attributable to non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ (54,313)</u>	<u>(2)</u>	<u>43,134</u>	<u>2</u>
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent	\$ (81,537)	(3)	65,783	3
8720	Comprehensive income, attributable to non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ (81,537)</u>	<u>(3)</u>	<u>65,783</u>	<u>3</u>
	Earnings per share (Note (6)(p))				
9750	Basic earnings per share (Dollar)	<u>\$ (0.67)</u>		<u>0.52</u>	
9810	Diluted earnings per share (Dollar)			<u>\$ 0.52</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, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollar)

	Equity attributable to owners of parent								Total equity
	Share capital	Retained earnings					Total other equity interest		
		Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	
Balance at January 1, 2022	\$ 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
Profit	-	-	-	-	(54,313)	(54,313)	-	-	(54,313)
Other comprehensive income	-	-	-	-	-	-	(27,224)	-	(27,224)
Total comprehensive income	-	-	-	-	(54,313)	(54,313)	(27,224)	-	(81,537)
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	4,313	-	(4,313)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(16,169)	(16,169)	-	-	(16,169)
Stock dividends of ordinary share	4,042	-	-	-	(4,042)	(4,042)	-	-	-
Reversal of special reserve	-	-	-	(22,649)	22,649	-	-	-	-
Conversion of convertible bonds	93	192	-	-	-	-	-	-	285
Purchase of treasury share	-	-	-	-	-	-	-	(8,627)	(8,627)
Issuance of convertible bonds	-	23,036	-	-	-	-	-	-	23,036
Balance at December 31, 2023	\$ 863,123	578,446	123,841	97,144	125,331	346,316	(124,368)	(204,374)	1,459,143

(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, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollar)

	For the years ended December 31	
	2023	2022
Cash flows from operating activities:		
(Loss) profit before tax	\$ (73,406)	23,890
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	185,823	191,514
Amortization expense	19,398	18,022
Expected credit (reversal gain) loss	(1,328)	1,225
Net loss on financial assets and liabilities at fair value through profit or loss	-	57
Interest expense	47,207	39,079
Interest income	(2,214)	(905)
Loss on disposal of property, plant and equipment	2,946	1,310
Amortization of deferred revenue	(2,567)	(2,664)
Total adjustments to reconcile profit	249,265	247,638
Changes in operating assets and liabilities:		
(Increase) decrease in contract assets	(9,898)	26,117
Increase in notes receivable	(1,082)	(5,259)
Increase in accounts receivable	(74,748)	(852)
(Descrease) increase in other receivables	20,495	(6,906)
(Descrease) increase in inventories	130,924	(52,120)
(Descrease) increase in prepayments	8,843	(20,363)
Decrease in other current assets	31	1,938
Total changes in operating assets	74,565	(57,445)
(Descrease) increase in contract liabilities	(476)	1,431
Decrease in notes payable	(156)	(789)
Increase (decrease) in accounts payable	59,433	(86,139)
Increase (decrease) increase in other payables	44,665	(65,797)
Increase (decrease) in other current liabilities	44	(65)
Total changes in operating liabilities	103,510	(151,359)
Total changes in operating assets and liabilities	178,075	(208,804)
Total adjustments	427,340	38,834
Cash inflow generated from operations	353,934	62,724
Interest received	2,214	905
Interest paid	(37,904)	(31,356)
Income taxes paid	(2,825)	(11,109)
Net cash flows from operating activities	315,419	21,164

(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, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollar)

Cash flows from investing activities:

Acquisition of property, plant and equipment	(28,395)	(36,308)
Proceeds from disposal of property, plant and equipment	5,823	2,260
Acquisition of intangible assets	(650)	(1,623)
Decrease in refundable deposits	34	263
Increase in other non-current assets	(23,277)	(103,683)
Net cash flows used in investing activities	(46,465)	(139,091)

Cash flows from financing activities:

Increase in short-term loans	421,453	961,963
Decrease in short-term loans	(744,965)	(799,765)
Proceeds from issuing bonds	508,359	-
Repayments of bonds	(385,383)	-
Proceeds from long-term loans	179,000	50,000
Repayments of long-term loans	(150,104)	(144,958)
Repayments of lease liabilities	(2,705)	(2,271)
Cash dividends paid	(16,169)	(53,607)
Payments to acquire treasury shares	(8,627)	(94,790)
Treasury shares sold to employees	-	984
Net cash flows (used in) from financing activities	(199,141)	(82,444)

