



Gallant Precision Machining Co., Ltd.

2024 Annual Shareholder's Meeting

Meeting Agenda
(Translation)

Date : June 18, 2024

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Gallant Precision Machining Co., Ltd.

2024 Annual Shareholder's Meeting Procedure

I. Call Meeting to Order

II. Chairman's Address

III. Report Items

IV. Recognition Items

V. Discussion Items

VI. Special Motions

VII. Meeting Adjourn

Gallant Precision Machining Co., Ltd.

2024 Annual General Shareholders' Meeting Agenda

Time : 11:00a.m., June 18, 2024, Tuesday.

Shareholders meeting will be held by means of : Physical shareholders meeting

**Place: No.1, Gongye E. 2nd Rd., East Dist., Science-Based Industrial Park, Hsinchu,
30075, Taiwan.(Einstein Hall, HSP Link)**

I. Report Items :

- (1) To report on the business of the Company in 2023.
- (2) Audit committee's review report for 2023.
- (3) To report on the distribution of employees' and directors' remuneration for 2023.
- (4) Report on 2023 Cash Dividend and Stock Dividend Distribution.

II. Recognition Items :

- (1)To accept the 2023 Business Report and Financial Statements.
- (2)To approve the proposal for the distribution of 2023 earnings.

III. Discussion Items:

- (1) Proposal for Issuance of Restricted Stock Rewards to Employees.
- (2) Removal of the Restrictions on Non-Competition against Directors and Their Representatives.

IV. Special Motions

V.Meeting Adjourned

Report Items

1. To report on the business of the Company in 2023.

Explanation :

The 2023 Business Report is attached hereto as Attachment 1(pages 11).

2. Audit committee's review report for 2023.

Explanation :

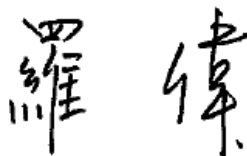
- (1) The Company's 2023 annual account was certified by Wu, Wei- Hao and Chiang, Tsai-Yen, Certified Public Accountants of PWC and reviewed by the Audit Committee, and the auditor's report and Audit Committee's review report were issued, respectively.
- (2) For your approval.

Audit Committee's Review Report

The Board of Directors has prepared the Company's Business Report, Financial Statements, and Earning Distribution Proposal for the year of 2023. Wu, Wei- Hao and Chiang, Tsai-Yen, Certified Public Accountants of PWC, have audited the Financial Statements. The 2023 Business Report, Financial Statements, and Earning Distribution Proposal have been reviewed and determined to be correct and accurate by the Audit Committee of Gallant Precision Machining Co., Ltd., as the Chair of the Audit Committee, hereby submit this report according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law.

Gallant Precision Machining Co., Ltd.

Chairman of the Audit Committee :



February 27, 2024

3. To report on the distribution of employees' and directors' remuneration for 2023.

Explanation :

As a result of the resolution of the Board of Directors, the Company shall distribute an employee's bonus of NT\$19,865,063 and directors' remuneration of NT\$5,296,750 in cash which are within the limits stipulated in the Articles of Association. The amount of the aforesaid remuneration proposed to be distributed is the same as the amount of the book.

4. Report on 2023 Cash Dividend and Stock Dividend Distribution.

Explanation :

- (1) A report shall be submitted to the shareholders' meeting in accordance with Article 31-1) of the Articles of Association.
- (2) On February 27, 2024, the Board of Directors decided to distribute the cash dividends totaling NT \$196,154,573, at NT \$1.2 per share. The total amount of cash dividends paid to each shareholder shall be rounded to NT dollars and the fractional part will not be counted. The total amount of round-off shall be included in other income of the Company.
- (3) On May 8, 2024, the board decided that the base date of the cash dividend shall be June 26, 2024, and the cash dividend shall be paid on July 12, 2024. In case that, due to the subsequent buy-back of the Company's shares, the transfer of treasury shares to employees, or the issuance of new shares by capital increase in cash, the number of shares entitled to cash dividend distribution is affected and the dividend rate applied to shareholders is changed, it shall be handled and adjusted by The Board authorize the Chairman of the Board of Directors to have full authority and adjust it.

Recognition Items

1. To accept the 2023 Business Report and Financial Statements. (proposed by the Board of Directors)

Explanation :

- (1) The 2023 financial statements of the Company were approved by the Board of Directors on February 27, 2024 and audited by the accountants, Wu, Wei-Hao and Chiang, Tsai-Yen of PWC Taiwan, and were sent to the Audit Committee, and an audit report was issued accordingly.
- (2) For the 2023 Business Report, Independent Auditor's Report, and the 2023 Financial Statements, please refer to Attachments 1 and 2 (pages 11 and pages 19~40).

Resolution :

2. To approve the proposal for the distribution of 2023 earnings. (proposed by the Board of Directors)

Explanation :

- (1) Earnings Distribution Proposal:

Amount in NT\$	
Items	Amount
Unappropriated retained earnings from previous years	125,744,517
Plus: change of remeasurements on defined benefit plan	435,468
Plus: Net Income of 2023	203,702,902
Less: 10% Legal Reserve	(20,413,837)
Retained Earnings Available for Distribution as of December 31, 2023	309,469,050
Distribution Item:	
Cash Dividends to Common Share Holders (NT\$1.2 per share)	(196,154,573)
Stock Dividends to Common Share Holders	0
Unappropriated Retained Earnings	113,314,477

- (2) The total amount of cash dividends paid to each shareholder shall be rounded to NT dollars and the fractional part less than NT 1 dollar will not be counted. The total amount of round-off shall be included in other income of the Company.
- (3) The dividend rate of this earnings distribution proposal shall be calculated on the basis of the number of shares entitled to participate in the distribution as of February 19, 2024. In case that, due to the subsequent buy-back of the Company's shares, the transfer of treasury shares to employees, or the issuance of new shares by capital increase in cash, the number of shares entitled to cash dividend distribution is affected and the dividend rate applied to shareholders is changed, it shall be handled and adjusted by The Board authorize the Chairman of the Board of Directors to have full authority and adjust it.

Resolution :

Discussion Items

1. Proposal for Issuance of Restricted Stock Rewards to Employees (Propose in the Board meeting)

Explanation :

- I. The company aims to attract and retain key talents by linking their rewards to shareholder interests as well as environmental, social, and governance (ESG) performance, thereby enhancing the company's competitiveness and creating maximum benefits for both the company and shareholders. It intends to issue restricted stock rewards in accordance with relevant regulations.
- II. The proposed content of the restricted stock rewards to be issued is as follows:
 - (I) Total issuance: Not exceeding 1,000,000 common shares, with a par value of NT\$10 per share. The actual number of shares to be issued will be decided separately by the Board of Directors after approval by the shareholders' meeting and the competent authority regarding the issuance of restricted stock rewards.
 - (II) Issuance period: Within two years from the effective date of notification from the competent authority, issuance may occur at once or in installments as deemed necessary. The Chairman will determine the actual issuance date and related operational matters from the authorization of the Board of Directors.
 - (III) Qualifications and allocation of shares for employees:
 1. The eligible participants of this incentive are restricted to employees of this company and its domestic and foreign subsidiaries who are in full-time employment, in formal positions, and have achieved certain performance criteria as of the date of the grant of the restricted stock rewards. The term "subsidiaries" is defined according to the standards set forth in Letter C.K.C.F.T. No. 1070121068, which is based on Article 369-2, Article 369-3, Article 369-9(2), and Article 369-11 of the Company Act.
 2. The actual recipients and the number of restricted stock rewards to be granted will be determined based on factors such as seniority, job title, performance, overall contributions, special achievements, or other management considerations. The determination will be made by the Chairman and submitted for approval by the Board of Directors. However, employees holding positions as Directors or Managers of the company must first be reviewed by the Compensation Committee, while employees without such positions must first be approved by the Audit Committee.
 3. The company is subject to Article 56-1, Paragraph 1 of the "Regulations Governing the Offering and Issuance of Securities by Issuers," which stipulates that the cumulative number of shares that may be subscribed by a single subscriber of employee stock options, plus the cumulative number of restricted employee shares acquired by the same subscriber, shall not exceed three-thousandth of the total number of issued shares. Additionally, according to Article 56, Paragraph 1 of the same regulations, the cumulative number of shares that may be subscribed by a single subscriber of em-

employee stock options shall not exceed one percent of the total number of issued shares.

(IV) Issuance Qualifications:

1. Expected Issuance Price: Free of charge, with an issuance price of NT\$0 per share.
2. Vesting Conditions:
Employees who have served continuously for one year from the granting date shall vest 100% of the shares.
3. Type of shares issued: Ordinary new shares of the Company.
4. When employees do not meet the vesting conditions or in case of inheritance, they shall be handled as follows:
 - (1) Employees who voluntarily resign, are terminated, dismissed, retire, pass away due to non-occupational accidents, or are placed on unpaid leave within one year from the vesting date, the company shall reclaim their unvested shares at no cost to the employees.
 - (2) Stock dividends and rights issues received during the vesting period: Provided to employees at no cost by the Company.
 - (3) Before meeting the vesting conditions, if an employee violates the provisions of Article 7 or Article 8 by terminating the Company's proxy authorization, the Company shall reclaim at no cost to the employees.

When the following reasons occur, the unvested restricted stock rewards are handled as follows: (including handling methods when inheritance occurs)

- (1) In the event that an employee is unable to continue employment due to disability resulting from occupational injury, the unvested restricted stock rewards are forfeited by the company without compensation, effective from the date of resignation.
- (2) In the unfortunate event of an employee's death due to occupational injury, any unvested restricted stock rewards shall be considered fully vested at the time of the employee's passing. The designated heirs may apply to receive the shares or exercise the rights of disposal associated with the inherited stock after completing the necessary legal procedures and providing relevant documentation.
- (3) For employees who have been granted restricted stock rewards, if they commit serious violations of labor contracts or workplace rules, or voluntarily renounce the restricted stock rewards in writing, the company reserves the right to reclaim the unvested restricted employee stock at no cost and proceed with cancellation. Upon reclaiming such stock, the company will cancel it accordingly.

Below are the restrictions on the rights of shares before reaching vesting conditions:

- (1) During the vesting period, employees are not allowed to sell, pledge, transfer, gift, assign, or otherwise dispose of the restricted stock rewards.
- (2) During the vesting period, the restricted stock rewards are still eligible to participate in rights

offerings, dividends, and cash capital increases.

- (3) After the issuance of restricted stock rewards, they shall be immediately entrusted to a trustee, and employees shall not, under any circumstances or pretext, request the return of the restricted stock rewards from the trustee until the vesting conditions are met.
- (4) Before meeting the vesting conditions, the attendance, proposals, speeches, voting rights, and other matters related to shareholder rights at the company's shareholders' meeting are all entrusted to the trustee/custodian institution for execution.
- (V) The necessary reasons for creating the restricted stock awards are to attract and retain the company's professional personnel, elevate employees' team spirit and sense of belonging, and generate interest for the company and its shareholders.
- (VI) The expensable amount, dilution of the company's earnings per share, and other matters affecting the stakeholder rights:

Based on the issuance of restricted stock rewards not exceeding 1,000,000 ordinary shares and assuming a total cost of NT\$42,050,000 over the designated one-year period, calculated at the closing price of NT\$42.05 per share on February 16, 2024 (the trading day preceding the notice date of the board meeting), and considering the total issued shares of 165,136,144 as of that date, the estimated dilution of earnings per share after cost allocation would be approximately NT\$0.2546 per share. Given the anticipated continued growth trend in the Company's operations over the next few years, the overall assessment suggests that the dilution impact on future earnings per share is expected to be limited, and there should be no significant impact on existing shareholder equity.

