



Ticker: 1586

# **CHINA FINEBLANKING TECHNOLOGY CO.,LTD**

## **2025 Shareholders' meeting**

### **Meeting Handbook**

**Time: May 28, 2025**

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

# Table of Contents

<b>One. Meeting Procedures</b>	<b>1</b>
<b>Two. Meeting Agenda</b>	<b>2</b>
I. Report Items	2
II. Ratifications	4
III. Matters to be Discussed	5
IV. Election Matters	5
V. Other Matters	6
VI. Extemporaneous Motions	6
VII. Adjournment	6
<b>Three. Attachments</b>	
I. 2024 Business Report	7
II. Audit Committee Audit Report	9
III. Director compensation paid in 2024	10
IV. 2025 Private Placement Capital Increase - First Implementation Status Report.	11
V. Independent Auditors' Report and 2024 Parent Company Only Financial Statements	14
VI. Independent Auditors' Report and 2024 Consolidated Financial Statement	22
VII. 2024 Earnings Appropriation Table	30
VIII. Comparison Table of Amendments to the "Articles of Incorporation"	31
IX. List of director candidates	34
L. Schedule of Concurrent Positions Held by Director Candidates	37
<b>Four. Appendices</b>	
I. Articles of Incorporation (before amendment)	38
II. Rules of Procedure for Shareholders' Meeting	42
III. Shareholdings of all directors	44
IV. Director Election Method	49
IV. Information about the proposals by shareholders holding more than 1% of the total issued shares of the Company	50

# Agenda for 2025 Shareholders' Meeting

Time: 10:00 AM on May 28, 2025 (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) 2024 Business Report.
- (II) Review report on the 2024 final accounts by the Audit Committee.
- (III) Report on the 2024 distribution of employee remuneration and director remuneration.
- (IV) Report on 2024 dividends to shareholders in cash.
- (V) Report on the liquidation schedule of subsidiary CFTC PRECISION SDN. BHD. (CFTC Malaysia).
- (VI) Report on 2024 remuneration paid to directors.
- (VII) Report on the first implementation of private placement for cash capital increase through issuance of common shares in 2025.

## **IV. Ratifications**

- (I) Ratification of the 2024 Business Report and Financial Statements.
- (II) Ratification of the 2024 earnings distribution proposal.

## **V. Matters to be Discussed**

- (I) Amendments of the "Articles of Incorporation"

## **VI. Election Matters:**

- (I) Election of the Company's directors.

## **VII. Other Matters:**

- (I) Release of non-competition restrictions for newly elected directors, independent directors, and their representatives.

## **VIII. Extemporaneous Motions**

## **Adjournment Report Items**

#### Item 1

Summary: 2024 Business Report.

Explanation: For the 2024 Business Report, please refer to pages 7-8 of this handbook (Attachment 1).

#### Item 2

Summary: The Audit Committee's review report on the 2024 final accounts.

Explanation: For the Audit Committee Audit Report, please refer to page 9 (Attachment 2) of this manual.

#### Item 3

Summary: Report on the 2024 distribution of employee remuneration and director remuneration.

Explanation: 1. In accordance with Article 24 of the Company's Articles of Incorporation, the Company has allocated 1% of 2024 profits as director remuneration, amounting to NT\$454,277, and 2% as employee remuneration, amounting to NT\$908,553, both to be distributed in cash.

2. The above remuneration was approved by the Board of Directors on March 12, 2025.

#### Item 4

Summary: Report on the 2024 Distribution of Cash Dividends.

Explanation: 1. According to Article 24-1 of the Company's Articles of Incorporation, NT\$30,388,640 from the 2024 distributable earnings has been allocated for shareholder cash dividends. Based on the Company's 101,295,467 outstanding common shares as of March 12, 2025 (total issued shares of 106,849,467 less 5,554,000 treasury shares), each share will receive NT\$0.3, rounded down to the nearest NT dollar. The sum of fractional dividends less than NT\$1 will be transferred to the Employee Welfare Committee.

2. This earnings distribution proposal prioritizes the distribution of 2024 earnings.

3. This proposal has been approved by the Board of Directors, which authorized the Chairman to determine the ex-dividend date, payment date, and other related matters. If the Company's capital changes subsequently, affecting the number of outstanding shares and thus the

dividend rate, the Chairman is also authorized to handle such matters in accordance with the Company Act or related regulations.

Item 5

Summary: Report on the liquidation schedule of subsidiary CFTC PRECISION SDN.BHD. (CFTC Malaysia).

Explanation:1. Due to pandemic-related delays in the liquidation process, the Company has adjusted the liquidation schedule for its subsidiary CFTC RECISION SDN. BHD. (CFTC Malaysia), which is being monitored by the Board of Directors and reported at the most recent shareholders' meeting.

2.The adjusted liquidation schedule for the Company's subsidiary CFTC PRECISION SDN. BHD. (CFTC Malaysia) is as follows:

<b>Schedule</b>	<b>Plan</b>	<b>Current Status</b>
By the end of 2020	Completion of the financial audit reports and tax audit reports of CFTC PRECISION SDN BHD. for 2017~2019.	Done
By the end of July 2021	Completion of the financial audit reports and tax audit reports for 2020.	Done
6 months ended December 31, 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
3 months ended March 31, 2025	Cancellation of the company registration of the subsidiary and, CFTC PRECISION SDN. BHD's company.	The company registration and tax registration cancellations were completed in 2025, and relevant documents are currently being submitted to the Investment Commission for review.

## Item 6

Summary: Report on 2024 remuneration paid to directors.

Explanation: Please refer to page 10 of this handbook (Attachment 3) for information regarding director's remuneration payments in 2024.

## Item 7

Summary: Report on the first implementation of private placement for cash capital increase through issuance of common shares in 2025.

Explanation: 1. The Company's Extraordinary Shareholders' Meeting held on February 10, 2025, resolved to authorize the Board of Directors to issue up to 30,000,000 common shares through private placement, with a par value of NT\$10 per share, to be implemented in one or two installments within one year from the date of the resolution.  
2. For details regarding the Company's first private placement of common shares in 2025, please refer to pages 11-12 of this handbook (Attachment 4).

## **Ratifications**

### Item 1 (Proposed by the Board of Directors)

Summary: Ratification of the 2024 Business Report and Financial Statements.

Explanation: 1. The Company's 2024 Business Report, parent company-only and consolidated financial statements have been approved by the Audit Committee and resolved by the Board of Directors. The parent company-only statement and consolidated financial statement have been audited by CPA Kao, Yu-Lun and CPA Chen, Tsung-Che of KPMG Taiwan, who have issued their audit reports.  
2. Please refer to the Business Report, CPA audit reports, and financial statements on pages 7-8 (Attachment 1) and pages 14-29 (Attachments 5 and 6) of this handbook.

Resolution:

Item 2 (Proposed by the Board of Directors)

Summary: Ratification of the 2024 earnings distribution proposal.

Explanation: The Company's 2024 earnings distribution proposal has been approved by the Audit Committee and resolved by the Board of Directors. Please refer to the Earnings Distribution Table on page 30 of this handbook (Attachment 7).

Resolution:

## **Discussions**

Item 1 (Proposed by the Board of Directors)

Summary: Amendments to the "Articles of Incorporation".

Explanation: To comply with regulatory amendments and the Company's operational development needs, the Company proposes to amend certain provisions of its Articles of Incorporation. Please refer to the comparison table of the amended provisions on pages 31-33 of this handbook (Attachment 8).

Resolution:

## **Election Matters:**

Item 1 (Proposed by the Board of Directors)

Summary: Election of the Company's directors.

Explanation: 1. The term of the Company's 13th Board of Directors expires on May 26, 2025. The Company proposes to hold a complete re-election at the 2025 Annual Shareholders' Meeting.

2. Nine directors (including four independent directors) will be elected at this Annual Shareholders' Meeting. According to the Company's Articles of Incorporation, directors are elected using the candidate nomination system, whereby shareholders shall elect from the list of director candidates. The newly elected directors and independent directors will take office on the date of election for a three-year term from May 28, 2025 to May 27, 2028.

3. The list of director candidates has been approved by the Board of Directors on 04, 15, 2025. For details regarding their education, experience, and other relevant information, please refer to pages 34-36 of this handbook (Attachment 9).

4. For the "Procedures for Election of Directors," please refer to pages 47-48 of this handbook (Appendix 3).

Election Results:

## **Other Matters:**

Item 1 (Proposed by the Board of Directors)

Summary: Release of non-competition restrictions for newly elected directors, independent directors, and their representatives.

Explanation: 1. According to Article 209 of the Company Act, if a director conducts business within the scope of the Company's operations for themselves or others, the director shall explain the essential contents of such conduct to the shareholders' meeting and obtain its approval.

