



Gallant Precision Machining Co., Ltd.

2023 Annual Shareholder's Meeting

Meeting Agenda
(Translation)

Date : June 19, 2023

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Gallant Precision Machining Co., Ltd.

2023 Annual Shareholder's Meeting Procedure

I. Call Meeting to Order

II. Chairman's Address

III. Report Items

IV. Recognition Items

V. Discussion Items

VI. Election

VII. Other proposals

VIII. Special Motions

IX. Meeting Adjourn

Gallant Precision Machining Co., Ltd.

2023 Annual General Shareholders' Meeting Agenda

Time : 9:00a.m., June 19, 2023, Monday.

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 2022.
- (2) Audit committee's review report for 2022.
- (3) To report on the distribution of employees' and directors' remuneration for 2022.
- (4) Report on 2022 Cash Dividend and Stock Dividend Distribution.
- (5) Amendments to the Company's Code of Practice on Corporate Governance.

II. Recognition Items :

- (1) To accept the 2022 Business Report and Financial Statements.
- (2) To approve the proposal for the distribution of 2022 earnings.

III. Discussion Items:

- (1) Amendments to the Articles of Association.

IV. Election:

- (1) Election of the sixteenth session of the directors.

V. Other proposals:

- (1) Cancellation of the non-competition terms against the new directors and their representatives.

VI. Special Motions

VII. Meeting Adjourned

Report Items

1. To report on the business of the Company in 2022.

Explanation :

The 2022 Business Report is attached hereto as Attachment 1(pages 9).

2. Audit committee's review report for 2022.

Explanation :

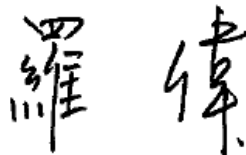
- (1) The Company's 2022 annual account was certified by LI, TIEN-YI and Chiang, Tsai-Yen, Certified Public Accountants of PWC and reviewed by the Audit Committee, and the auditor's report and Audit Committee's review report were issued, respectively.
- (2) The member of the Audit Committee is hereby invited to read out its review report.
- (3) 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 2022. LI, TIEN YI and Chiang, Tsai-Yen, Certified Public Accountants of PWC, have audited the Financial Statements. The 2022 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 22, 2023

3. To report on the distribution of employees' and directors' remuneration for 2022.

Explanation :

As a result of the resolution of the Board of Directors, the Company shall distribute an employee's bonus of NT\$59,917,066 and directors' remuneration of NT\$10,155,435 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 2022 Cash Dividend and Stock Dividend Distribution.

Explanation :

- (1) A report shall be submitted to the shareholders' meeting in accordance with Article 302) of the Articles of Association.
- (2) On February 22, 2023, the Board of Directors decided to distribute the cash dividends totaling NT \$294,231,859, at NT \$1.8 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 3, 2023, the board decided that the base date of the cash dividend shall be June 26, 2023, and the cash dividend shall be paid on July 10, 2023. 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.

5. Amendments to the Company's Code of Practice on Corporate Governance.

Explanation :

- (1) This operation procedure is revised in accordance with the Order No. 11000716032 issued by the Securities Counter Trading Center of Taiwan, the legal person of the Foundation, on December 15, 2021, and the actual operation requirements of the Company.
- (2) Please refer to Attachment 2 on page 17 of this manual for the comparison of provisions before and after the amendment.

Recognition Items

1. To accept the 2022 Business Report and Financial Statements. (proposed by the Board of Directors)

Explanation :

- (1) The 2022 financial statements of the Company were approved by the Board of Directors on February 22, 2023 and audited by the accountants, LI, TIEN YI and Chiang, Tsai-Yen of PWC Taiwan, and were sent to the Audit Committee, and an audit report was issued accordingly.
- (2) For the 2022 Business Report, Independent Auditor's Report, and the 2022 Financial Statements, please refer to Attachments 1 and 4 (pages 9 and pages 26~47).

Resolution :

2. To approve the proposal for the distribution of 2022 earnings. (proposed by the Board of Directors)

Explanation :

- (1) Earnings Distribution Proposal:

| Items | Amount in NT\$ |
|--|----------------|
| Unappropriated retained earnings from previous years | 62,672,038 |
| Plus: change of remeasurements on defined benefit plan | 6,804,608 |
| Plus: Net Income of 2022 | 390,200,212 |
| Less: 10% Legal Reserve | (39,700,482) |
| Retained Earnings Available for Distribution as of December 31, 2022 | 419,976,376 |
| Distribution Item: | |
| Cash Dividends to Common Share Holders (NT\$1.8 per share) | (294,231,859) |
| Stock Dividends to Common Share Holders | 0 |
| Unappropriated Retained Earnings | 125,744,517 |

- (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 14, 2023. 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. Amendments to the Articles of Association is proposed for resolution.