- III. Please refer to Attachment 3 on page 41 of this manual for the issuance regulations of restricted stock rewards in 2024. In the event of any necessary revisions or adjustments due to directives from competent authorities or amendments to relevant laws and regulations, it is proposed to authorize the board of directors or their authorized representatives to handle such matters fully at the shareholders' meeting.

Resolution :

2. Removal of the Restrictions on Non-Competition against Directors and Their Representatives. (proposed by the Board of Directors)

Explanation :

- (1) In accordance with the relevant provisions of Article 209 of the Company Act, where the director acts for himself or on behalf of others within the business scope of the Company, shareholders shall explain the important content of his/her conduct to the shareholders' meeting and obtain its approval.
- (2) The directors of the Company acts for himself or on behalf of others within the business scope of the

Company, so the directors and their representatives shall be subject to the approval at the meeting of shareholders in accordance with the law.

- (3) For the competitive situation of the directors of the company, please refer to page 44 of Appendix 4.

Resolution :

Special Motions

Meeting Adjourns

Attachment 1 :

Gallant Precision Machining Co., Ltd.

2023 Business Report

In 2023, GPM's individual operating income was NT 1,810,810 thousand, a YoY decline of 38.27%. In terms of profitability, GPM's individual net profit after tax was NT 203,703 thousand, a YoY decrease of 47.8%. The gross profit margin has a YoY decrease of 2.44%, with earnings per share of 1.25 NTD.

Financial analysis data		For 2023
Debt to asset ratio (%)	(%)	46.96
Long-term funds to fixed assets ratio	(%)	862.54
Return on total assets	(%)	3.85
Return on shareholders' equity	(%)	7.00
Percentage to paid-in capital (%)	Operating profit	2.44
	Pre-tax net profit	14.51
Net profit margin	(%)	11.24
Earnings per Share	(NTD)	1.25

(2) Products that have been developed by the Company in 2023 :

R&D Item (Processing Technology)	Names of machine developed
	● FOPLP IN-FEED Grinder development
	● KLIV Mini LED TESTER
	● Panel 2D AOI
	● PLP substrate peeling machine
	● Micro-LED vacuum pair application
	● Intelligent vehicle dispatch central control system
	● Forklift AGV

II. 2024 Business Plan Summary

A. Annual Operating Policy

1 Business Aspect

- Differentiation, diversification, expansion next generation display industry.
- Extend, promote and branding intelligent automation industry.
- Refine, combine, focus and innovate semiconductor industry.

(1)The foundation of the company is the research and development technology of the existing display equipment. The foreign technical cooperation, focus and deeply

development of FPD next generation high value-added equipment drive the company to diversify and manage in a sustainable way in order to expand the future in the display industry innovation and progress.

- (2) We continue to differentiate existing products (such as the introduction of IDMS) and optimize cost strategies to increase product competitiveness and profitability. We also continue to upgrade existing core technologies and expand new FPD markets (Micro / Mini-LED), and extend the market niche of next generation display.
- (3) We take profit as the priority and master the current key advanced technology. Based on our electromechanical and software integration technology and QDTCSS, the intelligent production management system is the backbone to build a quality production system in the smart factory, intelligent logistics and intelligent dynamic process equipment. We continue to expand the results of intelligent automation, and pool our resources to provide strategic partners and key industry representative customers with intelligent automation integration solutions to help them achieve their smart manufacturing goals.
- (4) For smart logistics, improve developing potential customers and promote to customers for their other requirements. For IDMS, strengthen the promotion of IOT system products for various industries, introduce key industrial equipment, and provide AOI + AI service solutions to improve our brand image and customer value.
- (5) Through technology introduction/cooperation, we link the needs of our partners and customers to develop high value-added advanced detection technology in the early stage of semiconductor, and improve the detection and flattening of the packaging process in the middle and final stages. Moreover, we focus on the performance of existing IC board products and product lines to expand customer base.
- (6) We focus on core semiconductor technology, innovation and connection of international research and development resources. We understand Taiwan semiconductor market and provide customers with process solutions. Quality is the priority to us. We improve the overall competitiveness and grasp the market trends in order to improve customer competitiveness and differentiation.
- (7) We have passed the ISO 9001 (Quality Management System), ISO 45001 (Occupational Health and Safety Management Systems), ISO 27001 (Information Security Management System) and ISO 14064 (greenhouse gas management system) certifications to accurately comply with international management procedures and standards, protect customers' interests with a higher level of standard for the quality management, overall safety and occupational management of plants, and information security management, regulate employees' behaviors and execution capacity, and provide for the overall quality of suppliers.
- (8) We use the company's professional manufacturing brand image and popularity, and

through effective management, to develop OEM/ODM services, win international orders, reduce the impact of industrial cycle, promote customer alliance to other industrial areas and expand revenue sources.

- (9) We make good use of the existing after-sales service mechanism, deepen the relationship with customers, help improve the production efficiency of the factory, achieve long-term business opportunities with value-added services, and seek a win-win strategy for customers and companies.
- (10) We continue to expand and cooperate with world-class companies in different industries, become long-term automation equipment partners, accelerate the research and development of new products, help customers launch new products timely and enter new markets, and build a long-term stable and profitable system.
- (11) For our sustainable development, we make arrangements in three major aspects of environmental, social, and governance. GPM adheres to the sustainable operating philosophy and aims at realizing sustainable corporate operations, long-term partnerships with customers and communities, and the performance of responsibilities as a corporate citizen. We established solar power generation systems, made use of green energy for energy saving and carbon dioxide reduction, and applied for the ISO 14064 (Greenhouse Gases Management System) to further align ourselves with the goal of “Carbon Neutral & Net Zero Emission.” Meanwhile, we established the Corporate Sustainability Committee in charge of the promotion of matters related to corporate social responsibility (CSR) and ethical corporate management. GPM will continue focusing on sustainable operations and implementing its responsibilities as a corporate citizen and grow together with its employees by emphasizing people-oriented ideas to jointly create maximum value for the Company, customers, and shareholders.
- (12) The company has strengthened internal information security by establishing a cybersecurity committee to promote and implement security operations. Additionally, it has obtained ISO 27001 international information security certification and SEMI E187 cybersecurity certification. These measures effectively mitigate the risks of external intrusion and internal data breaches, safeguarding the interests of all employees and protecting R&D confidentiality.

2 R&D Aspect

Strengthen the development of the Company's eight core technologies: (1) grinding technology (2) wet process technology (3) AOI technology (4) lamination and peeling (5) Testing technology (6) Measurement technology (7) intelligent automation technology (8) Artificial intelligence technology and other core technologies.

Integrate products in different areas and create value-added, expand the core technology in

application in displays, semiconductors, IC Substrate, Smart Factory, Smart Machine and Smart Transportation.

The Company's plans to develop following products in 2024:

R&D Item (Processing Technology)	Names of machine to be developed
	● Wafer 2D+3D AOI
	● Wafer Inner defect Inspection
	● Glass Substrate Grinder
	● Smart logistics vehicle dispatch simulation analysis system

B. The Company's forecast on sales volume and its basis for 2024:

Unit: set

Main products	2024 Budget
Display processing equipment	89
Semiconductor processing equipment	41
Intelligent automation equipment	2

Note: The forecast is based on the customers' forecast, taking into account the market conditions.

C. Important production and marketing policies

- (1) Integrating operations, talent, and resources across the Taiwan Strait, we aim to strengthen customer management, sales, and efficiency integration to maximize overall effectiveness and expand into markets in mainland China, the United States, Japan, and Southeast Asia.
- (2) Conduct strategic alliance with industry-university-research units and end customers, continuously improve system integration capability and develop new products and technologies in new fields such as display, semiconductor and intelligent automation, to improve marketing efficiency and achieve differentiated niche.
- (3) Strengthen product cost control mechanism, together with design improvement, efficiency improvement and supply chain management, increase orders of high-gross margin products, and ensure reasonable profit of products.
- (4) Continuously promote the intelligence, modularization and standardization of major products, simplify the manufacturing process, improve product function and reliability, and reduce costs.
- (5) Collecting the Company's various real-time production data, analyzing and integrating it with the internal system, and providing information to the decision-making supervisors as a reference for performance.
- (6) To meet the customer demand for fast delivery, effectively control quantity and amount of raw materials and inventory, reduce inventory turnover days and reduce loss on inventory falling price.

- (7) Accelerate installation and acceptance efficiency, improve after-sales service quality to ensure customer satisfaction, establish a win-win service system with customers and continuously strengthen accounts receivable and cash flow management.
- (8) We introduced energy policies related to green energy and carbon emission reduction. We built a solar farm in our plant to sell the power generated to Taipower and establish the energy-saving and environmental image of the Company, making contributions to the sustainability and renewal of the earth.

III. Future Development Strategy:

- Adopt innovation transformation, market extension, sustainable development as the guiding principle of development strategy.
- Business Aspect
 - Deepen promotion of development of the display industry, semiconductor industry and intelligent automation industry.
 - Extend related products to other foreign markets for business promotion.
 - Enhancing the business opportunities of Taiwanese businessmen returning and decentralized production by international manufacturers.
 - Deeply cultivate the after-sales service market of equipment and components, and grow together with customers.
- Product Aspect
 - Deeply develop core technologies (equipment & processes).
 - Extend core technology for cross-industrial product integration application development.
- Internationalization strategy of diverse talents cultivation.
- GPM formed a G2C business strategic alliance with its partners, C. Sun and GMM, to provide one-stop services for smart production. By integrating the human resources, material resources, and technical resources of multiple companies, we established a robust supply chain system and customer service system that connect all production equipment from upstream to downstream to assist customers in creating maximum value, and in turn, achieving the common belief of price fortification by securing costs, joint creation through mutual efforts, harmony and sharing, and long-term partnerships.

IV. The Impact from the External Competitive Environment, the Regulatory Environment and the Overall Business Environment:

1. The impact of the external competitive environment

However, the rapidly changing industrial operating environment, influenced by factors such as the war in Ukraine, conflicts in the Middle East, US-China trade tensions, the COVID-19 pandemic, and geopolitical shifts, has led to diverse changes in market and product application trends. Facing the global display industry's expansion slowdown, intensified external competition, and China's promotion of domestic equipment manufacturing, our company's traditional mainstay, the display industry, is facing increasingly fierce competition and challenges, testing the adaptability of our team. GPM will continue to strengthen its proprietary product technology, complemented by the introduction of advanced foreign technologies, to enhance product functionality, quality, and sophistication, thereby moving away from price-based competition. Additionally, we will explore opportunities in industries such as semiconductors, Micro/Mini LED, and smart manufacturing, while expanding into international markets. In response to changes in the industry and operating environment, we will demonstrate stability, precision, and rapid response capabilities, while establishing a diversified business layout and development goals for the industry.

2. Regulatory Environment:

Integrity is deep rooted in the Company's core culture. As a result, the Company has been complying with legal norms, honest, and self-disciplined in its business. In addition to collecting information concerning external regulatory changes at any time for the management's reference, the Company is establishing, reviewing, updating and adjusting its internal management and operational rules and regulations in order to actively respond to various changes in the regulatory environment.