2. When the Company's newly elected directors, independent directors, and their representatives are involved in the aforementioned situation, it is proposed to approve the release of non-competition restrictions for them, provided that there is no harm to the Company's interests. For details regarding their concurrent positions in other companies, please refer to page 37 of this handbook (Attachment 10).

Resolution:

## **Extempore Motions**

## **Adjournment**

## 2024 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 2024. 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 2024:

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 2024 reached NT\$25.73 billion, compared with NT\$23.11 billion in 2023, an increase of NT\$262 million, or 11.34%; Net profit after tax for the period was NT\$35 million, an increase of NT\$89 million from NT\$(54) million in 2023. The gross profit margin of Heqin Company was 15.62% in 2024 and 11.08% in 2023, which was affected by the difference in production and sales mix, and the operating net profit (loss) ratio in 2024 was 1.27%, compared with (2.93%) in 2023. In terms of net (loss) interest rate after tax, it was 1.37% in 2024, an increase of 3.72% from (2.35%) in 2023.

Unit: NT\$ thousand

	2024	2023
Operating Revenues	2,572,580	2,310,590
Gross profit	401,776	256,014
Operating expenses	369,030	323,620
Operating profit (loss)	32,746	(67,606)
Profit (Loss) from continuing operations before tax	41,167	(73,406)
Profit (Loss)	35,282	(54,313)
Earnings per share (NT\$)	0.43	(0.67)

### 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 2024 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  
Wei-Che



General Manager: Huang Yi-Xiang



Chief Accounting Officer: Tsai



## CHINA FINEBLANKING TECHNOLOGY

### Review Report from Audit Committee

The board of directors of the company has prepared the 2024 business report, 2024 financial statements, and 2024 profit distribution statement. The financial statements have been attested by CPA Jacky Chen and Allen Kuo 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 2025 Shareholders' meeting

CHINA FINEBLANKING TECHNOLOGY

Convener of the Audit Committee: Tsai Mei-E

Handwritten signature of Tsai Mei-E in black ink, consisting of stylized Chinese characters.

March 12, 2025

## CHINA FINEBLANKING TECHNOLOGY CO.,LTD

## 2024 Director Remuneration Payment Status

Unit: NT\$  
thousand/thousand shares

Title	Name	Remunerations to directors										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)		A + B + C + D as % of profit (loss) after tax		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 Amount	Cash Stocks			Cash Amount	Cash Stocks		
Chairman <sup>1</sup>	Huang Yi-Xiang <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	114 <sup>1</sup>	114 <sup>1</sup>	42 <sup>1</sup>	42 <sup>1</sup>	0.44% <sup>1</sup>	0.44% <sup>1</sup>	3,875 <sup>1</sup>	3,875 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	221 <sup>1</sup>	0 <sup>1</sup>	221 <sup>1</sup>	0 <sup>1</sup>	12.05% <sup>1</sup>	12.05% <sup>1</sup>	0 <sup>1</sup>			
Director <sup>1</sup>	Hsieh Ling <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	114 <sup>1</sup>	114 <sup>1</sup>	42 <sup>1</sup>	42 <sup>1</sup>	0.44% <sup>1</sup>	0.44% <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0.44% <sup>1</sup>	0.44% <sup>1</sup>	0 <sup>1</sup>			
Director <sup>1</sup>	Lo Yung-Chiu <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	114 <sup>1</sup>	114 <sup>1</sup>	24 <sup>1</sup>	24 <sup>1</sup>	0.39% <sup>1</sup>	0.39% <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0.39% <sup>1</sup>	0.39% <sup>1</sup>	0 <sup>1</sup>			
Director <sup>1</sup>	Jotek Investment Co., Ltd. Representative: Wu Chia-Chuan <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	114 <sup>1</sup>	114 <sup>1</sup>	36 <sup>1</sup>	36 <sup>1</sup>	0.43% <sup>1</sup>	0.43% <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0.43% <sup>1</sup>	0.43% <sup>1</sup>	0 <sup>1</sup>			
Independent director <sup>1</sup>	Huang Chin-Huang <sup>1</sup>	720 <sup>1</sup>	720 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	42 <sup>1</sup>	42 <sup>1</sup>	2.16% <sup>1</sup>	2.16% <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	2.16% <sup>1</sup>	2.16% <sup>1</sup>	0 <sup>1</sup>			
Independent director <sup>1</sup>	Tsai Mei-E <sup>1</sup>	720 <sup>1</sup>	720 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	42 <sup>1</sup>	42 <sup>1</sup>	2.16% <sup>1</sup>	2.16% <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	2.16% <sup>1</sup>	2.16% <sup>1</sup>	0 <sup>1</sup>			
Independent director <sup>1</sup>	Chen Fu-Pang <sup>1</sup>	720 <sup>1</sup>	720 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	42 <sup>1</sup>	42 <sup>1</sup>	2.16% <sup>1</sup>	2.16% <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	2.16% <sup>1</sup>	2.16% <sup>1</sup>	0 <sup>1</sup>			
Independent director <sup>1</sup>	Cheng Feng-Tsung <sup>1</sup>	720 <sup>1</sup>	720 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	42 <sup>1</sup>	42 <sup>1</sup>	2.16% <sup>1</sup>	2.16% <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	2.16% <sup>1</sup>	2.16% <sup>1</sup>	0 <sup>1</sup>			

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.<sup>1</sup>

(1) The policy, system standard and structure of the remunerations to director are based on "Remuneration Committee Charter".<sup>1</sup>

(2) Independent directors are also tasked with the functioning of the "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.<sup>1</sup>

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.<sup>1</sup>

**CHINA FINEBLANKING TECHNOLOGY CO.,LTD**  
**2025 First Private Placement of Common Shares Implementation Status**

Item	2025 First Private Placement (Note 1) Issuance Date: March 27, 2025
Type of Privately Placed Securities (Note 2)	Ordinary shares
Date and Amount Approved by Shareholders' Meeting (Note 3)	According to the resolution of the Extraordinary Shareholders' Meeting on February 10, 2025, up to 30,000 thousand shares, to be implemented in one or two installments within one year from the date of resolution.
Basis and Reasonableness of Price Determination	<ol style="list-style-type: none"> <li>1 The price for this private placement of common shares is set at no less than 80% of the higher of the following two benchmarks: <ol style="list-style-type: none"> <li>(1) The simple arithmetic average of the closing prices of common shares for one, three, or five business days prior to the pricing date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction.</li> <li>(2) The simple arithmetic average of the closing prices of common shares for thirty business days prior to the pricing date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction.</li> </ol> </li> <li>2 The pricing method complies with the "Directions for Public Companies Conducting Private Placements of Securities" and considers the Company's prospects. Given the strict restrictions on the transfer timing, targets, and quantity of privately placed securities, as well as the three-year restriction on public listing, the lower liquidity justifies the pricing method as reasonable without significant impact on shareholders' equity.</li> <li>3 The actual pricing date and price will be determined within the principles above, in accordance with regulations and no lower than the pricing basis and percentage range approved by the shareholders' meeting, considering the specific investors, market conditions, and authorizing the Board of Directors to make these decisions.</li> </ol>
Method of Selecting Specific Persons	<ol style="list-style-type: none"> <li>1 The targets of this private placement will be limited to specific persons complying with Article 43-6 of the Securities and Exchange Act and the FSC Order No. 1120383220, with the Board of Directors authorized to determine the specific investors based on market conditions.</li> <li>2 For the Company's long-term operation and business development needs, strategic investors who can assist with business expansion, technology enhancement, quality improvement, cost reduction, efficiency improvement, or product development integration will be selected.</li> </ol>
Necessary Reasons for Conducting the Private Placement	<ol style="list-style-type: none"> <li>1 Considering the time efficiency, feasibility, and issuance costs of raising capital, and the three-year transfer restriction of privately placed securities which ensures a long-term equity relationship between the Company and the subscribers, the Company proposes to raise funds from specific persons through private placement at appropriate times to meet future operational</li> </ol>

Item	2025 First Private Placement (Note 1) Issuance Date: March 27, 2025				
	<p>capital and business development needs.</p> <p>2 Planned Private Placement Amount: Total shares not exceeding 30,000,000, to be implemented in one or two installments within one year from the date of the Extraordinary Shareholders' Meeting resolution, with a par value of NT\$10 per share. The total amount will be calculated based on the final private placement price and actual total number of shares issued.</p> <p>3 Use of Private Placement Funds and Expected Benefits: All funds will be used to supplement the Company's working capital and repay bank loans, meeting the Company's long-term operational development needs, helping improve financial structure, enhancing capital flexibility, and increasing operational performance.</p>				
Date of Payment Completion	February 24, 2025				
Subscriber Information	Private Placement Target (Note 5)	Qualification (Note 6)	Subscription Amount (shares)	Relationship with the Company	Participation in Company Operations
	OFCO INDUSTRIAL CORP.	Paragraph 2	13,000,000 shares	None	The company is expected to obtain a board seat at this shareholders' meeting to participate in the board's operations and management.
	TSG TRANSPORT CORP.	Paragraph 2	2,000,000 shares	None	None
	E-SHENG STEEL CO., LTD	Paragraph 2	5,000,000 shares	None	none
Actual Subscription (or Conversion) Price	NT\$22.4 per share, for a total of NT\$448,000,000.				
Difference Between Actual Subscription (or Conversion) Price and Reference Price	The actual subscription price is 80% of the reference price of NT\$28.				