(proposed by the Board of Directors)

Explanation :

- (1) It is proposed to amend the Articles of Association in accordance with the actual operation requirements of the Company.
- (2) Please refer to Attachments 3 on page 24 for the comparison of the Articles of Association before and after the amendment.

Resolution :

Election

1. Election of the sixteenth session of the directors is proposed.

(proposed by the Board of Directors)

Explanation :

- (1) The sixteenth sessions of the directors (including independent directors) shall be elected at the annual general meeting of shareholders. Seven directors (including four independent directors) shall be elected. The elected directors (including independent directors) shall serve for a term of three years from June 19, 2023 to June 18, 2026, and shall take office after end of the general meeting of the shareholders where they are elected. The former director shall continue to serve until the new director assumes office.
- (2) In accordance with relevant laws and regulations, the election of directors shall be conducted as per the candidate nomination system, and the shareholders shall elect the independent directors from the list of director candidates, and the professional qualifications, shareholding, part-time job restrictions, nomination and election methods and other matters to be observed shall be handled in accordance with the relevant laws and regulations.
- (3) In accordance with relevant laws and regulations, the election of directors shall be conducted as per the candidate nomination system, and shareholders shall elect directors from the list of candidates. Please refer to Page 48 of Attachments 5 of this manual for their educational background, experience and other relevant information.

Resolution :

Other proposals

1. Cancellation of the non-competition terms against the new 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) Please refer to Page 52 of Attachments 6 of this manual for the part-time jobs of the directors elected at the meeting of shareholders, which shall be removed after they have been elected. Any change to the part-time job of any directed after being nominated shall be stated additionally before the resolution is made at the meeting of the board.

Resolution :

Special Motions

Meeting Adjourns

Attachment 1 :

Gallant Precision Machining Co., Ltd.

2022 Business Report

The individual operating revenue of GPM in 2022 was NT \$2,933,423 thousand, declined by 5.21% compared with the previous year. In terms of profit, GPM's individual net profit after tax was NT \$390,200 thousand, an increase of 58.56% over the previous year, gross profit margin increased by 5.36% over the previous year, and net profit per share was NT \$2.41.

(1) Summary of the Company's financial income and expense and profitability

| Financial analysis data | | For 2022 |
|---------------------------------------|--------------------|----------|
| Debt to asset ratio (%) | (%) | 54.11 |
| Long-term funds to fixed assets ratio | (%) | 704.88 |
| Return on total assets | (%) | 7.66 |
| Return on shareholders' equity | (%) | 15.34 |
| Percentage to paid-in capital (%) | Operating profit | 5.68 |
| | Pre-tax net profit | 26.16 |
| Net profit margin | (%) | 13.30 |
| Earnings per Share | (NTD) | 2.41 |

(2) Products that have been developed by the Company in 2022 :

| | |
|--|--|
| R&D Item (Processing Technology) | Names of machine developed |
| | ● Disk Pad cleaning module for car |
| | ● MINI inspection AGV |
| | ● OH AGV |
| | ● In-Feed Grinder for Panel fan-out module development |
| | ● PLP peeling module development |
| | ● Emission Microscopy + OBRICH , EMMI |

II. 2022 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 marker 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)have passed the ISO 9001 (Quality Management System), ISO 45001 (Occupational Health and Safety Management Systems), and ISO 27001 (Information Security 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) To reinforce our internal information security, the Company established the Information Security Committee to promote and implement information security operations and applied for ISO 27001 international information security certification to effectively prevent the risk of invasion by external hackers and internal illegal stealing behaviors so as to safeguard the overall interests of the Company and avoid any leakage of employees' R&D results.