3. Overall Business Environment:

- (1) The current international economy faces many variables and is influenced by factors such as the COVID-19 pandemic, US-China trade tensions, and geopolitical issues. The world is gradually forming two major camps (G2), and China's manufacturing is no longer the sole choice globally. This will affect the production locations of various product supply chains, forecasting of material preparations, and supply chain delivery operations. Current conditions worldwide show disruptions in supply and demand due to COVID-19, along with global shortages of various products, conflicts such as the Russia-Ukraine war and ongoing tensions in the Middle East, rising oil prices, persistent high inflation, labor shortages, and transportation congestion. The impact on high-tech products is particularly significant. Looking ahead, the global economic growth indices and investment activities will be viewed with caution and stability. Despite challenges, Taiwan's overall economic outlook remains optimistic this year, with gradual improvements expected. GPM will diversify its business orders, adopt more flexible

manufacturing speeds, and leverage its strong internal production and sales capabilities along with long-term external collaborations in the supply chain to meet challenges and create the future.

- (2) Over the years, Taiwan's semiconductor and display technology industries have thrived through concerted efforts. Despite challenges posed by the COVID-19 pandemic in recent years and the ongoing trade tensions between the US and China, Taiwan's economy has faced new challenges due to geopolitical factors and global environmental changes. However, Taiwan's technology industry has experienced growth against the odds, driven by the semiconductor industry's momentum, effective epidemic controlled by the government, and novel approaches in supply chain diversification by international giants. Since 2021, Taiwan's technology industry has become one of the most promising regions in the global economy. Furthermore, the pandemic has altered human work patterns. With the growing demand for autonomous vehicles, the normalization of remote work and education, and the emergence of the "stay-at-home" economy, along with the explosive growth of AI and transformative changes led by ChatGPT, the demand for semiconductors and related industries has been boosted. In recent years, GPM has actively engaged in research and development in collaboration with partner companies. It is expected that there will still be gains in the semiconductor, display, and smart automation industries this year. In response to these changes, GPM will seize the opportunity to expand its growth in high-tech equipment and play an important role in the customer equipment supply chain.
- (3) The COVID-19 and the recent trade war between the US-China have accelerated the speed of partial enterprises in China to move abroad, return to Taiwan, or set up factories in Southeast Asian countries to spread the risk. However, insufficient technicians and surging labor costs in Southeast Asian countries have become an irreversible condition in the region. Due to the demand for the increasing overall quality of local manufacturing plants, replacing human labor with smart-auto systems and equipment is the only solution. With its long-term efforts in the field of equipment manufacturing and the particular advantage of Taiwan in this wave of supply chain readjustment, the Company will attract overseas Taiwanese businesses and international manufacturers to choose us as a cooperative partner.
- (4) GPM, C.Sun, and GMM joined hands and formed the G2C alliance in 2020 for joint creation. The companies have their own expertise in the equipment for semiconductor procedures; through technological connection and integration, the alliance becomes a material force to drive the continual advances in wafer production, allowing the outstanding performances recorded by the Company in terms of its operating income.
- (5) In addition, AI, 5G, AR/VR, Metaverse, IoT, and Big Data facilitated a more comprehensive smart auto application. GPM possesses technologies for the

solutions of automated equipment application procedures that span across diverse technology industries. In recent years, GPM joined forces with a world-renowned manufacturer in major industries and gained substantial achievements in terms of the integration of smart auto solutions.

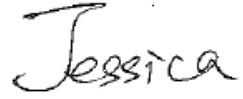
- (6) GPM adheres to the spirit of corporate sustainability, gradually entering the ESG field and establishing future sustainability goals for GPM based on the United Nations SDGs in the categories of Environment, Social, and Governance. GPM has completed the ISO14064-1:2018 verification and hopes to collaborate with partners worldwide to address the challenges of climate change, particularly in key areas such as greenhouse gas and carbon management. Looking ahead, with an excellent management team and professional technical capabilities, GPM is confident that it can achieve its goals and attain the best operational results through the concerted efforts of all employees.



Cheng-Hsin (Jason), Chen
Chairman



Cheng-Hsin (Jason), Chen
President



Chia-Ju (Jessica), Tseng
Accounting Manager

Attachment 2 :

- Independent Auditors' Report and Individual Financial Statements

REPORT OF INDEPENDENT ACCOUNTANTS

To Gallant Precision Machining Co., Ltd.

Opinion

We have audited the accompanying parent company only financial statements of Gallant Precision Machining Co., Ltd. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31 , 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years ended December 31 , 2023 and 2022, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the independent auditors’ responsibilities for the audit of Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for 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 parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon , and we do not provide a separate opinion on these matters. Key audit matters for the parent company only financial statements in the

current period are stated as follow:

Evaluation of inventories

Description

Gallant Precision Machining Co., Ltd is primarily engaged in the manufacture and sale of flat panel display testing equipment, semiconductor assembly equipment, intelligent automated equipment, and related parts. Inventories are stated at the lower of cost and net realizable value and regarding the accounting policy on the evaluation of inventories are disclosed in Note 4(12) of the parent company only financial statements. The uncertainty of accounting estimations and assumptions for valuation of inventories are disclosed in Note 5(2) of the parent company only financial statements. The inventories and allowance for inventory valuation loss amounting to NT523,753 thousand and NT141,300 thousand as of December 31, 2023 are disclosed in Note 6(5) of the parent company only financial statements.

As the amount of inventory is significant, and the estimation of net realizable value of inventories for exceeded specific age, and individually identified out of date or damaged inventories are subject to management's judgement, the evaluation of inventories has been identified a key audit matters.

How our audit addressed the matter

Our audit procedures performed included the following:

1. Obtained an understanding and assessed the reasonableness of the policy of the allowance for inventory valuation loss and compared whether consistent application of accounting policies in relation to the provision for inventory valuation losses.
2. Tested the accuracy of inventory aging report, included tested whether the quantity and amount of inventory is consistent with inventory ledger and verify the accuracy of the inventory age classification.
3. Assessed and confirmed the reasonableness in estimation of net realizable value and checked the related supporting documents.
4. Tested the reasonableness in accrual of the allowance for inventory valuation loss.

Revenue recognition

Description

Refer to Note 4(27) and Note 6(19) of the parent company only financial statements for accounting policies on revenue recognition and the description of significant accountings – operating revenue.

Gallant Precision Machining Co., Ltd. is primarily engaged in the manufacture and sale of flat panel display testing equipment, semiconductor assembly equipment, intelligent automated equipment, and related parts. Main revenue recognition is based on customer's confirmation

for acceptance. Since the transferred timing of the risks and rewards of goods ownerships are subject to judgment and the result could affect sales revenue significantly in the parent company only financial statement. Thus, revenue recognition has been identified a key audit matter.

How our audit addressed the matter

Our audit procedures performed included the following:

1. Assessed the appropriateness of the policy of sales revenue recognition.
2. Assessed and tested the design and operating effectiveness of the key controls over sales revenue recognition.
3. Sampled and tested the sales transactions included check customer purchase order, evidence of customer's confirmation for acceptance, verified whether had met criteria of the contract and considered the reliability of collection for the timing of revenue recognition.
4. Performed cut-off test on sales transactions for a specific time prior to and after the balance sheet date.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only 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 (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Independent Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 ROC GAAS 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 parent company only financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only 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 parent company only 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 parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation .
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only 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 parent company only financial statements for the year ended December 31, 2023 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.

PricewaterhouseCoopers, Taiwan

February 27, 2024

The accompanying parent financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

GALLANT PRECISION MACHINING CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 433,423	7	\$ 673,793	12
1136	Financial assets at amortized cost - current	6(3)	223,589	4	88,160	2
1150	Notes receivable, net	6(4)	-	-	52	-
1170	Accounts receivable, net	6(4)	890,826	15	1,571,132	27
1180	Accounts receivable - related parties, net	6(4) and 7	17,269	-	21,537	-
1200	Other receivables		2,709	-	1,016	-
1210	Other receivables - related parties	7	5,774	-	2,605	-
130X	Inventories, net	6(5)	382,453	7	618,482	11
1410	Prepayments		97,845	2	133,450	2
1470	Other current assets		14,367	-	13,254	-
11XX	Current Assets		2,068,255	35	3,123,481	54
Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non - current	6(2)	2,010,812	33	897,405	16
1535	Financial assets at amortized cost - non-current	6(3) and 8	165,494	3	8,466	-
1550	Investments accounted for using equity method	6(6)	1,034,708	17	1,049,087	18
1600	Property, plant and equipment, net	6(7) ,7and 8	395,661	7	408,931	7
1755	Right-of-use assets	6(8)	191,044	3	196,901	4
1780	Intangible assets, net		1,325	-	3,441	-
1840	Deferred income tax assets	6(26)	58,149	1	67,992	1
1900	Other non-current assets	6(13)	56,556	1	3,594	-
15XX	Non-current assets		3,913,749	65	2,635,817	46
1XXX	Total assets		\$ 5,982,004	100	\$ 5,759,298	100

(Continued)

GALLANT PRECISION MACHINING CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term loans	6(9)	\$ 1,210,000	20	\$ 670,000	12
2130	Contract liabilities-current	6(19) and 7	113,193	2	301,013	5
2170	Accounts payable	6(10)	563,210	9	1,109,141	19
2180	Accounts payable - related parties	7	31,449	1	11,970	
2200	Other payables	6(11)	239,544	4	291,847	5
2230	Current income tax liabilities	6(25)	8,464	-	-	-
2250	Provisions for liabilities - current		41,505	1	68,071	1
2280	Lease liabilities-current		4,869	-	4,788	-
2320	Long-term loans-current portion	6 (12)	140,000	2	180,000	3
2399	Other current liabilities - other		6,484	-	15,304	1
21XX	Current Liabilities		2,358,718	39	2,652,134	46
Non-current liabilities						
2540	Long-term loans	6(12)	240,000	4	240,000	4
2570	Deferred income tax liabilities	6(26)	13,856	1	19,643	-
2580	Lease liabilities-non-current		193,147	3	197,831	4
2600	Other non-current liabilities	6(13)	3,517	-	7,198	-
25XX	Non-current liabilities		450,520	8	464,672	8
2XXX	Total Liabilities		2,809,238	47	3,116,806	54
Equity						
Share capital		6(15)				
3110	Share capital - common stock		1,651,361	28	1,651,361	29
Capital surplus		6(16)				
3200	Capital surplus		267,824	4	267,824	4
Retained earnings		6(17)				
3310	Legal reserve		226,325	4	186,625	3
3320	Special reserve		111,147	2	111,147	2
3350	Unappropriated retained earnings		329,883	6	459,677	8
Other equity interest		6(18)				
3400	Other equity interest		616,480	10	(3,888)	-
3500	Treasury share	6(15)	(30,254)	(1)	(30,254)	-
3XXX	Total equity		3,172,766	53	2,642,492	46
Significant contingent liabilities and unrecognized contract commitments		9				
Significant events after the balance sheet date		11				
3X2X	Total liabilities and equity		\$ 5,982,004	100	\$ 5,759,298	100

The accompanying notes are an integral part of these financial statements.