Item	2025 First Private Placement (Note 1) Issuance Date: March 27, 2025
Impact of Private Placement on Shareholders' Equity (e.g., Increased Accumulated Losses)	The funds raised from this private placement will be used to supplement working capital and repay bank loans, aiming to secure stable long-term funding, expand business operations, enhance product production efficiency, and increase shareholder equity.
Private Placement Fund Utilization and Plan Implementation Progress	The funds raised through this private placement are planned to be used for replenishing working capital amounting to NT\$140,993,478 and repaying bank loans totaling NT\$307,006,522. As of the first quarter of 2025 (Q1 2025), the progress in utilizing the funds for working capital is 32.63%, and the progress in repaying the bank loans is 91.14%. It is expected that the execution will be completed by the second quarter of 2025 (Q2 2025).
Manifestation of Private Placement Benefits	Improved financial structure and increased flexibility in capital allocation.

Note 1: The number of fields should be adjusted according to the actual number of implementations. If private placements of securities are conducted in multiple installments, they should be listed separately.

Note 2: This field should indicate ordinary shares, preferred shares, convertible preferred shares, preferred shares with warrants, ordinary corporate bonds, convertible corporate bonds, corporate bonds with warrants, overseas convertible corporate bonds, global depositary receipts, and employee stock options.

Note 3: For private placement corporate bonds that do not require shareholders' meeting approval, the date and amount approved by the Board of Directors should be indicated.

Note 4: For ongoing private placement cases where subscribers have been identified, the names or titles of the subscribers and their relationships with the Company should be listed.

Note 5: The number of fields should be adjusted according to the actual number.

Note 6: This field should indicate Article 43-6, Paragraph 1, Subparagraph 1, 2, or 3 of the Securities and Exchange Act.

Note 7: The actual subscription (or conversion) price refers to the subscription (or conversion) price set at the time of the actual implementation of the private placement of securities.

## 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, 2024 and 2023, 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, 2024 and 2023, 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 these 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 Kao, Yu-Lun and Chen, Chung-Che.

KPMG

Taipei, Taiwan (Republic of China)  
March 12, 2025



**CHINA FINEBLANKING TECHNOLOGY CO., LTD.**

**Statements of Comprehensive Income**

**For the years ended December 31, 2024 and 2023**

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

		<u>2024</u>		<u>2023</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	<b>Operating revenue (Note (6)(q) and (7))</b>	\$ 711,573	100	408,243	100
5000	<b>Operating costs (Notes (6)(c), (m), (r), (7) and (12))</b>	561,969	79	416,394	102
5900	<b>Gross profit (loss) from operations</b>	149,604	21	(8,151)	(2)
5910	Less: Unrealized gain or loss from sale	947	-	1,218	-
5920	Plus: Realized gain or loss from sale	1,218	-	1,494	-
5950	<b>Net gross profit (loss) from operations</b>	149,875	21	(7,875)	(2)
6000	<b>Operating expenses (Notes (6)(b), (m), (r) and (12)):</b>				
6100	Selling expenses	18,560	3	10,992	3
6200	Administrative expenses	58,361	8	62,192	15
6300	Research and development expenses	10,716	2	10,399	2
6450	Expected credit loss	(245)	-	245	-
	<b>Total operating expenses</b>	87,392	13	83,828	20
6900	<b>Net operating income (loss)</b>	62,483	8	(91,703)	(22)
	<b>Non-operating income and expenses (Note (6)(l), (s) and (7)):</b>				
7100	Interest income	1,343	-	1,948	1
7010	Other income	10,099	2	8,292	1
7020	Other gains and losses, net	3,415	-	1,532	-
7050	Finance costs, net	(32,750)	(5)	(33,657)	(8)
7070	Share of profit (loss) of subsidiaries accounted for using equity method	(525)	-	45,930	11
	<b>Total non-operating income and expenses</b>	(18,418)	(3)	24,045	5
	<b>Profit (Loss) from continuing operations before tax</b>	44,065	5	(67,658)	(17)
7950	Less: Income tax expenses (benefit) (Note (6)(n))	8,783	-	(13,345)	(3)
	<b>Profit (Loss)</b>	35,282	5	(54,313)	(14)
8300	<b>Other comprehensive income:</b>				
8360	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	64,134	9	(34,030)	(8)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note (6)(n))	12,826	2	(6,806)	(1)
8300	<b>Other comprehensive income</b>	51,308	7	(27,224)	(7)
8500	<b>Total comprehensive income</b>	<u>\$ 86,590</u>	<u>12</u>	<u>(81,537)</u>	<u>(21)</u>
	<b>Earnings per share (Note (6) (p) (in New Taiwan Dollar))</b>				
9750	Basic earnings per share	<u>\$ 0.43</u>		<u>(0.67)</u>	
9810	Diluted earnings per share	<u>\$ 0.42</u>			

(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, 2024 and 2023**

**(Expressed in Thousands of New Taiwan Dollar)**

	Share capital		Retained earnings				Total other equity interest		Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Treasury shares	
<b>Balance at January 1, 2023</b>	\$ 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 shares	-	-	-	-	(16,169)	(16,169)	-	-	(16,169)
Stock dividends of ordinary shares	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
Profit	-	-	-	-	35,282	35,282	-	-	35,282
Other comprehensive income	-	-	-	-	-	-	51,308	-	51,308
Total comprehensive income	-	-	-	-	35,282	35,282	51,308	-	86,590
Appropriation and distribution of retained earnings:									
Cash dividends of ordinary share	-	-	-	-	(8,126)	(8,126)	-	-	(8,126)
Stock dividends of ordinary share	2,438	-	-	-	(2,438)	(2,438)	-	-	-
Special reserve appropriated	-	-	-	27,224	(27,224)	-	-	-	-
Conversion of convertible bonds	2,934	6,239	-	-	-	-	-	-	9,173
Purchase of treasury share	-	-	-	-	-	-	-	(15,950)	(15,950)
<b>Balance at December 31, 2024</b>	\$ 868,495	584,685	123,841	124,368	122,825	371,034	(73,060)	(220,324)	1,530,830

(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, 2024 and 2023**

**(Expressed in Thousands of New Taiwan Dollar)**

	<b>For the years ended December 31</b>	
	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities:</b>		
<b>Profit (loss) before tax</b>	\$ 44,065	(67,658)
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit:</b>		
Depreciation expense	52,390	52,740
Amortization expense	3,625	5,645
Expected credit impairment (gain) loss	(245)	245
Interest expense	32,750	33,657
Interest income	(1,343)	(1,948)
Share of loss (profit) of subsidiaries accounted for using the equity method	525	(45,930)
Gain on disposal of property, plant and equipment	(216)	(869)
Unrealized profit from sales	947	1,218
Realized profit on from sales	(1,218)	(1,494)
Amortization of deferred revenue	(1,632)	(2,567)
<b>Total adjustments to reconcile profit</b>	<b>85,583</b>	<b>40,697</b>
<b>Changes in operating assets and liabilities:</b>		
(Increase) decrease in contract assets	(385)	206
Decrease in notes receivable	632	136
Increase in accounts receivable	(11,446)	(36,611)
(Increase) decrease in other receivable	(6,253)	14,136
Decrease in inventories	36,263	31,207
Decrease in prepayments	682	1,527
Decrease in other current assets	5	32
<b>Total changes in operating assets</b>	<b>19,498</b>	<b>10,633</b>
Decrease in contract liabilities	(7,512)	(22)
Decrease in notes payable	(26)	(156)
Increase in accounts payable	64,941	41,388
Increase (decrease) in other payables	8,628	(10,577)
Increase in other current liabilities	14,912	45
<b>Total changes in operating liabilities</b>	<b>80,943</b>	<b>30,678</b>
<b>Total changes in operating assets and liabilities</b>	<b>100,441</b>	<b>41,311</b>
<b>Total adjustments</b>	<b>186,024</b>	<b>82,008</b>