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 2023:

| | |
|--|-------------------------------------|
| R&D Item (Processing Technology) | Names of machine to be developed |
| | ● FOPLP IN-FEED Grinder development |
| | ● KLIV Mini LED TESTER |
| | ● Panel 2D AOI |
| | ● PLP substrate peeling machine |
| | ● Micro-LED vacuum pair application |

B. The Company's forecast on sales volume and its basis for 2023:

Unit: set

| Main products | 2023 Budget |
|------------------------------------|-------------|
| Display processing equipment | 111 |
| Semiconductor processing equipment | 53 |
| Intelligent automation equipment | - |

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

C. Important production and marketing policies

- (1) Integrate cross-strait operation system, talents and resources, strengthen the integration of customer management, sales and efficiency, give full play to the comprehensive effect, and continue to expand the mainland and Southeast Asian markets.
- (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

Due to the two major factors of the China-US trade war and COVID-19 (coronavirus) epidemic, the industrial operating environment is changing rapidly, and the market and product application trends are changing in various ways. Facing the slowdown of business and plant expansion in the display industry worldwide, fierce external competition, and the Chinese government's promotion of localization of equipment, the main source of the company's business in the past, has become increasingly competitive and difficult, constantly testing the adaptability of the company's management team. The Company will continue to strengthen its own product technology and introduce advanced foreign technology to improve the quality and level of product functions and get rid of the low-price competition. We will also develop into different industries such as semiconductor, Micro/Mini LED, and smart manufacturing and expand into markets other than China. In the face of changes in the industry and operating environment, we will also have a stable, accurate, and rapid response capability, and have established a diversified business layout and industry development goals.

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) At present, the international economy is facing multiple variables. Under the effects of COVID-19, the US-China trade war, and geopolitics, the world is dividing into two major camps (G2). China will no longer be the sole option for manufacturing, which will affect the production locations, stocking model forecast of supply chains for various products, and the delivery operations of supply chains. Based on the current status worldwide, the maladjustment of supply and demand occurred from 2020 to 2021 due to COVID-19, and the entire world was facing material shortages, worker shortages, and jammed transportation last year, in particular, the demand for high-tech products. Looking into 2022, the economic growth indexes and investment activities will continue to grow, and the overall economic outlook in Taiwan for the year remains optimistic. GPM will secure orders leverage on its diverse businesses, arrange more flexible production speed, and combine its robust internal production and sales functions with the long-term cooperating external supply chain system to face the wave of growth and create a

brighter future.

- (2) The semiconductor and display technology industries in Taiwan have been through years of hardship in sparing no effort for operations. Due to the outbreak of COVID-19 over the past two years and the US-China trade war in recent years, the effects of geopolitical conflicts regarding Taiwan's location and macroeconomic factors have resulted in the constant challenges brought to the economy in Taiwan. However, technology industries in Taiwan were supported by the stay-at-home economy. With the effective control over the outbreak led by the government and the new philosophy of supply chain dispersion adopted by major international companies, the manufacturing industry in Taiwan recorded a growth against the trend in 2021, and Taiwan became the area with the most brilliant economic performances worldwide. Furthermore, the outbreak transformed people's working patterns. Given the growth in demand for autonomous cars and the trend in which virtual simulation operations, telecommuting, remote education, and other stay-at-home economic phenomena are becoming the norm, such requirements have driven the development of the demand for the smart EV industry, 3C information industry, and semiconductor industry. In recent years, GPM has been actively investing in its R&D and the joint creation with partners; it is estimated that there will be accomplishments recorded in terms of the semiconductor industry, display industry, and smart auto industry. Facing such changes, we will follow the trend and invest in the growth and development of GPM in high-tech equipment, assuming a key role in the customers' 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 unreversible 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.

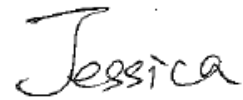
- (6) Looking ahead, with the excellent management team, the professional technical ability, and all the colleagues' effort, the Company will achieve its goals and obtain the best operating results.



Cheng-Hsin (Jason), Chen
Chairman



Cheng-Hsin (Jason), Chen
President



Chia-Ju (Jessica), Tseng
Accounting Manager

Attachment 2 :