GALLANT PRECISION MACHINING CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

		Years ended December 31			
		2023		2022	
Items	Notes	AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(19) and 7	\$ 1,810,810	100	\$ 2,933,423	100
5000 Operating costs	6(5)(24)(25) and 7	(1,457,317)	(81)	(2,288,711)	(78)
5900 Operating margin		353,493	19	644,712	22
5910 Unrealized profit from sales		(138)	-	(208)	-
5920 Realized profit from sales		208	-	70	-
5950 Net operating margin		353,563	19	644,574	22
Operating expenses	6(24)(25) and 7				
6100 Selling expenses		(49,068)	(3)	(66,312)	(2)
6200 General and administrative expenses		(191,606)	(10)	(284,906)	(10)
6300 Research and development expenses		(141,207)	(8)	(142,105)	(5)
6450 Expected credit impairment gain (loss)	12(2)	68,695	4	(57,295)	(2)
6000 Total operating expenses		(313,186)	(17)	(550,618)	(19)
6900 Operating profit		40,377	2	93,956	3
Non-operating income and expenses					
7100 Interest income	6(20)	8,763	1	2,974	-
7010 Other income	6(21) and 7	156,007	9	98,358	3
7020 Other gains and losses	6(22)	1,084	-	59,259	2
7050 Finance costs	6(23)	(27,917)	(2)	(15,652)	-
7070 Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(6)	61,382	3	193,260	7
7000 Total non-operating income and expenses		199,319	11	338,199	12
7900 Profit before tax		239,696	13	432,155	15
7950 Income tax expense	6(26)	(35,993)	(2)	(41,955)	(2)
8200 Profit for the year		\$ 203,703	11	\$ 390,200	13
Other comprehensive income for the year					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311 Remeasurement of defined benefit obligation	6(13)	\$ 435	-	\$ 6,805	-
8316 Unrealized gains(losses) on investments in equity instruments at fair value through other comprehensive income	6(2)(18)	624,913	35	(68,361)	(2)
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(26)	216	-	(2,122)	-
8310 Components that will not be reclassified subsequently to profit or loss:		625,564	35	(63,678)	(2)
Components of other comprehensive income that may be reclassified subsequently to profit or loss					
8361 Cumulative translation differences of foreign operations	6(18)	(4,761)	-	6,560	-
8360 Components of other comprehensive income that may be reclassified subsequently to profit or loss		(4,761)	-	6,560	-
8300 Other comprehensive income (loss) for the year		\$ 620,803	35	(\$ 57,118)	(2)
8500 Total comprehensive income for the year		\$ 824,506	46	\$ 333,082	11
Basic earnings per share	6(27)				
9750 Basic earnings per share		\$ 1.25		\$ 2.41	
Diluted earnings per share	6(27)				
9850 Diluted earnings per share		\$ 1.24		\$ 2.38	

The accompanying notes are an integral part of these financial statements.

GALLANT PRECISION MACHINING CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Retained Earnings					Other equity			
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative trans- lation differences of foreign opera- tions	Unrealized gain(loss) on financial assets at fair value through other comprehensive income	Treasury share	Total equity
For the year ended December 31, 2022										
Balance at January 1, 2022		\$ 1,651,361	\$ 226,704	\$ 163,550	\$ 111,147	\$ 310,619	(\$ 49,419)	\$ 109,454	(\$ 81,555)	\$ 2,441,861
Profit for the year		-	-	-	-	390,200	-	-	-	390,200
Other comprehensive income for the year	6(18)	-	-	-	-	6,805	6,560	(70,483)	-	(57,118)
Total comprehensive income for the year		-	-	-	-	397,005	6,560	(70,483)	-	333,082
Distribution of 2021 earnings:	6(17)									
Legal reserve		-	-	23,075	-	(23,075)	-	-	-	-
Cash dividends		-	-	-	-	(224,872)	-	-	-	(224,872)
Capital surplus distribute cash		-	(16,062)	-	-	-	-	-	-	(16,062)
Recognition of changes in owner-ship interest in subsidiaries		-	36,514	-	-	-	-	-	-	36,514
Treasury stock transferred	6(14)	-	20,668	-	-	-	-	-	51,301	71,969
Balance at December 31, 2022		\$ 1,651,361	\$ 267,824	\$ 186,625	\$ 111,147	\$ 459,677	(\$ 42,859)	\$ 38,971	(\$ 30,254)	\$ 2,642,492
For the year ended December 31, 2023										
Balance at January 1, 2023		\$ 1,651,361	\$ 267,824	\$ 186,625	\$ 111,147	\$ 459,677	(\$ 42,859)	\$ 38,971	(\$ 30,254)	\$ 2,642,492
Profit for the year		-	-	-	-	203,703	-	-	-	203,703
Other comprehensive income for the year	6(18)	-	-	-	-	435	(4,761)	625,129	-	620,803
Total comprehensive income for the year		-	-	-	-	204,138	(4,761)	625,129	-	824,506
Distribution of 2022 earnings:	6(17)									
Legal reserve		-	-	39,700	-	(39,700)	-	-	-	-
Cash dividends		-	-	-	-	(294,232)	-	-	-	(294,232)
Balance at December 31, 2023		\$ 1,651,361	\$ 267,824	\$ 226,325	\$ 111,147	\$ 329,883	(\$ 47,620)	\$ 664,100	(\$ 30,254)	\$ 3,172,766

The accompanying notes are an integral part of these financial statements.

GALLANT PRECISION MACHINING CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax for the year		\$ 239,696	\$ 432,155
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(24)	27,260	27,844
Amortization	6(24)	2,197	3,633
Expected credit impairment loss (gain)	12(2)	(68,695)	57,294
Interest expense	6(23)	27,917	15,652
Interest income	6(20)	(8,763)	(2,974)
Dividend income	6(21)	(96,489)	(48,390)
Share of profits of associates and joint ventures accounted for using equity method		(61,382)	(193,260)
Unrealized profits from sales		138	208
Realized profits from sales		(208)	(70)
Share-based payment	6(14)	-	22,499
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Notes receivable		52	(52)
Accounts receivable		749,001	(413,770)
Accounts receivable - related parties		4,268	30,363
Other receivables		868	(1,370)
Other receivables - related parties		(3,169)	(134)
Inventories		236,029	(204,976)
Prepayments		35,606	(101,991)
Other current assets		(1,113)	(7,671)
Accrued pension assets		(2,730)	-
Other non-current assets		(51,058)	-
Net changes in liabilities relating to operating activities			
Contract liabilities		(187,820)	196,490
Accounts payable		(545,931)	233,727
Accounts payable - related parties		19,479	(29,323)
Other payables		(51,804)	77,210
Provisions for liabilities		(26,566)	18,146
Unearned receipts		(8,625)	10,125
Other current liabilities		(195)	152
Accrued pension liabilities		(3,110)	(5,533)
Cash generated from operations		224,853	115,984
Interest received		6,202	3,213
Dividends received		96,489	48,390
Interest paid		(27,369)	(15,524)
Income tax paid		(23,257)	(2,060)
Net cash provided by (used in) operating activities		276,918	150,003

(Continued)

GALLANT PRECISION MACHINING CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through other comprehensive income	6(2)	(\$ 584,174)	(\$ 304,654)
Acquisition of financial assets at amortized cost		(628,757)	(68,829)
Proceeds from disposal of financial assets at amortized cost		336,300	112,230
Acquisition of property, plant and equipment	6(28)	(8,070)	(11,359)
Acquisition of intangible assets		(934)	(2,406)
Refundable deposits paid		(625)	-
Refundable deposits refunded		1,978	211
Dividends received from investments accounted for using equity method		166,656	103,978
Net cash provided by (used in) investing activities		(717,626)	(170,829)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term loans	6(29)	2,180,000	1,222,778
Repayment of short-term loans	6(29)	(1,640,000)	(1,033,342)
Increase in long-term loans	6(29)	-	140,000
Repayment of long-term loans	6(29)	(40,000)	(20,000)
Repayment of the principal portion of lease liabilities	6(29)	(4,860)	(4,713)
Guarantee deposits received	6(29)	-	473
Guarantee deposits paid	6(29)	(570)	-
Treasury stock transferred to employees	6(15)	-	51,301
Payment of cash dividends	6(17)	(294,232)	(224,872)
Cash distributed from capital surplus	6(16)	-	(16,062)
Net cash provided by (used in) financing activities		200,338	115,563
Net increase in cash and cash equivalents		(240,370)	94,737
Cash and cash equivalents at beginning of year	6(1)	673,793	579,056
Cash and cash equivalents at end of year	6(1)	\$ 433,423	\$ 673,793

The accompanying notes are an integral part of these financial statements.

Attachment 2 :

- Independent Auditors' Report and Consolidated Financial Statements

REPORT OF INDEPENDENT ACCOUNTANTS

To Gallant Precision Machining Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Gallant Precision Machining Co., Ltd. and its subsidiaries (the "Group") as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years ended December 31, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2023 and 2022, in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the independent auditors' responsibilities for the audit of the separate financial statements section of our report. We are independent of Gallant Precision Machining Co., Ltd. in accordance with the Norm of Professional Ethics for Certified Public Accountant in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for 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, we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements in the current period are

stated as follows:

Evaluation of inventories

Description

Gallant Precision Machining Co., Ltd. and its subsidiaries are primarily engaged in the manufacture and sale of flat panel display testing equipment, semiconductor assembly equipment, intelligent automated equipment, and related parts. Inventories are stated at the lower of cost and net realizable value and regarding the accounting policy on the evaluation of inventories are disclosed in Note 4(13) of the consolidated financial statements. The uncertainty of accounting estimations and assumptions for valuation of inventories are disclosed in Note 5(2) of the consolidated financial statements. The inventories and allowance for inventory valuation loss amounting to NT1,359,288 thousand and NT364,996 thousand as of December 31, 2023 are disclosed in Note 6(5) of the consolidated financial statements.

As the amount of inventory is significant, and the estimation of net realizable value of inventories for exceeded specific age, and individually identified out of date or damaged inventories are subject to management's judgement, the evaluation of inventories has been identified a key audit matter.

How our audit addressed the matter

Our audit procedures performed included the following:

1. Obtained an understanding and assessed the reasonableness of the policy of the allowance for inventory valuation loss and compared whether consistent application of accounting policies in relation to the provision for inventory valuation losses.
2. Tested the accuracy of inventory aging report, included tested whether the quantity and amount of inventory is consistent with inventory ledger and verify the accuracy of the inventory age classification.
3. Assessed and confirmed the reasonableness in estimation of net realizable value and checked the related supporting documents.
4. Tested the reasonableness in accrual of the allowance for inventory valuation loss.

Revenue recognition

Description

Refer to Note 4(27) and Note 6(18) of the consolidated financial statements for accounting policies on revenue recognition and the description of significant accountings – operating revenue.

Gallant Precision Machining Co., Ltd. and its subsidiaries are primarily engaged in the manufacture and sale of flat panel display testing equipment, semiconductor assembly equipment, intelligent automated equipment, and related parts. Main revenue recognition is based on customer's confirmation for acceptance. Since the transferred timing of the risks and rewards of goods ownerships are subject to judgment and the result could affect sales revenue significantly in the consolidated financial statement. Thus, revenue recognition has been identified a key audit matter.

How our audit addressed the matter

Our audit procedures performed included the following:

1. Assessed the appropriateness of the policy of sales revenue recognition.
2. Assessed and tested the design and operating effectiveness of the key controls over sales revenue recognition.
3. Sampled and tested the sales transactions included check customer purchase orders, evidence of customer's confirmation for acceptance, verified whether had met criteria of the contract and considered the reliability of collection for the timing of revenue recognition.
4. Performed cut-off test on sales transactions for a specific time prior to and after the balance sheet date.

Other matter - Parent company only financial statements

We have audited and expressed an unqualified opinion on the parent company only financial statements of Gallant Precision Machining Co., Ltd. as of and for the years ended December 31, 2023 and 2022.

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 the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, 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, including audit committee, are responsible for overseeing the Group's financial reporting process.

Independent Auditor's 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 auditor's 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 ROC GAAS 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 ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's 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 state-

ments, 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 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 for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditor's 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.