**CHINA FINEBLANKING TECHNOLOGY CO., LTD.****Statements of Cash Flows (CONT'D)****For the years ended December 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollar)**

	<b>For the years ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Cash inflow generated from operations	230,089	14,350
Interest received	1,343	1,948
Interest paid	(19,425)	(19,362)
Income taxes paid	(9,563)	(1,957)
<b>Net cash flows (used in) from operating activities</b>	<b>202,444</b>	<b>(5,021)</b>
<b>Cash flows from investing activities:</b>		
Acquisition of property, plant and equipment	(14,177)	(29,549)
Proceeds from disposal of property, plant and equipment	216	1,027
Decrease in refundable deposits	-	34
Acquisition of intangible assets	(832)	(650)
Repatriation of subsidiary surpluses	64,200	-
(Increase) decrease in other non-current assets	(1,510)	23,454
<b>Net cash flows (used in) from investing activities</b>	<b>47,897</b>	<b>(5,684)</b>
<b>Cash flows from financing activities:</b>		
Increase in short-term loans	142,000	90,000
Decrease in short-term loans	(47,000)	(220,000)
Proceeds from issuing bonds	-	508,359
Repayments of bonds	-	(385,383)
Proceeds from long-term loans	50,000	179,000
Repayments of long-term loans	(263,842)	(150,104)
Other payables to related parties	(70,575)	-
Repayments of lease liabilities	(2,721)	(2,705)
Cash dividends paid	(8,126)	(16,169)
Payments to acquire treasury shares	(15,950)	(8,627)
<b>Net cash used in financing activities</b>	<b>(216,214)</b>	<b>(5,629)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>34,127</b>	<b>(16,334)</b>
<b>Cash and cash equivalents, beginning of the period</b>	<b>136,903</b>	<b>153,237</b>
<b>Cash and cash equivalents, end of the period</b>	<b>\$ 171,030</b>	<b>136,903</b>

## 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, 2024 and 2023, 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, 2024 and 2023, 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, 2024 and 2023, 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 Kao, Yu-Lun and Chen, Chung-Che.KPMG

Taipei, Taiwan (Republic of China)  
March 12, 2025

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

**Consolidated Balance Sheets**

**December 31, 2024 and 2023**

(Expressed in Thousands of New Taiwan Dollar)

Assets		December 31, 2024		December 31, 2023		Liabilities and Equity		December 31, 2024		December 31, 2023	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (Note (6)(a))	\$ 449,309	12	414,492	10	2100	Short-term borrowings (Note (6)(h) and (8))	\$ 347,252	9	320,461	8
1140	Current contract assets (Note (6)(q))	57,369	1	58,917	1	2130	Current contract liabilities (Note (6)(q))	9,132	-	10,776	-
1150	Notes receivable, net (Note (6)(b) and (q))	94,529	2	85,200	2	2150	Notes payable	-	-	26	-
1170	Accounts receivable, net (Note (6)(b) and (q))	649,259	17	706,207	17	2170	Accounts payable	318,022	8	354,052	9
1200	Other receivables, net (Note (8))	55,094	1	49,053	1	2180	Accounts payable to related parties (Note (7))	2,467	-	10,579	-
1220	Current tax assets	288	-	213	-	2200	Other payables (Note (6)(i))	310,937	8	338,441	8
130X	Inventories (Note (6)(c))	502,359	13	579,852	14	2220	Other payables to related parties (Note (6)(i) and (7))	19,091	-	27,478	1
1410	Prepayments (Note (6)(d))	144,875	4	149,780	5	2230	Current tax liabilities	4,336	-	9,825	-
1470	Other current assets	236	-	240	-	2280	Current lease liabilities (Note (6)(l))	1,741	-	1,691	-
		<u>1,953,318</u>	<u>50</u>	<u>2,043,954</u>	<u>50</u>	2320	Long-term liabilities, current portion (Note (6)(k) and (8))	190,431	5	232,292	6
						2399	Other current liabilities, others	1,339	-	786	-
<b>Non-current assets:</b>								<u>1,204,748</u>	<u>30</u>	<u>1,306,407</u>	<u>32</u>
1510	Non-current financial assets at fair value through profit or loss (Note (6)(j))	-	-	-	-	<b>Non-Current liabilities:</b>					
1600	Property, plant and equipment (Note (6)(e) and (8))	1,739,826	46	1,832,208	45	2530	Bonds payable (Note (6)(j) and (8))	484,617	13	487,604	12
1755	Right-of-use assets (Note (6)(f) and (8))	31,840	1	32,316	1	2540	Long-term borrowings (Note (6)(k) and (8))	567,483	15	734,686	18
1780	Intangible assets	7,499	-	7,592	-	2570	Deferred tax liabilities (Note (6)(n))	68,007	2	82,656	2
1840	Deferred tax assets (Note (6)(n))	42,831	1	71,298	2	2580	Non-current lease liabilities (Note (6)(l))	702	-	1,312	-
1900	Other non-current assets (Note (6)(g))	83,842	2	88,834	2	2630	Long-term deferred revenue	2,491	-	4,123	-
		<u>1,905,838</u>	<u>50</u>	<u>2,032,248</u>	<u>50</u>	2645	Guarantee deposits received	278	-	271	-
								<u>1,123,578</u>	<u>30</u>	<u>1,310,652</u>	<u>32</u>
								<u>2,328,326</u>	<u>60</u>	<u>2,617,059</u>	<u>64</u>
							<b>Total liabilities</b>				
							<b>Equity attributable to owners of parent (Note (6)(j) and (o)):</b>				
						3110	Ordinary shares	868,495	22	863,123	21
						3200	Capital surplus	584,685	15	578,446	14
						3300	Retained earnings	371,034	10	346,316	9
						3400	Other equity interest	(73,060)	(2)	(124,368)	(3)
						3500	Treasury shares	(220,324)	(5)	(204,374)	(5)
							<b>Total equity</b>	<u>1,530,830</u>	<u>40</u>	<u>1,459,143</u>	<u>36</u>
<b>Total assets</b>		<u>\$ 3,859,156</u>	<u>100</u>	<u>4,076,202</u>	<u>100</u>	<b>Total liabilities and equity</b>		<u>\$ 3,859,156</u>	<u>100</u>	<u>4,076,202</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, 2024 and 2023

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

		<u>2024</u>		<u>2023</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	<b>Operating revenue (Notes (6)(q) and (14))</b>	\$ 2,572,580	100	2,310,590	100
5000	<b>Operating costs (Notes (6)(c)(m)(r), (7) and (12))</b>	<u>2,170,804</u>	<u>84</u>	<u>2,054,576</u>	<u>88</u>
5900	<b>Gross profit from operations</b>	<u>401,776</u>	<u>16</u>	<u>256,014</u>	<u>12</u>
6000	<b>Operating expenses (Notes (6)(m)(r) and (12)):</b>				
6100	Selling expenses	61,996	3	46,708	2
6200	Administrative expenses	183,121	7	173,441	8
6300	Research and development expenses	124,901	5	104,799	4
6450	Expected credit impairment gain (Note (6)(b))	<u>(988)</u>	<u>-</u>	<u>(1,328)</u>	<u>-</u>
	<b>Total operating expenses</b>	<u>369,030</u>	<u>15</u>	<u>323,620</u>	<u>14</u>
6900	<b>Net operating income (loss)</b>	<u>32,746</u>	<u>1</u>	<u>(67,606)</u>	<u>(2)</u>
	<b>Non-operating income and expenses (Notes (6)(l)(s) and 12):</b>				
7100	Interest income	2,836	-	2,214	-
7010	Other income	31,080	1	31,151	1
7020	Other gains and losses, net	10,979	-	8,042	-
7050	Finance costs, net	<u>(36,474)</u>	<u>(1)</u>	<u>(47,207)</u>	<u>(2)</u>
	<b>Total non-operating income and expenses</b>	<u>8,421</u>	<u>-</u>	<u>(5,800)</u>	<u>(1)</u>
	<b>Profit (Loss) from continuing operations before tax</b>	41,167	1	(73,406)	(3)
7950	Less: Income tax expenses (benefit) (Note (6)(n))	<u>5,885</u>	<u>-</u>	<u>(19,093)</u>	<u>(1)</u>
	<b>Profit (Loss)</b>	<u>35,282</u>	<u>1</u>	<u>(54,313)</u>	<u>(2)</u>
8300	<b>Other comprehensive income:</b>				
8360	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	64,134	2	(34,030)	(1)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note (6)(n))	<u>12,826</u>	<u>-</u>	<u>(6,806)</u>	<u>-</u>
8300	<b>Other comprehensive income</b>	<u>51,308</u>	<u>2</u>	<u>(27,224)</u>	<u>(1)</u>
	<b>Total comprehensive income</b>	<u>\$ 86,590</u>	<u>3</u>	<u>(81,537)</u>	<u>(3)</u>
	<b>Earnings per share (Note (6)(p)) (in new Taiwan Dollars)</b>				
9750	Basic earnings per share	<u>\$ 0.43</u>		<u>(0.67)</u>	
9810	Diluted earnings per share	<u>\$ 0.42</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, 2024 and 2023**  
(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	
<b>Balance at January 1, 2023</b>	\$ 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 shares	-	-	-	-	(16,169)	(16,169)	-	-	(16,169)
Stock dividends of ordinary shares	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
Profit	-	-	-	-	35,282	35,282	-	-	35,282
Other comprehensive income	-	-	-	-	-	-	51,308	-	51,308
Total comprehensive income	-	-	-	-	35,282	35,282	51,308	-	86,590
Appropriation and distribution of retained earnings:									
Cash dividends of ordinary shares	-	-	-	-	(8,126)	(8,126)	-	-	(8,126)
Stock dividends of ordinary shares	2,438	-	-	-	(2,438)	(2,438)	-	-	-
Special reserve appropriated	-	-	-	27,224	(27,224)	-	-	-	-
Conversion of convertible bonds	2,934	6,239	-	-	-	-	-	-	9,173
Purchase of treasury share	-	-	-	-	-	-	-	(15,950)	(15,950)
<b>Balance at December 31, 2024</b>	\$ 868,495	584,685	123,841	124,368	122,825	371,034	(73,060)	(220,324)	1,530,830