Effect of exchange rate fluctuations on cash held

(6,405) 24,500

Net increase (decrease) in cash and cash equivalents

63,408 (175,871)

Cash and cash equivalents, beginning of the period

351,084 526,955

Cash and cash equivalents, end of the period

\$ 414,492 351,084

(Attachment 7)

CHINA FINEBLANKING TECHNOLOGY

Table of Earnings Distribution
2023



Unit: NT\$

Item	Amount	
Undistributed earnings at the beginning of the period		179,643,029
Less: reversal of the special reserve under equity	(27,223,597)	
Less: 2023 after-tax net loss	(54,312,906)	
Appropriation:		
Less: legal reserve		
Earnings available for distribution		98,106,526
Distribution items:		
Less: shareholder dividend - cash (NT\$0.1/share)* 81,258,302 shares	(8,125,830)	
Less: shareholder dividend - stock (NT\$0.03/share)* 81,258,302 shares	(2,437,750)	
Undistributed earnings at the end of the period		87,542,946

Note 1: 86,303,038 issued shares+9,264 Convertible Bond share - 5,054,000 treasury shares =81,258,302 outstanding shares. °

Note 2: The surplus of previous year will be distributed first.

Chairperson: Huang Yi-Xiang



Managerial officer: Huang Yi-Xiang



Accounting chief officer: Tsai Wei-Che



Comparison Table of Amendments to the "Articles of Incorporation"

Article number	Amendment	Original	Reason for the change
Article 2	<p>The Company's scope of business is as follows:</p> <p><u>I. CQ01010 Mold and Die Manufacturing</u></p> <p><u>II. CC01080 Electronics Components Manufacturing</u></p> <p><u>III. CC01110 Computer and Peripheral Equipment Manufacturing</u></p> <p><u>IV. CB01990 Other Machinery Manufacturing</u></p> <p><u>V. F401010 International Trade</u></p> <p><u>VI. CD01030 Motor Vehicles and Parts Manufacturing</u></p> <p><u>VII. CD01040 Motorcycles and Parts Manufacturing</u></p> <p><u>VIII. CD01050 Bicycles and Parts Manufacturing</u></p> <p><u>IX. CD01990 Other Transport Equipment and Parts Manufacturing</u></p> <p><u>X. CA02060 Metal Containers Manufacturing</u></p> <p><u>XI. F208031 Retail Sale of Medical Apparatus</u></p> <p><u>XII. F108031 Wholesale of Medical Devices</u></p> <p><u>XIII. C399990 Other Textile and Products Manufacturing</u></p> <p><u>XIV. C805990 Other Plastic Products Manufacturing</u></p> <p><u>XV. F104110 Wholesale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories</u></p> <p><u>XVI. F204110 Retail Sale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories</u></p> <p><u>XVII. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval</u></p>	<p>The Company's scope of business is as follows:</p> <p>I. Manufacturing and distribution of a variety of molds and components</p> <p>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</p> <p>III. Processing of machine tools</p> <p>IV. Import/export, distribution and installation of a variety of domestic and overseas machine tools, materials, components, and automation electro-mechanical equipment</p> <p>V. Import and export of the aforesaid items (excluding futures)</p> <p>VI. Surface cleaning of hardware parts</p> <p>VII. All business activities that are not prohibited or restricted by law, except those that are subject to special approval.</p>	Existing business items are added and revised based on the Company's future development and business needs.
Article 7-1	Article 7-1	Article 7-1	Numbering of clauses is unified
Article 24-1	Article 24-1	Article 24-1	Numbering of clauses is unified