PricewaterhouseCoopers, Taiwan
February 27, 2024

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

			December 31, 2023		December 31, 2022			
			AMOUNT	%	AMOUNT	%		
Assets								
Notes								
Current assets								
1100	Cash and cash equivalents	6(1)	\$	1,394,275	16	\$	1,345,746	17
1136	Financial assets at amortized cost - current	6(3)		659,928	8		586,983	7
1150	Notes receivable, net	6(4)		37,845	-		35,446	1
1170	Accounts receivable, net	6(4)		1,555,374	18		2,362,856	30
1180	Accounts receivable to related parties, net	6(4) and 7		6,008	-		19,530	-
1200	Other receivables			5,973	-		3,431	-
130X	Inventories, net	6(5)		994,292	11		1,086,396	14
1410	Prepayments			149,543	2		175,026	2
1470	Other current assets			16,061	-		15,759	-
11XX	Current Assets			4,819,299	55		5,631,173	71
Non-current assets								
1517	Financial assets at fair value through other comprehensive income - non - current	6(2)		2,518,848	29		1,151,151	15
1535	Financial assets at amortized cost - non-current	6(3) and 8		221,879	3		14,777	-
1600	Property, plant and equipment, net	6(6) and 8		712,274	8		726,466	9
1755	Right-of-use assets	6(7)		242,856	3		242,980	3
1780	Intangible assets, net			13,010	-		13,078	-
1840	Deferred income tax assets	6(25)		102,338	1		107,920	2
1900	Other non-current assets			59,566	1		8,816	-
15XX	Non-current assets			3,870,771	45		2,265,188	29
1XXX	Total assets		\$	8,690,070	100	\$	7,896,361	100

(Continued)

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31

(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
	Current liabilities					
2100	Short-term loans	6(8)	\$ 2,143,153	25	\$ 1,313,000	17
2130	Contract liabilities-current	6(18) and 7	228,606	3	341,753	4
2150	Notes payable		-	-	1,764	-
2170	Accounts payable	6(9)	1,133,752	13	1,364,727	17
2180	Accounts payable - related parties	7	123	-	66	-
2200	Other payables	6(10)	381,421	4	498,505	6
2230	Current income tax liabilities	6(25)	51,913	-	52,336	1
2250	Provisions for liabilities-current		65,934	1	92,134	1
2280	Lease liabilities-current		26,206	-	23,322	-
2320	Long-term loans-current portion	6(11)	146,143	2	192,943	3
2399	Other current liabilities - other		18,871	-	21,509	-
21XX	Current Liabilities		<u>4,196,122</u>	<u>48</u>	<u>3,902,059</u>	<u>49</u>
	Non-current liabilities					
2540	Long-term loans	6(11)	360,071	4	336,414	4
2570	Deferred income tax liabilities	6(25)	125,111	2	155,942	2
2580	Lease liabilities-non-current		225,089	3	227,239	3
2600	Other non-current liabilities		28,785	-	32,938	1
25XX	Non-current liabilities		<u>739,056</u>	<u>9</u>	<u>752,533</u>	<u>10</u>
2XXX	Total Liabilities		<u>4,935,178</u>	<u>57</u>	<u>4,654,592</u>	<u>59</u>
	Equity attributable to owners of parent company					
	Share capital	6(14)				
3110	Share capital-common stock		1,651,361	19	1,651,361	21
	Capital surplus	6(15)				
3200	Capital surplus		267,824	3	267,824	3
	Retained earnings	6(16)				
3310	Legal reserve		226,325	2	186,625	2
3320	Special reserve		111,147	1	111,147	1
3350	Unappropriated retained earnings		329,883	4	459,677	6
	Other equity interest	6(17)				
3400	Other equity interest		616,480	7	(3,888)	-
3500	Treasury share	6(14)	(30,254)	-	(30,254)	-
31XX	Equity attributable to owners of the parent company		<u>3,172,766</u>	<u>36</u>	<u>2,642,492</u>	<u>33</u>
36XX	Non-controlling interest	4(3)	<u>582,126</u>	<u>7</u>	<u>599,277</u>	<u>8</u>
3XXX	Total equity		<u>3,754,892</u>	<u>43</u>	<u>3,241,769</u>	<u>41</u>
	Contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		<u>\$ 8,690,070</u>	<u>100</u>	<u>\$ 7,896,361</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

		Years ended December 31			
		2023		2022	
Items	Notes	AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(18) and 7	\$ 3,089,360	100	\$ 4,733,976	100
5000 Operating costs	6(5)(23)(24) and 7	(2,312,317)	(75)	(3,327,248)	(70)
5900 Net operating margin		<u>777,043</u>	<u>25</u>	<u>1,406,728</u>	<u>30</u>
Operating expenses	6(23)(24)				
6100 Selling expenses		(98,820)	(3)	(127,225)	(3)
6200 General and administrative expenses		(341,666)	(11)	(501,655)	(11)
6300 Research and development expenses		(269,406)	(9)	(260,706)	(5)
6450 Expected credit impairment gain (loss)	12(2)	<u>87,447</u>	<u>3</u>	<u>(94,308)</u>	<u>(2)</u>
6000 Total operating expenses		<u>(622,445)</u>	<u>(20)</u>	<u>(983,894)</u>	<u>(21)</u>
6900 Operating profit		<u>154,598</u>	<u>5</u>	<u>422,834</u>	<u>9</u>
Non-operating income and expenses					
7100 Interest income	6(19)	30,401	1	12,249	-
7010 Other income	6(20)	167,322	5	125,289	3
7020 Other gains and losses	6(21)	(12,847)	-	99,827	2
7050 Finance costs	6(22)	(45,307)	(1)	(26,091)	(1)
7000 Total non-operating income and expenses		<u>139,569</u>	<u>5</u>	<u>211,274</u>	<u>4</u>
7900 Profit before tax		<u>294,167</u>	<u>10</u>	<u>634,108</u>	<u>13</u>
7950 Income tax expense	6(25)	(51,551)	(2)	(141,893)	(3)
8200 Profit for the year		<u>\$ 242,616</u>	<u>8</u>	<u>\$ 492,215</u>	<u>10</u>
Other comprehensive income for the year	6(17)				
Items that will not be reclassified subsequently to profit or loss:					
8311 Loss on remeasurements of defined benefit plan	6(12)	\$ 326	-	\$ 6,805	1
8316 Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	6(2)	<u>733,565</u>	<u>23</u>	<u>(88,788)</u>	<u>(2)</u>
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(25)	<u>(35,972)</u>	<u>(1)</u>	<u>4,613</u>	<u>-</u>
8310 Items that will not be reclassified subsequently to profit or loss:		<u>697,919</u>	<u>22</u>	<u>(77,370)</u>	<u>(1)</u>
Items that may be reclassified subsequently to profit or loss:					
8361 Cumulative translation differences of foreign operations	6(17)	<u>(7,247)</u>	<u>-</u>	<u>12,062</u>	<u>-</u>
8360 Summary of Components of other comprehensive income that will be reclassified to profit or loss		<u>(7,247)</u>	<u>-</u>	<u>12,062</u>	<u>-</u>
8300 Other comprehensive (loss) income for the year		<u>\$ 690,672</u>	<u>22</u>	<u>(\$ 65,308)</u>	<u>(1)</u>
8500 Total comprehensive income for the year		<u>\$ 933,288</u>	<u>30</u>	<u>\$ 426,907</u>	<u>9</u>
Profit attributable to:					
8610 Equity holders of the parent company		\$ 203,703	7	\$ 390,200	8
8620 Non-controlling interest		<u>38,913</u>	<u>1</u>	<u>102,015</u>	<u>2</u>
Profit for the year		<u>\$ 242,616</u>	<u>8</u>	<u>\$ 492,215</u>	<u>10</u>
Total comprehensive income attributable to:					
8710 Equity holders of the parent company		\$ 824,506	26	\$ 333,082	7
8720 Non-controlling interest		<u>108,782</u>	<u>4</u>	<u>93,825</u>	<u>2</u>
Total comprehensive income for the year		<u>\$ 933,288</u>	<u>30</u>	<u>\$ 426,907</u>	<u>9</u>
Basic earnings per share	6(26)				
9750 Profit for the year		<u>\$ 1.25</u>		<u>\$ 2.41</u>	
Diluted earnings per share	6(26)				
9850 Profit for the year		<u>\$ 1.24</u>		<u>\$ 2.38</u>	

The accompanying notes are an integral part of these consolidated financial statements.

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent												
		Retained Earnings				Other Equity Interest						
	Notes	Share capital- common stock	Capital surplus	Legal re- serve	Special re- serve	Unappropriated retained earnings	Cumulative trans- lation differences of foreign opera- tions	Unrealized gain(loss) on finan- cial assets at fair value through other comprehen- sive income	Treasury share	Total	Non- controlling interest	Total equity
For the year ended December 31, 2022												
Balance at January 1, 2022		\$ 1,651,361	\$ 226,7	\$ 163,	\$ 111,1	\$ 310,61	(\$ 49,419)	\$ 109,454	(\$ 81,555)	\$ 2,441,861	\$ 466,458	\$ 2,908,315
Profit for the year		-	-	-	-	390,200	-	-	-	390,200	102,015	492,215
Other comprehensive income for the year	6(17)	-	-	-	-	6,805	6,560	(70,483)	-	(57,118)	(8,190)	(65,308)
Total comprehensive income for the year		-	-	-	-	397,005	6,560	(70,483)	-	333,082	93,825	426,907
Distribution of 2021 earnings:	6(16)											
Legal reserve		-	-	23,075	-	(23,075)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(224,872)	-	-	-	(224,872)	-	(224,872)
Capital surplus distribute cash	6(15)	-	(16,062)	-	-	-	-	-	-	(16,062)	-	(16,062)
Recognition of changes in ownership interest in subsidiaries		-	36,514	-	-	-	-	-	-	36,514	-	36,514
Changes in non-controlling interest		-	-	-	-	-	-	-	-	-	38,994	38,994
Treasury stock transferred	6(15)	-	20,668	-	-	-	-	-	51,301	71,969	-	71,969
Balance at December 31, 2022		\$ 1,651,361	\$ 267,8	\$ 186,	\$ 111,1	\$ 459,677	(\$ 42,859)	\$ 38,971	(\$ 30,254)	\$ 2,642,492	\$ 599,277	\$ 3,241,765
For the year ended December 31, 2023												
Balance at January 1, 2023		\$ 1,651,361	\$ 267,8	\$ 186,	\$ 111,1	\$ 459,677	(\$ 42,859)	\$ 38,971	(\$ 30,254)	\$ 2,642,492	\$ 599,277	\$ 3,241,765
Profit for the year		-	-	-	-	203,703	-	-	-	203,703	38,913	242,616
Other comprehensive income for the year	6(17)	-	-	-	-	435	(4,761)	625,129	-	620,803	69,869	690,672
Total comprehensive income for the year		-	-	-	-	204,138	(4,761)	625,129	-	824,506	108,782	933,288
Distribution of 2022 earnings:	6(16)											
Legal reserve		-	-	39,700	-	(39,700)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(294,232)	-	-	-	(294,232)	-	(294,232)
Changes in non-controlling interest		-	-	-	-	-	-	-	-	-	(125,933)	(125,933)
Balance at December 31, 2023		\$ 1,651,361	\$ 267,8	\$ 226,	\$ 111,1	\$ 329,88	(\$ 47,620)	\$ 664,100	(\$ 30,254)	\$ 3,172,766	\$ 582,126	\$ 3,754,892

The accompanying notes are an integral part of these consolidated financial statements.