(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, 2024 and 2023**  
(Expressed in Thousands of New Taiwan Dollar)

	For the years ended December 31	
	2024	2023
<b>Cash flows from operating activities:</b>		
<b>Profit (loss) before tax</b>	\$ 41,167	(73,406)
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit:</b>		
Depreciation expense	183,048	185,823
Amortization expense	19,782	19,398
Expected credit impairment gain	(988)	(1,328)
Interest expense	36,474	47,207
Interest income	(2,836)	(2,214)
Loss on disposal of property, plant and equipment	162	2,946
Amortization of deferred revenue	(1,632)	(2,567)
<b>Total adjustments to reconcile profit</b>	234,010	249,265
<b>Changes in operating assets and liabilities:</b>		
Decrease (increase) in contract assets	3,582	(9,898)
Increase in notes receivable	(6,396)	(1,082)
Decrease (increase) in accounts receivable	78,136	(74,748)
(Increase) decrease in other receivables	(6,041)	20,495
Decrease in inventories	95,925	130,924
(Increase) decrease in prepayments	(5,862)	8,843
Decrease in other current assets	4	31
<b>Total changes in operating assets</b>	159,348	74,565
Decrease in contract liabilities	(1,644)	(476)
Decrease in notes payable	(26)	(156)
(Decrease) increase in accounts payable	(55,148)	59,433
(Decrease) increase in other payables	(45,666)	44,665
Increase in other current liabilities	553	44
<b>Total changes in operating liabilities</b>	(101,931)	103,510
<b>Total changes in operating assets and liabilities</b>	57,417	178,075
<b>Total adjustments</b>	291,427	427,340
Cash inflow generated from operations	332,594	353,934
Interest received	2,836	2,214
Interest paid	(27,796)	(37,904)
Income taxes paid	(9,520)	(2,825)
<b>Net cash flows from operating activities</b>	298,114	315,419

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

**Consolidated Statements of Cash Flows (CONT'D)**

**For the years ended December 31, 2024 and 2023**

(Expressed in Thousands of New Taiwan Dollar)

	For the years ended December 31	
	2024	2023
<b>Cash flows from investing activities:</b>		
Acquisition of property, plant and equipment	(29,344)	(28,395)
Proceeds from disposal of property, plant and equipment	7,775	5,823
Acquisition of intangible assets	(2,726)	(650)
Decrease in refundable deposits	-	34
Increase in other non-current assets	(34,632)	(23,277)
<b>Net cash flows used in investing activities</b>	<u>(58,927)</u>	<u>(46,465)</u>
<b>Cash flows from financing activities:</b>		
Increase in short-term loans	324,581	421,453
Decrease in short-term loans	(305,063)	(744,965)
Proceeds from issuing bonds	-	508,359
Repayments of bonds	-	(385,383)
Proceeds from long-term loans	81,173	179,000
Repayments of long-term loans	(295,104)	(150,104)
Repayments of lease liabilities	(2,721)	(2,705)
Cash dividends paid	(8,126)	(16,169)
Payments to acquire treasury shares	(15,950)	(8,627)
<b>Net cash flows used in financing activities</b>	<u>(221,210)</u>	<u>(199,141)</u>
<b>Effect of exchange rate fluctuations on cash held</b>	16,840	(6,405)
<b>Net increase in cash and cash equivalents</b>	34,817	63,408
<b>Cash and cash equivalents, beginning of the period</b>	<u>414,492</u>	<u>351,084</u>
<b>Cash and cash equivalents, end of the period</b>	<u>\$ 449,309</u>	<u>414,492</u>

## CHINA FINEBLANKING TECHNOLOGY

Table of Earnings Distribution  
2024

Unit: NT\$

Item	Amount	
<b>Undistributed earnings at the beginning of the period</b>		87,542,946
Add: reversal of the special reserve under equity	51,306,814	
Add:2024 after-tax net income	35,282,815	
Appropriation:		
Less: legal reserve	(3,528,282)	
<b>Earnings available for distribution</b>		170,604,293
Distribution items:		
Less: shareholder dividend - cash (NT\$0.3/share)*101,295,467 shaces	(30,388,640)	
<b>Undistributed earnings at the end of the period</b>		140,215,653

Note 1: 106,849,467 issued shares – 5,554,000 treasury shares =101,295,467 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 of Amendments to the "Articles of Incorporation"

Article number	Amended Articles	Original	Reasons for Amendment
Article 16	<p>The Company establishes seven to eleven directors, with a term of three years. Directors are elected by shareholders from candidates nominated by the Board. Re-election is permitted. The percentage of aggregate shareholdings by the Company's board should comply with relevant regulations set forth by the securities regulators.</p> <p>The Company may purchase liability insurance for directors in service to cover the liabilities incurred by carrying out businesses.</p>	<p>The Company establishes five to nine directors, with a term of three years. Directors are elected by shareholders from candidates nominated by the Board. Re-election is permitted. The percentage of aggregate shareholding by the Company's board should comply with relevant regulations set forth by the securities regulators.</p> <p>The Company may purchase liability insurance for directors in service to cover the liabilities incurred by carrying out businesses.</p>	To enhance corporate governance by increasing the number of directors.
Article 24	<p>In the case of profits for the year, the Company should allocate no less than 2% as employee remuneration (of which more than 30% shall be distributed to base-level employees) and no more than 5% as director remuneration. In case of any outstanding cumulative losses, the Company should first reserve a sum to offset the losses. Remunerations to employees may be issued to 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.</p>	<p>In the 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 to 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.</p>	In accordance with FSC Order No. 1130385442, listed companies must amend their Articles of Incorporation by the 2025 shareholders' meeting to stipulate that a certain percentage of annual profits be allocated for base-level employee salary adjustments or remuneration distribution.
Article 24-1	<p>If the Company has earnings after the annual final accounts, it shall, after paying taxes in accordance with the law and offsetting accumulated losses, add the</p>	<p>the Company has earnings after the annual final accounts, it shall, after paying taxes in accordance with the law and offsetting accumulated losses, add the</p>	To comply with International Financial Reporting

Article number	Amended Articles	Original	Reasons for Amendment
	<p>amount included in the current year's undistributed earnings in addition to the current year's after-tax net profit, and then set aside 10% as legal reserve. However, when the legal reserve has reached the total paid-in capital, this provision may be waived. If required by law, 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.</p> <p>The Board of Directors may be authorized by the Company to distribute dividends and bonuses or all or part of the legal reserve and capital surplus in cash, upon the approval of more than two-thirds of the directors present at a Board meeting attended by at least two-thirds of all directors, and reported to the shareholders' meeting.</p> <p>The Company's dividend policy is formulated in line with current and future development plans, considering the investment environment, capital needs, and foreign competition conditions, as well as shareholders' interests and other factors. Each year, at least 10% of the newly added distributable earnings shall be distributed as shareholder dividends. However, if the newly added distributable earnings for the year are less than 1% of the paid-in capital, no distribution may be made. Earnings may be distributed in the form of cash dividends or stock dividends. Cash dividends may not fall below 10% of the total dividends.</p>	<p>amount included in the current year's undistributed earnings in addition to the current year's after-tax net profit, and then set aside 10% as legal reserve. However, when the legal reserve has reached the total paid-in capital, this provision may be waived. If required by law, 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.</p> <p>The Board of Directors may be authorized by the Company to distribute dividends and bonuses or all or part of the legal reserve and capital surplus in cash, upon the approval of more than two-thirds of the directors present at a Board meeting attended by at least two-thirds of all directors, and reported to the shareholders' meeting.</p> <p>The Company's dividend policy is formulated in line with current and future development plans, considering the investment environment, capital needs, and foreign competition conditions, as well as shareholders' interests and other factors. Each year, at least 10% of the newly added distributable earnings shall be distributed as shareholder dividends. However, if the newly added distributable earnings for the year are less than 1% of the paid-in capital, no distribution may be made. Earnings may be distributed in the form of cash dividends or stock dividends. Cash dividends may not fall below 10% of the total dividends.</p>	<p>Standards and the Enterprise Accounting Standards, and considering the Company's long-term operational development, the dividend policy has been adjusted to focus on the percentage of annual distributable earnings and the conditions under which dividends may not be distributed for the year.</p>