Article number	Amendment	Original	Reason for the change
Article 27	<p>The Articles of Incorporation were established on November 3, 1992. First amendment on July 9, 1994; second amendment on May 16, 1996; third amendment on June 13, 1997; fourth amendment on November 30, 1997; fifth amendment on October 20, 1998; sixth amendment on October 16, 1999; seventh amendment on December 21, 2000; eighth amendment on May 27, 2002; ninth amendment on September 7, 2003 Tenth amendment on June 26, 2004 Eleventh amendment on June 17, 2005 Twelfth amendment on July 29, 2005 Thirteenth amendment on June 26, 2006 Fourteen amendment on December 21, 2006 Fifteen amendment on May 22, 2007 Sixteenth amendment on June 22, 2010 Seventeenth amendment on June 28, 2011 Eighteenth amendment on June 25, 2012 Nineteenth amendment on June 28, 2013 Twentieth amendment on June 2, 2015 Twenty first amendment on May 19, 2016 Twenty second amendment on July 13, 2017 Twenty third amendment on May 23, 2018 Twenty fourth amendment on May 24, 2019 Twenty fifth amendment on May 28, 2020 <u>Twenty sixth amendment on May 30, 2024.</u></p>	<p>The Articles of Incorporation were established on November 3, 1992. First amendment on July 9, 1994; second amendment on May 16, 1996; third amendment on June 13, 1997; fourth amendment on November 30, 1997; fifth amendment on October 20, 1998; sixth amendment on October 16, 1999; seventh amendment on December 21, 2000; eighth amendment on May 27, 2002; ninth amendment on September 7, 2003 Tenth amendment on June 26, 2004 Eleventh amendment on June 17, 2005 Twelfth amendment on July 29, 2005 Thirteenth amendment on June 26, 2006 Fourteen amendment on December 21, 2006 Fifteen amendment on May 22, 2007 Sixteenth amendment on June 22, 2010 Seventeenth amendment on June 28, 2011 Eighteenth amendment on June 25, 2012 Nineteenth amendment on June 28, 2013 Twentieth amendment on June 2, 2015 Twenty first amendment on May 19, 2016 Twenty second amendment on July 13, 2017 Twenty third amendment on May 23, 2018 Twenty fourth amendment on May 24, 2019 Twenty fifth amendment on May 28, 2020</p>	Additional amendment dates

(Appendix 1)

China Fineblanking Technology Co., Ltd. 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 (excluding 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, as well as shareholders' interest. No less than 10% of the distributable earnings each year should be distributed as dividends. However, distributions may not be made if the cumulative distributable earnings are less than 1% of the paid-in capital. Earnings may be distributed in the form of cash dividends or stock dividends. Cash dividends may not fall below 10% of the total dividends.

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

Chapter 7 Supplementary Provisions

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

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

Article 27: The Articles of Incorporation were established on November 3, 1992. First amendment on July 9, 1994; second amendment on May 16, 1996; third amendment on June 13, 1997; fourth amendment on November 30, 1997; fifth amendment on October 20, 1998; sixth amendment on October 16, 1999; seventh amendment on December 21, 2000; eighth amendment on May 27, 2002; ninth amendment on September 7, 2003 Tenth amendment on June 26, 2004 Eleventh amendment on June 17, 2005 Twelfth amendment on July 29, 2005 Thirteenth amendment on June 26, 2006 Fourteenth amendment on December 21, 2006 Fifteenth 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 an 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 extemporaneous 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 extemporaneous 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 extemporaneous 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.

Shareholdings by all the board directors

- (I) As of the book-close date for the annual general meeting (April 1, 2024), the Company had issued a total of 86,312,302 shares, and the number of independent directors exceeds half of all directors. The Company has established an audit committee. Therefore, the requirement in Article 26 of the Securities and Exchange Act that the number of shares held by all directors and supervisors shall not be less than a certain percentage of the shares issued by a company.
- (II) The actual shareholdings of all directors as of the book-close date for this annual general meeting are as follows:

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	2,007,643	2.33
Director	Hsieh Ling	5,794,204	6.71
Director	Jotek Investment Co., Ltd. Representative : Wu, Chia-Chuan	6,064,629	7.03
Director	Lo, Yung-Chiu	1,420,458	1.65
Independent director	Tsai Mei-E	0	0
Independent director	Huang Chin-Huang	0	0
Independent director	Chen Fu-Pang	0	0
Independent director	Zheng Fengcong	0	0
Shares held by all directors other than independent directors		15,286,934	17.72

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 2024 shareholders' meeting of the company. Proposal time: February 23, 2024 to March 4, 2024.
2. Proposals from shareholders holding more than 1% of the company's total issued shares at the 2024 shareholders' Meeting: None.