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Consolidated profit before tax for the year		\$ 294,167	\$ 634,108
Adjustments			
Income and expenses having no effect on cash flow			
Depreciation	6(23)	60,802	59,929
Amortization	6(23)	4,069	5,701
Expected credit impairment loss (gain)	12(2)	(87,447)	94,308
Interest expense	6(22)	45,307	26,091
Interest income	6(19)	(30,401)	(12,249)
Dividend income	6(20)	(100,945)	(51,995)
(Gain)/loss on disposal of property, plant and equipment, net	6(21)	173	225
Share-based payment	6(13)	1,828	37,043
Gain on lease modification	6(21)	(89)	-
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Notes receivable	(	3,093)	4,499
Accounts receivable		890,936	(608,174)
Accounts receivable - related parties		12,568	26,789
Other receivables		3,084	148
Inventories		89,817	(284,746)
Prepayments		25,376	(109,944)
Other current assets	(	328)	(7,701)
Net defined benefit assets	(	1,172)	-
Other non-current assets	(	50,975)	1,275
Net changes in liabilities relating to operating activities			
Contract liabilities	(	112,330)	118,680
Notes payable	(	1,764)	(6,919)
Accounts payable	(	229,393)	123,482
Accounts payable - related parties		356	(12,505)
Other payables	(	122,305)	105,261
Provisions for liabilities	(	26,095)	(9,519)
Unearned receipts	(	8,635)	8,830
Other current liabilities		6,036	2,870
Net defined benefit liabilities	(	3,110)	(12,339)
Cash generated from operations		656,437	133,148
Interest received		24,775	12,913
Dividends received		100,945	51,995
Interest paid	(	44,280)	(25,842)
Income tax paid	(	111,518)	(66,461)
Net cash provided by (used in) operating activities		626,359	105,753

(Continued)

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through other comprehensive income	6(2)	(\$ 634,132)	(\$ 304,655)
Acquisition of financial assets at amortized cost		(962,192)	(211,647)
Proceeds from disposal of financial assets at amortized cost		662,113	297,578
Acquisition of property, plant and equipment	6(27)	(24,053)	(27,663)
Proceeds from disposal of property, plant and equipment		685	4,401
Acquisition of intangible assets		(4,646)	(4,055)
Refundable deposits refunded		2,811	-
Refundable deposits paid		(1,467)	(1,453)
Net cash provided by (used in) investing activities		(960,881)	(247,494)
<u>CASH FLOWS FROM FINANCING ACTIVITY</u>			
Proceeds from short-term loan		3,166,153	1,875,777
Repayment of short-term loan		(2,336,000)	(1,563,342)
Proceeds from long-term loan		74,000	140,000
Repayment of long-term loan		(97,143)	(38,693)
Repayment of the principal portion of lease liabilities	6(28)	(24,245)	(22,096)
Guarantee deposits paid		-	473
Guarantee deposits refunded		(570)	-
Cash capital increase from non-controlling equity - subsidiaries		-	30,000
Proceeds from transaction with non-controlling interest		(41,612)	-
Treasury stock transferred to employees	6(13)	-	135,283
Cash dividends paid	6(16)	(379,768)	(279,721)
Cash dividends from capital surplurs	6(16)	-	(16,062)
Net cash provided by (used in) financing activities		360,815	261,619
Effect of fluctuations in exchange rate		22,236	4,302
Net increase (decrease) in cash and cash equivalents		48,529	124,180
Cash and cash equivalents at beginning of year	6(1)	1,345,746	1,221,566
Cash and cash equivalents at end of year	6(1)	<u>\$ 1,394,275</u>	<u>\$ 1,345,746</u>

The accompanying notes are an integral part of these consolidated financial statements.

Attachment3 :

Gallant Precision Machining Co., Ltd Employee Restricted Stock Rewards Issuance Regulations 2024

Act 1 Purpose of Issuance

The company aims to attract and retain key talents by linking their rewards to shareholder interests as well as environmental, social, and governance (ESG) performance, thereby enhancing the company's competitiveness and creating maximum benefits for both the company and shareholders. In accordance with Article 267 of the Company Act and relevant regulations issued by the Financial Supervisory Commission, including the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers," the Company hereby establishes the "Employee Restricted Stock Rewards Issuance Regulations" (hereinafter referred to as "the Regulations").

Act 2 Issuance Period

Within two years from the effective date of notification from the competent authority, the issuance may occur at once or in installments as deemed necessary. The Chairman will determine the actual issuance date and related operational matters from the authorization of the Board of Directors.

Act 3 Qualifications and Allocation of Shares for Employees

- (I) The eligible participants of this incentive are restricted to employees of this company and its domestic and foreign subsidiaries who are in full-time employment, in formal positions, and have achieved certain performance criteria as of the date of the grant of the restricted stock rewards. The term "subsidiaries" is defined according to the standards set forth in Letter C.K.C.F.T. No. 1070121068, which is based on Article 369-2, Article 369-3, Article 369-9(2), and Article 369-11 of the Company Act.
- (II) The actual recipients and the number of restricted stock rewards to be granted will be determined based on factors such as seniority, job title, performance, overall contributions, special achievements, or other management considerations. The determination will be made by the Chairman and submitted for approval by the Board of Directors. However, employees holding positions as Directors or Managers of the company must first be reviewed by the Compensation Committee, while employees without such positions must first be approved by the Audit Committee.
- (III) The company is subject to Article 56-1, Paragraph 1 of the "Regulations Governing the Offering and Issuance of Securities by Issuers," which stipulates that the cumulative number of shares that may be subscribed by a single subscriber of employee stock options, plus the cumulative number of restricted employee shares acquired by the same subscriber, shall not exceed three-thousandth of the total number of issued shares. Additionally, according to Article 56, Paragraph 1 of the same regulations, the cumulative number of shares that may be subscribed by a single subscriber of employee stock options shall not exceed one percent of the total number of issued shares.

Act 4 Expected Total Issuance

Not exceeding 1,000,000 common shares, with a par value of NT\$10 per share. The actual number of shares to be issued will be decided separately by the Board of Directors after approval by the shareholders' meeting and the competent authority regarding the issuance of restricted stock rewards.

Act 5 Issuance Qualifications

- (I) Expected Issuance Price: Free of charge, with an issuance price of NT\$0 per share.
- (II) Vesting Conditions: Employees who have served continuously for one year from the granting date shall vest 100% of the shares.
- (III) Type of shares issued: Ordinary new shares of the Company.
- (IV) When employees do not meet the vesting conditions or in case of inheritance, they shall be handled as follows:
 - 1. Employees who voluntarily resign, are terminated, dismissed, retire, pass away due to non-occupational accidents, or are placed on unpaid leave within one year from the vesting date, the company shall reclaim their unvested shares at no cost to the employees.
 - 2. Stock dividends and rights issues received during the vesting period: Provided to employees at no cost by the Company.
 - 3. Before meeting the vesting conditions, if an employee violates the provisions of Article 7 or Article 8 by terminating the Company's proxy authorization, the Company shall reclaim at no cost to the employees.
- (V) When the following reasons occur, the unvested restricted stock rewards are handled as follows: (including handling methods when inheritance occurs)
 - 1. In the event that an employee is unable to continue employment due to disability resulting from occupational injury, the unvested restricted stock rewards are forfeited by the company without compensation, effective from the date of resignation.
 - 2. In the unfortunate event of an employee's death due to occupational injury, any unvested restricted stock rewards shall be considered fully vested at the time of the employee's passing. The designated heirs may apply to receive the shares or exercise the rights of disposal associated with the inherited stock after completing the necessary legal procedures and providing relevant documentation.
 - 3. For employees who have been granted restricted stock rewards, if they commit serious violations of labor contracts or workplace rules, or voluntarily renounce the restricted stock rewards in writing, the company reserves the right to reclaim the unvested restricted employee stock at no cost and proceed with cancellation.
- (VI) The Company will cancel any restrictive stock rewards reclaimed at no cost.
- (VII) Restrictions on share rights before meeting the vesting conditions after receiving allocated or subscribed new shares:
 - 1. During the vesting period, employees are not allowed to sell, pledge, transfer, gift, assign, or otherwise dispose of the restricted stock rewards.
 - 2. During the vesting period, the restricted stock rewards are still eligible to participate in rights offerings, dividends, and cash capital increases.
 - 3. After the issuance of restricted stock rewards, they shall be immediately entrusted to a trustee, and employees shall not, under any circumstances or pretext, request the return of the restricted stock rewards from the trustee until the vesting

conditions are met.

4. Before meeting the vesting conditions, the attendance, proposals, speeches, voting rights, and other matters related to shareholder rights at the company's shareholders' meeting are all entrusted to the trustee/custodian institution for execution.

(VIII) Other Agreed Terms:

During the period of entrusting the custody of the restricted stock rewards, it shall be fully managed by the Company to represent employees and the stock trust/custodian institution (including but not limited to) negotiations, signing, amending, extending, terminating, and terminating the trust/custody contract, as well as instructions for the delivery, use, and disposal of trust/custody property.

Act 6 Contract-signing and Confidentiality

- (I) Employees who receive restricted stock rewards must sign the "Restricted Stock Reward Acceptance Agreement" and complete the relevant trust/custody procedures. Failure to complete the signing of the relevant documents as required will be deemed as a waiver of the restricted stock rewards for employees.
- (II) Any person who obtains restricted stock rewards and their related benefits under this regulation must comply with the provisions of this regulation and the "Restricted Stock Reward Acceptance Agreement." Violators will be deemed as not meeting the vesting conditions. Additionally, they must adhere to relevant confidentiality regulations. Except when required by law or competent authorities, they are not allowed to inquire about or disclose to others the quantity and content of the restricted stock rewards granted to them, or inform others of the related contents and personal interests of this case. In the event of a violation, the Company reserves the right to reclaim their shares at no cost and proceed with their cancellation if the vesting conditions have not been met.

Act 7 Taxes

Taxes related to the restricted stock rewards granted under these regulations shall be handled in accordance with the relevant laws and regulations of the Republic of China at the time.

Act 8 Other Important Matters

- (I) This regulation shall come into effect upon approval by one-half or more of the Directors present at a board meeting, provided that the number of attending Directors exceeds two-thirds of the total number of Directors. It shall also be reported to the competent authority for enforcement. Any amendments to this regulation before actual issuance shall follow the same procedure. Subsequently, if revisions are deemed necessary due to review requests from the competent authority, the Chairman is authorized to amend this regulation. Any such amendments shall be submitted to the board for retrospective approval before issuance.
- (II) Any matters not covered by this regulation shall be handled in accordance with relevant laws and regulations.

Attachment 4:**Proposal for the Removal of the Restrictions on Non-Competition against Directors and Their Representatives**

Name	Removal of the Restrictions on Non-Competition against Director
C SUN MFG. LTD. Represented by: FRANK, LIANG	Independent Director of Contrel Technology Co., Ltd
MA, CHIEN-YUNG	Independent Director of Sino-American Silicon Products Inc. Independent Director of ADVANCED WIRELESS SEMICONDUCTOR COMPANY
TSANG, KWOK-AH	Independent Director of SIGURD MICROELECTRONICS CORP.