Article number	Amended Articles	Original	Reasons for Amendment
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 Twenty sixth amendment on May 30, 2024. <u>Twenty-seventh amendment on May 28, 2025.</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 Twenty sixth amendment on May 30, 2024.</p>	Additional amendment dates

## List of director candidates

Category	Candidate Name	Education	Experience	Current Position	Shares Held (units : shares)
Director	Representative of OFCO INDUSTRIAL CORPORATION: Lin, Huizheng;	Ph.D. in Shipbuilding Engineering, National Taiwan University	Professor, Department Chair, Director of the Institute of Engineering Science and Ocean Engineering, National Taiwan University; Dean of the College of Marine Resources and Engineering, National Penghu University of Science and Technology; Vice President and President of National Penghu University of Science and Technology; Chairman of Chunyu Factory Co., Ltd.; Supervisor of the Metal Industries Research & Development Centre; Director of the United Ship Design Center; Chairman of Shanghai Youju Hardware Products Co., Ltd.; Chairman of Chunyu Anshan Co., Ltd.; Chairman of Chunyu Dongguan Co., Ltd.; Chairman of Chunbang Co., Ltd.; Chairman of Chunyu Biomedical Co., Ltd.; Chairman of American Chunyu Co., Ltd.; Director of Kwang Yang Applied Materials Technology Co., Ltd.; Chairman of Taiwan Steel Technology University; Director of Chunyu Factory Co., Ltd.; Director of Chunri Machinery Co., Ltd.; Supervisor of Shanghai Chunri Machinery Co., Ltd.; Independent Director of Taiwan International Shipbuilding Co., Ltd.; Director of Jingang Precision Technology Co., Ltd.; Director of Shanghai Youju Hardware Products Co., Ltd.	Professor, Department Chair, Director of the Institute of Engineering Science and Ocean Engineering, National Taiwan University; Dean of the College of Marine Resources and Engineering, National Penghu University of Science and Technology; Vice President and President of National Penghu University of Science and Technology; Chairman of Chunyu Factory Co., Ltd.; Supervisor of the Metal Industries Research & Development Centre; Director of the United Ship Design Center; Chairman of Shanghai Youju Hardware Products Co., Ltd.; Chairman of Chunyu Anshan Co., Ltd.; Chairman of Chunyu Dongguan Co., Ltd.; Chairman of Chunyu Biomedical Co., Ltd.; Chairman of American Chunyu Co., Ltd.; Director of Kwang Yang Applied Materials Technology Co., Ltd.; Chairman of Taiwan Steel Technology University; Director of Chunyu Factory Co., Ltd.; Director of Chunri Machinery Co., Ltd.; Supervisor of Shanghai Chunri Machinery Co., Ltd.; Independent Director of Taiwan International Shipbuilding Co., Ltd.; Director of Jingang Precision Technology Co., Ltd.; Director of Shanghai Youju Hardware Products Co., Ltd.	130,000,00
Director	Representative of OFCO INDUSTRIAL CORPORATION: Huang, Chung-Yi	Master's in Financial Management, National Kaohsiung First University of Science and	Director of Kuan Yang Applied Materials Technology Co., Ltd. Director of Kuan Tian Steel Co., Ltd. Director of Youjin Technology Co., Ltd.	Chairman of Jiu Yang Precision Co., Ltd. Chairman of Rong Fu Co., Ltd. Chairman of Taiwan Health & Sports Investment Co., Ltd. Chairman of Xue	

Category	Candidate Name	Education	Experience	Current Position	Shares Held (units : shares)
		Technology		Green Energy Co., Ltd. Chairman of Yitongyuan Investment Co., Ltd. Chairman of Tianquan Investment Co., Ltd. Director of Jiajie Biomedical Co., Ltd. General Manager of Jinzhifu Asset Management Co., Ltd. Director of Youjing Fitness Business Co., Ltd. Director of Taiwan Steel Transportation Co., Ltd. Director of Yaguo Yacht Development Co., Ltd. Supervisor of Taiwan Steel Corporation Supervisor of Taiwan Network Communication Investment Holding Co., Ltd. Chairman of Xin Apollo Energy Co., Ltd. Supervisor of Fuster Brand Consulting Co., Ltd. Chairman of Dali Cosmetics Co., Ltd.	
Director	Representative of OFCO INDUSTRIAL CORPORATION: Huang Pei-Ying	Master's degree in International Business Management, National Changhua University of Education.	Vice General Manager, Assistant Manager, Manager, Deputy Finance Manager, and Finance Section Chief of Qingxin Steel Co., Ltd.	Supervisor of Yisheng Steel Co., Ltd.	
Director	Representative of OFCO INDUSTRIAL CORPORATION: Jheng, Ting-Yun	Ph.D. in Biochemistry, Liverpool John Moores University, United Kingdom	Asia Sales Director of KX Technologies (Berkshire Hathaway) Vice President of Yitai Industrial Co., Ltd.	General Manager of Chunyu Biomedical Co., Ltd.	
Director	Representative of OFCO INDUSTRIAL CORPORATION: Wu Chia-Chuan	Department of Mechanical Engineering, Chung Yuan Christian	General Manager of Chunyu Biomedical Co., Ltd.	Director of Jiaxing Hexin Precision Technology Co., Ltd. Director of Huai'an Hexin Precision Technology Co., Ltd.	

Category	Candidate Name	Education	Experience	Current Position	Shares Held (units : shares)
		University.		Chairman of Jiaquan Investment Co., Ltd. Director of Huizhong Investment Co., Ltd. Chairman of Huiwang (Jiaxing) Precision Machinery Co., Ltd.	

## (Attachment 10)

Category	Candidate Name	Education	Experience	Current Position	Number of shares held (Unit: shares)	Has the individual served as an independent director for three consecutive terms? / Reason
Independent Directors	Wong, Nai-Sin	Master's degree in Labor Relations, National Chung Cheng University.	Secretary General of Yizhu Farmers' Association Clerk of Dongshan District Farmers' Association	Executive Director of the Weng Shigui Education Foundation.	0 shares	no
Independent Directors	Jheng, Li-Wei	Master's degree in Accounting, National Yunlin University of Science and Technology.	Assistant Manager at PwC Taiwan (PricewaterhouseCoopers)	Managing Partner of Chuan Yu Accounting Firm Chairman of Chuan Yu Capital Co., Ltd.	0 shares	no
Independent Directors	Lee, Yin-Chiang	Massachusetts Institute of Technology	Assistant Manager of ZyXEL Communications Inc	Director and Deputy General Manager of Yifan Digital Technology Co., Ltd. Director of Zhiyun Technology Co., Ltd. Director of Lanxin Technology Co., Ltd. Director of Simple Mobile Payment Co., Ltd. Director of Game New Express Technology Co., Ltd. Director of Weiken Financial Technology Co., Ltd. Director of Jingnet International Entertainment Co., Ltd. Supervisor of Zhifandi Technology Co., Ltd.	0 shares	no
Independent Directors	Wu, Ji-Yu	Master's degree in Law, Chinese Culture University.		Head of Wu Ji-Yu Law Firm.	0 shares	no

## 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. CQ01010 Mold and Die Manufacturing
  - II. CC01080 Electronics Components Manufacturing
  - III. CC01110 Computer and Peripheral Equipment Manufacturing
  - IV. CB01990 Other Machinery Manufacturing
  - V. F401010 International Trade
  - VI. CD01030 Motor Vehicles and Parts Manufacturing
  - VII. CD01040 Motorcycles and Parts Manufacturing
  - VIII. CD01050 Bicycles and Parts Manufacturing
  - IX. CD01990 Other Transport Equipment and Parts Manufacturing
  - X. CA02060 Metal Containers Manufacturing
  - XI. F208031 Retail Sale of Medical Apparatus
  - XII. F108031 Wholesale of Medical Devices
  - XIII. C399990 Other Textile and Products Manufacturing
  - XIV. C805990 Other Plastic Products Manufacturing
  - XV. F104110 Wholesale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories
  - XVI. F204110 Retail Sale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories
  - XVII. ZZ99999 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 Twenty sixth amendment on May 30, 2024.