Appendix 1

Gallant Precision Machining Co., Ltd. Rules and Procedures of Shareholders' Meeting

1. Except as otherwise provided in the laws and regulations, the procedure of the shareholders' meetings of Gallant Precision Machining Co., Ltd. (hereinafter referred to as the Company) shall be handled in accordance with these Rules.
2. Shareholders in the Rules are shareholders themselves and proxies appointed by shareholders for attending meetings.
Attending shareholders shall wear attendance cards and hand in a sign-in card in lieu of signing in.
The number of shares in attendance shall be calculated according to the sign-in cards handed in.
When the Company convenes its shareholders' meeting via a video conference, after the proxy form is delivered to the Company, in the event that the shareholder intends to attend the shareholders' meeting through a video call, a written declaration of intent to retract the appointment shall be made known to the Company two days before the shareholders' meeting. If the notice of retraction is submitted past due, the voting rights already exercised by the proxy shall prevail.
3. The attendance and voting shall be based on the calculation of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, and the shares checked in on the video conference platform, plus the number of shares whose voting rights are exercised by proxies or electronically.
4. The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting.
The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.
The restrictions on the place of the meeting shall not apply when the Company convenes a shareholders' meeting via a video conference.
5. If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairperson of the Board. If the Chairperson of the Board is on leave for any reason and unable to exercise the powers of a chairperson, the deputy chairperson shall act in the place of the chairperson. If there is no deputy chairperson or the deputy chairperson is also on leave for any reason and unable to exercise the powers of a chairperson, the Chairperson shall appoint one of the managing directors to act as the chairperson for the meeting. If there are no managing directors, the Chairperson shall appoint one of the directors to act as the chairperson for the meeting. If the Chairperson does not make such an appointment, then the chairperson for the meeting shall be elected among the managing directors or directors.
If the shareholders' meeting is convened by a party other than the Board of Directors, the chairperson of the meeting shall be the convening party.
6. The Company may appoint its lawyer, accountant or related persons to attend the shareholders' meeting in a non-voting capacity.

The staff in charge of affairs related to the shareholders' meeting shall wear an identity card or an armband.

7. The Company shall audio-record or video-record the whole process of the shareholders' meeting and shall keep the record for at least one year.
8. The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and the number of shares represented by shareholders attending the meeting. However, when the attending shareholders do not represent a majority 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 no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one-third of the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a shareholders' meeting via a video conference, the Company shall also declare the meeting adjourned on the video conference platform.

If the quorum is not met after two postponements as referred to 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, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution, and another shareholders' meeting shall be convened within one month. In the event of a shareholders' meeting, shareholders intending to attend the meeting through a video call shall re-register with the Company.

When, prior to the conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

9. If a shareholders' meeting is convened by the Board, the meeting agenda shall be set by the Board. Votes shall be cast on each separate proposal in the agenda (including extraordinary 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 at the shareholders' meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene that is not the Board. The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed

sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

10. Before speaking, an attending shareholder must write down on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance pass number), and account name. The order in which shareholders speak will be set by the Chairperson.

An attending shareholder who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

At the time a shareholder is speaking, the other shareholders shall not speak and interfere except with the consent of the Chairperson and the speaking shareholder, otherwise the Chairperson shall stop this interfering behavior.

11. Except with the consent of the Chairperson, a shareholder may not speak for more than twice on the same proposal, and a single speech may not exceed 5 minutes. If a shareholder's speech violates the rules or exceeds the scope of the agenda item or disturbs the order of the meeting, the Chairperson may terminate the speech, and the other shareholders may also request the Chairperson to do so.
12. Where a legal person is entrusted to attend a shareholders' meeting, the legal person shall appoint only one representative to attend. Where a legal-person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives may speak on the same motion.
13. After an attending shareholder has spoken, the Chairperson may respond in person or appoint a relevant person to respond.
14. Where a shareholders' meeting is convened via a video conference, shareholders attending the meeting through video calls may raise questions in writing on the video conference platform from the chair declaring the meeting open until the chair declares the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in Article 10 to Article 13 shall not apply. As long as questions so raised in accordance with the preceding paragraph are not in violation of the regulations or beyond the scope of a proposal, it is advisable the questions be disclosed to the public on the video conference platform.
15. In the discussion of the motion, if the Chairperson thinks that the point of voting has been reached, he/she may announce a stop to the discussion and the start of the voting session.
16. The persons monitoring the voting on the motion and counting the votes shall be designated by the Chairperson, but the vote monitoring person shall be a shareholder. The results of the voting shall be reported on the spot and recorded accordingly.
17. In the event of a shareholders' meeting via a video conference, votes shall be counted at once after the chair announces the voting session ends, and the results of votes and elections shall be announced immediately. When the Company con-

venes a hybrid shareholders meeting, if shareholders who have registered to attend the meeting through video calls decide to attend the physical shareholders' meeting in person, they shall revoke their registration two days before the shareholders meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders' meeting through video calls.

When shareholders exercise voting rights in writing or through electronic means, unless they have withdrawn the declaration of intent and attended the shareholders' meeting through video calls, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.

18. During the course of a meeting, the Chairperson may announce a break based on time considerations. If the discussion of all the motions can not be completed in a single meeting, a resolution may be adopted at the shareholders' meeting to defer or resume the meeting within 5 days without any further notices or announcements.
19. Except as otherwise provided in the Company Law and in the Articles of Association, a motion is passed with the consent of the attending shareholders with more than half of the voting rights.

At the time of voting, a motion is passed if the Chairperson does not receive any negative response to his/her inquiry, and this verbal voting has the same validity as the physical votes.

Each shareholder has a voting right per share.

A shareholder may entrust a proxy to attend the shareholders' meeting. Except trust businesses or stock affair agents approved by the competent authority, if a proxy is entrusted by two or more shareholders, the voting rights of the proxy shall not exceed 3% of the total number of voting rights of the issued shares, otherwise the voting rights exceeding the percentage shall not be counted.

20. When there is an amendment or an alternative to a motion, the Chairperson shall present the amended or alternative motion together with the original motion, and decide the order in which they shall be put to a vote. When either of them is passed, the other motion shall then be deemed rejected, and no further voting shall be required.
21. The Chairperson may direct proctors (or security personnel) to help maintain the order at the meeting. When proctors (or security personnel) help maintain the order at the meeting, they shall wear an identification card or armband bearing the word "Proctor".
22. When a meeting is in progress, the chair may announce a break based 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, the meeting will be resumed.
23. In the event of a shareholders' meeting via a video conference, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a

meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the video conference platform or participation in the shareholders' meeting via a video conference is obstructed due to force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.

For a shareholders' meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders' meeting online shall not attend the postponed or resumed session.

For a meeting to be postponed or resumed under the second paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.

During a postponed or resumed session of a shareholders' meeting held under the first paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted, and results have been announced, or a list of elected Directors and supervisors.

When the Company convenes a hybrid shareholders meeting, and the virtual meeting cannot continue as described in the first paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the shareholders' meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders' meeting shall continue, and not postponement or resumption thereof under the first paragraph is required.

Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders' meeting.

When postponing or resuming a meeting according to the first paragraph, the Company shall handle the preparatory work based on the date of the original shareholders' meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

For dates or period set forth under Article 12, second half, and Article 13, paragraph 3 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Admin-

istration of Shareholder Services of Public Companies, this Corporations hall handle the matter based on the date of the shareholders' meeting that is postponed or resumed under the second paragraph.

24. Matters not stipulated in these Rules shall be handled in accordance with the provisions of the Company Law, other relevant laws and regulations and the Articles of Association of the Company.
25. The Rules are implemented after the adoption of the resolution in the shareholders' meeting, and the same procedure applies to the amendments.
26. The rules were established on April 29, 1995.
 - The 1st amendment was made on May 23, 1998.
 - The 2nd amendment was made on May 14, 2002.
 - The 3rd amendment was made on July 5, 2021.
 - The 4th amendment was made on June 8, 2022.

Appendix 2

Gallant Precision Machining Co., Ltd.

Articles of Incorporation

Chapter 1 General Provisions

Article 1: The Company is organized in accordance with the provisions of the Company Law, and is known as Gallant Precision Machining Co., Ltd.

Article 2: The businesses of the Company are as follows:

- 1.CQ01010 Die Manufacturing (restricted to area outside the Science Park)
- 2.F106030 Wholesale of Die (restricted to area outside the Science Park)
3. F113010 Wholesale of Machinery (restricted to area outside the Science Park)
- 4.CC01080 Electronic Parts and Components Manufacturing (restricted to area outside the Science Park)
5. F401010 International Trade
6. CB01010 Machinery and Equipment Manufacturing
7. CE01010 Precision Instruments Manufacturing
8. CC01010 Electric Power Supply, Electric Transmission and Power Distribution Machinery Manufacturing
9. CF01011 Medical Materials and Equipment Manufacturing
10. F208031 Retail sale of Medical Equipments
11. F108031 Wholesale of Drugs, Medical Goods
12. D101060 Self-usage Power Generation Equipment Utilizing Renewable Energy Industry
13. E601010 Electric Appliance Construction
14. E601020 Electric Appliance Installation
15. EZ05010 Instrument and Meters Installation Engineering

Research, development, design, manufacturing, and sale of the following items :

- (1) IC Packaging Front End Equipment
 - A. IC Die bonder
 - B. IC Wire bonder
- (2) Flip Chip processing Equipment: Flip Chip Bonder, Chip Sorter, Dispenser Machine
- (3) Semiconductor packaging and testing equipment
- (4) Inspection Equipment for Panel Display Manufacture
- (5) Nano materials testing equipment
- (6) Grid-Connected Solar power system
- (7) Grid-Connected Wind and Solar power system
- (8) Off-Grid Wind and Solar power system
- (9) Off-Grid Wind and Solar Hybrid Power and LED light source Street light

- (10) Other import and export business of related products
- (11) Disposable soft contact lenses
- (12) Functional soft contact lenses

Article 3: The Company may undertake external guarantee due to business needs.

Article 4: If the Company is a limited-liability shareholder of another company, the total investment amount shall not be subject to the 40% paid-in capital limit in the provisions of the Company Law.

Article 5: The head office of the Company is located in the Hsinchu Science-based Industrial Park. If necessary, branch offices or offices of the Company may be established with the approval of the Board of Directors, and their establishment, revocation or change shall be handled according to the resolution of the Board of Directors.

Article 6: The announcement method of the Company shall be handled in accordance with the provisions of Article 28 of the Company Law.

Chapter 2 Shares

Article 7: The total capital of the Company is set at NT\$2.5 billion which is divided into 250 million shares, and the face amount of each share is set at NT\$10. Such shares may be issued in different batches. The Board of Directors is authorized to issue the shares not yet issued based on the actual need.

The aforesaid total capital includes a reserved amount of NT\$100 million for the issuance of the stock options, special shares with stock options or corporate bonds with stock options for a total of 10 million shares at NT\$10 per share. The shares may be issued in different batches in accordance with the resolution of the Board of Directors.

Article 7-1: For the Company's transfer of shares to the employees at a price lower than the average actual purchase price, or issuance of an employee stock option with the stock subscription price lower than the market price (net value per share), shareholders representing more than half of the shares issued shall be present at the shareholders' meeting, and the resolution shall be agreed by the shareholders with more than two-thirds of the total voting rights of the attending shareholders.

Article 7-2 :Where employee stock option certificate is issued by the Company with the subscription price not limited by the provisions of Article 53 of the Guidelines for the Treatment of the Issuer's Offering and Issuance of Negotiable Securities, it shall be subject to the approval of the shareholders representing

more than two-thirds of the voting rights of the shareholders present at a meeting attended by more than half of the currently registered shareholders.

Article 8: The share certificates of the Company shall all be registered share certificates, shall be signed or sealed by the directors on behalf of the Company, and shall be issued upon the approval of the competent authority or its authorized issuance registration authority.

The Company may deliver shares by book-entry method in accordance with relevant rules and regulations, without printing share certificate(s); the same applies with other securities issuance.

Article 9: The shareholder shall send his/her true name or its name, domicile or residence and seal specimen card to the Company or the stock agent of the Company for record, and thereafter the seal on the seal specimen card shall be used for the collection of dividends and the exercise of shareholder's rights in writing.

Article 10: All transfer of stocks, pledge of rights, loss, succession, gift, loss of seal, amendment of seal, change of address or similar stock transaction conducted by shareholders of the Company shall follow the "Guidelines for Stock Operations for Public Companies" unless specified otherwise by law or regulations.

Article 11: The Company's shares are blocked from registration within 60 days prior to a general shareholders' meeting, within 30 days prior to an extraordinary shareholders' meeting, and within 5 days before the date on which the Company decides to distribute dividends or other interests.

Article 12: The Company may charge a processing fee for a shareholder's application for the issuance of replacement shares or new shares due to share loss or other reasons.

Chapter 3 Shareholders' Meeting

Article 13: The shareholders' meetings of the Company are divided into annual shareholders' meetings and extraordinary shareholders' meetings; the annual shareholders' meeting shall be convened once a year within six months from the end of each fiscal year; the extraordinary meeting is convened when necessary. Shareholders' meetings of the Company may be convened via video conferences or other methods announced by the central competent authority.

Except for otherwise stated in the Company Act, shareholders' meetings in the preceding paragraph shall be convened by the Board.

Article 14: Except as otherwise provided in the laws and regulations, each shareholder of the Company shall have one voting right per share

Article 15: When a shareholder is unable to attend a shareholders' meeting for any reason, he/she may issue a power of attorney printed by the Company according to the provisions of the Company Law, and specify the scope of authorization with his/her signature or seal on the power of attorney to appoint a proxy to attend on his/her behalf.

Article 16: For the passing of a resolution in a shareholders' meeting, except as otherwise provided in the Company Law, the shareholders' meeting shall be attended by more than half of the shareholders, and the resolution shall be approved by more than half of the attending shareholders before its implementation.

Article 16-1: The resolutions of a shareholders' meeting shall be recorded in the shareholders' meeting minutes to be signed or sealed by the chairperson of the shareholders' meeting, and be distributed to the shareholders within 20 days after the meeting. The distribution of the meeting minutes may be carried out by way of a public announcement.

Chapter 4 Directors

Article 17: The Company has seven to nine directors who shall be appointed in the shareholders' meeting in accordance with the provisions of the Company Law.

Gallant Precision Machining adopts the candidate nomination system for the election of directors. The board of directors and shareholders may, in accordance with the provisions of Company Act and relevant laws and regulations, propose a list of candidates

Article 17-1: In accordance with Article 14-2 of the Securities and Exchange Act, the Company shall appoint independent directors in the above-mentioned directors. The number of Independent Directors shall not be less than three and no less than one fifth of the total number of Directors. The election of Independent directors and non-independent directors shall be held together and the number of elected directors shall be calculated separately.

The professional qualifications, shareholding, concurrent posts restrictions, nomination and election methods of independent directors and other matters that should be complied with, shall be handled in accordance with relevant laws and regulations.

Article 17-2: In compliance with Article 14-4 of the Securities and Exchange Act, The Company shall establish an Audit Committee, which shall consist of all independent directors. There shall be no fewer than three people in Audit Committee, one of whom shall be convener, and at least one of whom shall have accounting or financial expertise.

The resolution of the audit committee shall be conducted in accordance with relevant laws and regulations.

Article 18: The term of office of the directors shall be three years, and the directors may be re-elected.

Article 18-1: The Company shall purchase liability insurance for the directors each year to reduce and distribute the risk that may cause significant damage to the Company and its shareholders due to the directors' illegal or negligent acts.

Article 19: The Board of Directors shall be composed of the directors of the Company. The directors may elect one of them as the chairperson in a board meeting with the attendance of more than two-thirds of the directors, and the consent of more than half of the attending directors. If necessary, a vice chairperson may be elected among the directors.

Article 20: The Chairperson shall represent the Company externally, and internally carry out all matters of the Company in accordance with the laws and regulations, the Articles of Association, and the resolutions of the shareholders' meetings and of the board meetings.

Article 21: When one-third of the directors' seats are vacant or all the directors are dismissed, an extraordinary shareholders' meeting shall be convened within 60 days to elect these directors. The term of office shall be limited to the remaining term of their predecessors.

Article 22: The operating principles and other important matters of the Company shall be decided in the board meeting. Except that the first board meeting of each term of directors shall be convened in accordance with the provisions of the Company Law, the other board meetings shall be convened by the Chairperson of the Board who shall also act as the meeting chairperson. If the Chairperson of the Board can not perform his/her duty for any reason, and if there is a Deputy Chairperson in place, then the Deputy Chairperson shall act as the agent of the chairperson. If neither the Chairperson nor the Deputy Chairperson can perform his/her duty, the Chairperson shall appoint one of the directors to act as the agent. If the chairperson does not make the appointment, then the directors shall elect one of them to be the agent.

The Board of Directors shall be informed of the convening of a board meeting 7 days in advance. The Company may convene a board meeting at any time in case of emergency. For the convening of a board meeting, the reasons for the meeting shall be indicated in the notice and the notice may be sent by mail, email or fax.

- Article 23: The directors shall attend the board meeting in person. If a director can not attend in person, unless the director lives abroad and there are provisions of the Company Law for this situation, the director may issue a power of attorney and list the scope of authorization to appoint another director to attend, but the appointed director may accept the authorization of one person only.
- Article 24: For the passing of a resolution in a board meeting, except as otherwise provided in the Company Law, the board meeting shall be attended by more than half of the directors, and the resolution shall be approved by more than half of the attending directors before its implementation.
- Article 25: The remuneration of the directors of the Company shall be within the usual level of the same industry and approved by the Board of Directors.
- Article 26: The total number of shares held by all the directors of the Company shall not be less than the number stipulated by the competent government authority.

Chapter 5 Managers

- Article 27: The Company shall appoint one chief Executive Officer, one Executive Director, Deputy Chief Executive Officer(s), President(s) and Vice Executive President(s) whose appointment, removal and remuneration shall be governed by Article 29 of the Company Act.
- Article 28: The appointment, dismissal and remuneration of the presidents and executive vice presidents shall be handled in accordance with the provisions of Article 29 of the Company Law.

Chapter 6 Accounting

- Article 29: The accounting year of the Company is from January 1 to December 31 of each year, and all accounts shall be settled at the end of each year.
- Article 30: At the end of each accounting year of the Company, the following documents shall be prepared by the Board of Directors for submission to the shareholders' meeting for acknowledgement:
1. The business report
 2. The financial statements
 3. The motion concerning surplus distribution or loss make-up
- Article 30-1: The Company shall distribute employees' remuneration of not less than 1 percent and not more than 12 percent of the profit of the Company for the current year, and the directors' remuneration which should not be more than 3

percent of the profit of the Company for the current year. However, if the Company still has an accumulated loss, it shall make up for the loss first.

The employees' remuneration may be paid in share or cash, and the subjects of the share or cash payment may include subsidiary employees who meet certain criteria.

The profit for the current year in the first paragraph refers to the pre-tax profit for the current year before the deduction of the employees' remuneration and the directors' remuneration.

For the passing of the resolution in a board meeting on the distribution of the employees' remuneration and the directors' remuneration, the board meeting shall be attended by more than two-thirds of the directors, and the resolution shall be approved by more than half of the attending directors. The resolution shall be reported in the shareholders' meeting.

Article 31: If there is a surplus after the current year's accounts, the Company shall pay the tax according to law and make up for the accumulated loss in the previous years, then appropriate 10% of the balance as the statutory surplus reserve. However, if the statutory surplus reserve has reached the total amount of paid-in capital of the Company, then this requirement does not apply.

The Company may, in accordance with its operational requirements and the provisions of the laws and regulations, appropriate or reverse a special surplus reserve. The Board of Directors shall draft a distribution proposal for the remaining balance plus the accumulated undistributed surplus for a resolution in the shareholders' meeting.

In the dividend distribution, the proportion of cash dividends shall not be less than 10% of the total dividends.

Article 31-1: The Board of Directors of the Company may, by a resolution approved by majority of the directors present at a meeting attended by more than two thirds of the directors currently in service, distribute stock dividend or legal surplus and capital reserve in cash, wholly or partly, and report it to the meeting of shareholders.

Chapter 7 Supplementary Provisions

Article 32: The organization and the rules of service of the Company shall be separately formulated by the Board of Directors.

Article 33: Matters not stipulated in the Articles of Association shall be handled in accordance with the provisions of the Company Law and other relevant laws and regulations.

Article 34: The Articles of Association were established on December 1, 1978.

The 1st amendment was made on November 22, 1982.
The 2nd amendment was made on October 16, 1984.
The 3rd amendment was made on August 8, 1985.
The 4th amendment was made on April 25, 1986.
The 5th amendment was made on October 17, 1986.
The 6th amendment was made on July 8, 1988.
The 7th amendment was made on October 5, 1989.
The 8th amendment was made on February 10, 1990.
The 9th amendment n was made on July 20, 1990.
The 10th amendment was made on June 30, 1991.
The 11th amendment was made on October 20, 1991.
The 12th amendment was made on June 21, 1992.
The 13th amendment n was made on February 14, 1993.
The 14th amendment was made on June 18, 1994.
The 15th amendment was made on April 29, 1995.
The 16th amendment was made on June 15, 1996.
The 17th amendment was made on May 23, 1998.
The 18th amendment was made on June 16, 1999.
The 19th amendment was made on May 10, 2000.
The 20th amendment was made on April 19, 2001.
The 21st amendment was made on April 19, 2001.
The 22nd amendment was made on May 14, 2002.
The 23rd amendment was made on May 22, 2006.
The 24th amendment was made on May 22, 2006.
The 25th amendment was made on December 14, 2006.
The 26th amendment was made on June 13, 2007.
The 27th amendment was made on June 16, 2009.
The 28th amendment was made on June 14, 2010.
The 29th amendment was made on June 22, 2011.
The 30th amendment was made on June 21, 2012.
The 31st amendment was made on June 20, 2014.
The 32nd amendment was made on June 17, 2015.
The 33rd amendment was made on June 27, 2016.
The 34th amendment was made on June 16, 2017.
The 35th amendment was made on June 25, 2019.
The 36th amendment was made on June 17, 2020.
The 37th amendment was made on June 8, 2022.
The 38th amendment was made on June 19, 2023.

Appendix 3

Impact of Stock Dividend Distribution on the Company's Business Performance and Earnings per Share and on the Shareholders' Return on Investment:

The Company does not have any plan to distribute bonus shares and does not have to disclose the financial forecast information publicly.

Appendix 4

Gallant Precision Machining Co., Ltd. Shareholding of Directors

Book-close date: April 20, 2024

Title	Name	Current shareholding	
		Shares	% of the current shares issued
Chairman	Junpeng Investment Co., LTD. Represented by: CHEN, CHENG-HSIN	500,000	0.30%
Vice Chairman	C SUN MFG. LTD. Represented by: FRANK, LIANG	44,758,827	27.10%
Director	Hsu, Hung-Ming	1,000	0.00%
Independent Director	LO, WOEI	0	0.00%
Independent Director	CHEN, YEE-MEI	0	0.00%
Independent Director	MA, CHIEN-YUNG	0	0.00%
Independent Director	TSANG, KWOK-AH	0	0.00%

Note 1: Total number of shares issued as of April 20, 2024 (book-close date): 165,136,144 shares.

Note 2: Total shareholding legally required of all the directors of the Company: 9,908,168 shares; total shareholding as at April 20, 2024: 45,259,827 shares, the total shareholding of all the directors has reached the required level.

MEMO