CHINA FINEBLANKING TECHNOLOGY

Chairman: Huang Yi-Xiang



CHINA FINEBLANKING TECHNOLOGY  
Rules of Procedure for Shareholders Meetings



1. Basis: Establishment in accordance with Article 5 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
2. Purpose: Establishment of a robust corporate governance system and strengthen the supervisory and management functions
3. Applicability: Unless otherwise required by laws or the Articles of Incorporation, the Company's shareholders' meetings should observe these rules.
4. Management authorization and responsibility:
  - 4.1. Formulation, amendment, and abolishment: Finance Department
  - 4.2. Management responsibility: Finance Department
5. Operational procedures:
  - 5.1. Convening and notices of shareholders' meetings:
    - 5.1.1. Unless otherwise specified by laws, shareholders' meetings are convened by the board. The meeting notice, the proxy form, the agenda summarizing proposed rectifications, discussions, election/dissimil of directors and relevant materials should be produced into electronic files and submitted to the Market Observation Post System (MOPS) thirty days before a general shareholders' meeting or fifteen days before an extraordinary shareholders' meeting. Meeting Handbook and supplementary materials should be produced electronic files and submitted to the Market Observation Post System (MOPS) twenty one days before a general shareholders' meeting or fifteen days before an extraordinary shareholders' meeting. Meeting Handbook and supplementary materials should be available at the Company and the stock transfer agent commissioned by the Company fifteen days before the shareholders' meeting and distributed at the shareholders' meeting.
    - 5.1.2. Notices and announcements should state the reasons for calling of the meetings. With consent from the parties concerned, the notices may be sent electronically.
    - 5.1.3. Election or dismissal of directors or supervisors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, non-competition clauses, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extemporary motion; Its main content shall be placed on the website designated by the securities authority or the company, and its website address shall be specified in the notice.  
If the reason for calling a shareholders' meeting includes the complete election of directors and supervisors and specified the date for the elected to assume office, the same shareholders' meeting may not change the date for assumption of office via an extemporary motion or other methods after the completion of election at the shareholders' meeting.
    - 5.1.4. A shareholder holding one percent or more of the total number of the issued shares may submit to the Company a proposal for discussion at a general shareholders' meeting. The number of items so proposed is limited only to one, and no proposal containing more than one item will be included in the meeting agenda. A shareholder's proposal in alignment with any circumstance under any subparagraph of paragraph 4 of Article 172-1 of the Company Act may not be included in the meeting agenda by the Board of Directors. Shareholders may propose suggestions to the Company for the enhancement of public interest or the Company's fulfilment of its social responsibility, and such proposal should be limited to one only according to the procedural requirements set forth by Article 172-1 of the Company Act. None of the additional proposals shall be included in the motion.
    - 5.1.5. The Company should announce the methods (in writing or electronically), venues and time period for accepting proposals from shareholders before the book closure date of a regular shareholders' meeting. The acceptance period shall not be less than ten days.
    - 5.1.6. Each proposal from shareholders is limited to 300 Chinese characters. A proposal exceeding 300 Chinese characters will not be included in the motion. A shareholder who has submitted a proposal should attend the shareholders' meeting in person or authorize a party to attend to discuss the proposal.

- 5.1.7. The Company should inform the results of proposals to the proposing shareholders before sending out the notices for the shareholders' meeting and list the accepted proposals in the meeting agenda as part of the notice. The board should explain at the shareholders' meeting the reasons for not including certain shareholders' proposals.
- 5.2. For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization. A shareholder may issue only one proxy form and appoint only one proxy. The proxy form should arrive at the Company at least five days before the shareholders' meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail. Unless a declaration is made to cancel the previous proxy appointment. After a proxy form has been delivered to the Company, if the shareholder intends to attend in person or would like to exercise voting rights in writing or electronically, a written notice of proxy cancellation shall be submitted to the Company at least two days before the shareholders' meeting. If the cancellation notice is submitted overdue, votes cast at the meeting by the proxy shall prevail.
- 5.3. The venue for a shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and appropriate for a shareholders' meeting. The meeting may not start earlier than 9 a.m. or later than 3 pm. The opinions from independent directors should be fully considered regarding the time and venue of shareholders' meetings.
- 5.4. Preparation of attendance books for sign-ins, etc.:
- 5.4.1. The Company should specify the sign-in time, venue and other issues of attention in the notices for shareholders' meetings.
- 5.4.2. The processing of shareholders' sign-ins should allow for at least thirty minutes before the meeting starts. The sign-in location should be accompanied with a clear sign and attended by sufficient and suitable personnel.
- 5.4.3. Shareholders or proxies authorized by shareholders (collectively referred to as "shareholders") should enter the shareholders' meeting by presenting a attendance pass, sign-in card or other attendance certificates. The Company may not impose additional requirements at will on attendance documents. Proxy solicitors should bring identification documents for checking in.
- 5.4.4. The Company should prepare the attendance book for sign-ins by shareholders, or accept sign-in cards in lieu of signing in.
- 5.4.5. The Company should distribute copies of Meeting Handbook, the annual report, attendance passes, speaker's slips and ballots to attending shareholders. Director election ballots should be provided for the election of directors.
- 5.4.6. There may be more than one representative from a government agency shareholder or a legal person shareholder in the attendance of a shareholders' meeting. When a legal person is appointed to attend as proxy, it may designate only one person to attend the shareholders' meeting.
- 5.5. Chairman of the shareholders' meeting, present personnel:
- 5.5.1. If a shareholders' meeting is convened by the board, the meeting shall be chaired by Chairperson. When Chairperson is on leave or for any reason unable to exercise the powers of the chairperson, Vice Chairperson shall act as the deputy. If there is no Vice Chairperson or Vice Chairperson is also on leave or unable to exercise the powers, Chairperson shall designate an executive director to be his/her deputy or a director to be his/her deputy if there is no executive director. Where Chairperson does not make such a designation, the executive directors or directors shall select from among themselves one person to serve as chair. The executive director or the director acting as the deputy chair mentioned above should have served for at least six months and established an understanding of the Company's finance and business. The above criteria are applicable to a legal person shareholder's representative on the board.
- 5.5.2. If a shareholders' meeting is convened by the board, the meeting shall be ideally chaired by Chairperson. At least half of the board directors and at least one member from each functional committee should be attend on behalf of the committee. The attendance shall be recorded in the minutes of shareholders' meetings.
- 5.5.3. If a shareholders' meeting is convened by a party with power to convene but other than the board, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.
- 5.5.4. Where necessary, the Company may lawyers, accountants or other professionals to attend shareholders' meetings.
- 5.6. The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures. The aforesaid audio and video data should be retained for at least one year. However, the record keeping period will end after the conclusion of litigation filed by shareholders according to Article 189 of the Company Act.

- 5.7. Calculation of shares represented by attending shareholders and meeting procedure:
- 5.7.1. The attendance of shareholders' meetings should be based on shares represented. Shares represented shall be calculated based on the attendance book records or sign-in cards handed in plus the number of shares with voting rights exercised in writing or electronically.
  - 5.7.2. The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent at least half of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements for a combined total of up to one hour may be made. If the attending shareholders still represent less than one third of the total number of issued shares after two postponements, the chair shall declare the meeting adjourned for want of quorum.
  - 5.7.3. If the quorum is not met after two postponements as described in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175-1 of the Company Act. All shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month.
  - 5.7.4. Prior to conclusion of the meeting, if the attending shareholders has reached at least half of the total number of issued shares, the chair may resubmit the tentative resolution for voting by the shareholders' meeting pursuant to Article 174 of the Company Act.
- 5.8. Discussion:
- 5.8.1. If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extemporary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.
  - 5.8.2. The above requirements are applicable to the shareholders' meetings convened by those with convening powers other than the board.
  - 5.8.3. The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extemporary motions), unless with a resolution of the shareholders' meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, other members of the board shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of at least half of the votes represented by the attending shareholders, and then continue the meeting.
  - 5.8.4. The chair should provide sufficient opportunities for explanation and discussion of proposals, amendments by shareholders, or extemporary motions. Once the chair deems that it is time for votes, he/she may announce the discussion closed and call for a vote, by allowing for adequate and appropriate voting time.
- 5.9. Speaking by shareholders:
- 5.9.1. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.
  - 5.9.2. An attending shareholder who has submitted a speaker's slip but does not speak shall be deemed to have not spoken. When the content of the speech does not match the subject given on the speaker's slip, the spoken content shall prevail.
  - 5.9.3. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed five minutes. However, this can be extended for another three minutes, with the chair's consent. If the shareholder's speech violates the rules or exceeds the scope of the agenda, the chair may terminate the speech.
  - 5.9.4. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the speaking shareholder. The chair shall stop any violation of this rule.
  - 5.9.5. When a legal person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.
  - 5.9.6. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.
- 5.10. Votes calculation and the recusal system:
- 5.10.1. The calculation of votes by a shareholders' meeting should be based on shares represented.
  - 5.10.2. With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.
  - 5.10.3. Shareholders may not exercise voting rights for themselves or on behalf of other shareholders in issues which their personal interest may be detrimental to the Company's interest.
  - 5.10.4. The number of shares for which voting rights may not be exercised under the preceding paragraph will not be included in the voting rights represented by attending shareholders.

- 5.10.5. Except for a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of issued shares. The voting rights in excess of that percentage will not be calculated.
- 5.11. Voting, scrutineering and votes calculation:
- 5.11.1. A shareholder is entitled to one vote for each share held, except when the shares are restricted or deemed non-voting under Article 179-2 of the Company Act.
- 5.11.2. When the Company holds a shareholder meeting, it shall adopt the exercise of voting rights by electronic means and may adopt the exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. The shareholders exercising voting rights in writing or electronically are deemed to be attending the shareholders' meeting in person. However, they are deemed as abstaining from voting for extemporary motions or modified proposals in that shareholders' meeting. Therefore, the Company should avoid the proposal of extemporary motions or the modification of original proposals.
- 5.11.3. A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company at least two days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, Unless a declaration is made to cancel the previous indication.
- 5.11.4. After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person or online, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, at least two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. If a shareholder has exercised voting rights in writing or electronically and also authorized a proxy to attend the shareholders' meeting, the votes cast at the meeting by the proxy shall prevail.
- 5.11.5. Except as otherwise provided in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. The chair or designated personnel should announce the total number of voting rights represented by the attending shareholders for the casting of votes on each proposal. After shareholders have completed the voting for individual proposals, the results of the votes cast for, against and abstained should be entered into the Market Observation Post System (MOPS) on the same day after the end of the shareholders' meeting.
- 5.11.6. When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will be deemed rejected, and no further voting shall be required.
- 5.11.7. Vote monitoring and counting personnel for the vote on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.
- 5.11.8. Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.
- 5.12. Election Matters:
- 5.12.1. The election of directors by the shareholders' meeting shall follow the Company's relevant procedures and requirements. The results should be announced immediately onsite, including the list of elected directors and votes attracted.
- 5.12.2. The ballots for the abovementioned election shall be signed and sealed by the scrutineers and properly retained for at least one year. However, the record keeping period will end after the conclusion of litigation filed by shareholders according to Article 189 of the Company Act.
- 5.13. Meeting minutes and sign-offs:
- 5.13.1. Matters resolved at a shareholders' meeting shall be recorded in meeting minutes. The meeting minutes shall be signed or stamped by the chair of the meeting and distributed to each shareholder within 20 days after the meeting. Meeting minutes may be produced and distributed in electronic form. The Company may distribute shareholders' meeting minutes via the announcement on the Market Observation Post System (MOPS). The meeting minutes shall accurately record the year, month, day, the meeting venue, the chair's name, the methods for resolutions adoption, and a summary of the deliberations and voting results (including percentages), and the number of votes for each candidate if there is an election for directors. Meeting minutes shall be retained for the Company's duration of the existence.

5.14. Announcements:

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

5.15. Maintenance of order at venues:

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

5.16. Breaks and meeting resumption

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

6. Supplementary Provisions:

- 6.1. These rules and subsequent amendments take effect upon the approval by a shareholders' meeting.
- 6.2. These rules came into force on June 2, 2007.  
First amendment on June 2, 2015  
Second amendment on May 28, 2020  
The third revision was on July 30, 2021.

## CHINA FINEBLANKING TECHNOLOGY Director Election Method

- 1 Basis: In accordance with Article 21 and Article 41 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
- 2 Purpose: Fair, just and open election of directors
- 3 Applicability: Unless otherwise specified by laws or the Articles of Incorporation, the election of the Company's directors should observe these procedures.
- 4 Management authorization and responsibility:
  - 4.1 Formulation, amendment, and abolishment: Headquarters
  - 4.2 Management responsibility: Headquarters
- 5 Consideration for election of directors:
  - 5.1 The election of the Company's directors should take into account the overall composition of the board. Board members should be, in general, equipped with the knowledge, skills and literacy necessary to exercise their powers. The capabilities required are as follows:
    - 5.1.1 Business judgement
    - 5.1.2 Accounting and financial analysis
    - 5.1.3 Management
    - 5.1.4 Crisis management
    - 5.1.5 Industry knowledge
    - 5.1.6 International outlook
    - 5.1.7 Leadership
    - 5.1.8 Decision-making
  - 5.2 More than half of the Company's directors may not have relations as a spouse or a relative within two degrees to each other.
- 6 Qualifications and election of independent directors:
  - 6.1 The Company's independent directors should meet the qualifications specified in Article 2, Article 3 and Article 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.
  - 6.2 The election of the Company's independent directors should adhere with Article 5 to Article 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and Article 24 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
- 7 Operational procedures:
  - 7.1 The election of directors of the Company shall be conducted in accordance with the procedures for the nomination of candidates stipulated in Article 192-1 of the Company Act.
  - 7.2 When the number of independent directors falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.
  - 7.3 The cumulative voting method shall be used for election of the directors at the Company. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.
  - 7.4 The board shall prepare for and distribute to each shareholder the ballots in the same number of directors to be elected and with the number of election rights attached to shareholdings specified. Attendance card numbers printed on the ballots may be used instead of recording the

names of voting shareholders.

7.5 The election rights required for directors and independent directors is based on the number of seats specified by the Company's Articles of Incorporation. The candidates with the highest votes measured with election rights shall be elected. If two or more candidates for the last board seat have attracted the same number of election rights and, the result shall be determined with lot drawing. The chair will draw the lot for the absent candidate(s).

7.6 Before an election, the chair shall appoint scrutineers (who are shareholders) and ballot counters to carry out relevant tasks. Ballot boxes will be prepared by the board, opened and inspected by scrutineers in public.

7.7 Ballots will be invalid under any of the following circumstances:

7.7.1 Those who do not use ballot papers prepared by the legal convenor.

7.7.2 Blank ballots thrown into a ballot box

7.7.3 Writing illegible, unidentifiable or tampered

7.7.4 The candidates indicated are not found in the list of director candidates.

7.7.5 Other words are written other than the number of allocated voting rights.

7.8 Ballots are opened and counted onsite after the completion of voting. The results are announced by the chair regarding the elected directors and the corresponding election rights. The ballots for the abovementioned election shall be signed and sealed by the scrutineers and properly retained for at least one year. However, the record keeping period will end after the conclusion of litigation filed by shareholders according to Article 189 of the Company Act.

7.9 The board shall issue notifications to the elected directors.

8 Supplementary Provision: These procedures and subsequent amendments take effect upon the A pproval by a shareholders' meeting.

8.1 These procedures came into force on June 25, 2012.

8.2 First amendment on May 28, 2020

8.3 Second amendment on July 30, 2020

**Shareholdings by all the board directors**

- (I) In accordance with Article 14-4 of the Securities and Exchange Act, the company has established an Audit Committee, with all independent directors replacing the role of supervisors.
- (II) According to Article 26 of the Securities and Exchange Act and the "Regulations for the Ownership Percentage and Audit Implementation Rules of Directors and Supervisors of Public Companies," when two or more independent directors are appointed, the shareholding percentage of all directors other than independent directors shall be reduced to 80%. The total number of shares held by directors other than the independent directors of this company shall be at least 8,000,000 shares.
- (III) As of the record date for the 2025 Annual General Meeting of Shareholders, March 30, 2025, the actual shareholding status of all directors of the company is 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, 013, 681	1. 89
Director	Hsieh Ling	5, 811, 630	5. 44
Director	Jotek Investment Co., Ltd. Representative :Wu,Chia-Chuan	6, 082, 869	5. 69
Director	Lo, Yung-Chiu	1, 424, 730	1. 33
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, 332, 910	14.35

**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 21, 2025 to March 3, 2025.
2. Proposals from shareholders holding more than 1% of the company's total issued shares at the 2025 shareholders' Meeting: None.