Gallant Precision Machining Co., Ltd

Comparison Table of Amendments to Code of Practice on Corporate Governance

| After Revision | Before Revision | Reason |
|---|---|---|
| <p>4.1.1 The Company shall implement the corporate governance system to protect the rights and interests of shareholders and treat all shareholders fairly. The Company shall establish a corporate governance system which can ensure that each shareholder has the right to fully know, participate in and decide on major matters of the Company.</p> | <p>4.1.1 The Company shall implement the corporate governance system for the ultimate goal of protecting the rights and interests of shareholders, and treat all shareholders fairly. The Company shall establish a corporate governance system which can ensure that each shareholder has the right to fully know, participate in and decide on major matters of the Company.</p> | <p>Revised as necessary for actual operation.</p> |
| <p>4.1.3 The Board of Directors of the Company shall properly arrange the agenda and procedures of the general meeting of shareholders, give reasonable time for discussion on each agenda, and give appropriate opportunities for shareholders to make speech.</p> <p>General meeting of shareholders called by the Board of Directors shall be presided over by the Chairman in person and shall be attended by a majority of the directors of the board and by the convener of the Audit Committee in person, and the attendance shall be recorded in the meeting minutes.</p> | <p>4.1.3 The Board of Directors of the Company shall properly arrange the agenda and procedures of the general meeting of shareholders, give reasonable time for discussion on each agenda, and give appropriate opportunities for shareholders to make speech.</p> <p>General meeting of shareholders called by the Board of Directors shall be presided over by the Chairman in person and shall be attended by a majority of the directors of the board.</p> | <p>Revised as necessary for actual operation.</p> |
| <p>4.1.4 The Company shall encourage the shareholders to participate in the</p> | <p>4.1.4 The Company shall encourage the shareholders to participate</p> | <p>Revised as necessary for actual op-</p> |

| | | |
|---|---|--|
| <p>corporate management and governance, and, ideally, relegate the organization of shareholders' meetings to a professional meeting agent to have the shareholders' meeting convened in a legitimate, effective, and secure manner. The Company shall favorably adopt state-of-the-art information disclosure and voting methods to increase the attendance rate of shareholders by any feasible means and in any feasible manners and to ensure that the shareholders can exercise their rights at shareholders' meetings as stipulated by laws.</p> | <p>in the corporate management and governance and relegate the organization of shareholders' meetings to a professional meeting agent to have the shareholders' meeting convened in a legitimate, effective, and secure manner. The Company shall favorably adopt state-of-the-art information disclosure and voting methods to increase the attendance rate of shareholders by any feasible means and in any feasible manners and to ensure that the shareholders can exercise their rights at shareholders' meetings as stipulated by laws.</p> | <p>eration.</p> |
| <p>4.1.7 The Company shall attach importance to the shareholders' right to know and indeed comply with the relevant regulations on information disclosure. The Company shall regularly and in real time provide information on the Company's finance, business, insider shareholding and corporate governance to the shareholders through the public information Observatory or the website set up by the Company. In order to protect the rights and interests of shareholders and execute equal treatment on the shareholders, the Company shall establish internal rules to prohibit any person within the Company from trading securities in the market with any undisclosed information. The preceding provision shall include measures to control the trad-</p> | <p>4.1.7 The Company shall attach importance to the shareholders' right to know and indeed comply with the relevant regulations on information disclosure. The Company shall regularly and in real time provide information on the Company's finance, business, insider shareholding and corporate governance to the shareholders through the public information Observatory or the website set up by the Company. In order to protect the rights and interests of shareholders and execute equal treatment on the shareholders, the Company shall establish internal rules to prohibit any person within the Company from trading securities in the market with any undisclosed information.</p> | <p>Revised in accordance with Order No. 11000716032 of the Securities Counter Trading Center of Taiwan, dated December 15, 2021.</p> |

| | | |
|---|---|---|
| <p>ing of shares by the person within the Company as of the date on which the Company's financial report or related performance is made known, including (but not limited to) that the directors shall not trade their shares during the closed period 30 days before the announcement of the annual financial report and 15 days before the announcement of the quarterly financial report.</p> | | |
| <p>4.2.2 A director shall explain to the meeting of shareholders the important contents of his or her conduct for himself/herself or any other person within the business scope of the Company, and obtain its approval.</p> | <p>4.2.2 The manager of the Company shall not hold a concurrent position of manager with any related enterprise unless specified otherwise by the law.</p> <p>A director shall explain to the meeting of shareholders the important contents of his/her act for himself/herself or any other person within the business scope of the Company, and obtain its approval.</p> | <p>Revised as necessary for actual operation.</p> |
| <p>5.1.1 The board of directors shall direct the Company's strategy, supervise the management and be responsible to the Company and the shareholders. In terms of the operation and arrangement of the corporate governance system, the board of directors shall exercise its powers as per laws, Articles of Association or resolutions at the meeting of shareholders.</p> <p>The board of directors shall consist of five or more directors, depending on the Company's operation scale and development and the holdings of major shareholders, as well as the</p> | <p>5.1.1 The board of directors shall be responsible to the meeting of the shareholders. In terms of the operation and arrangement of the corporate governance system, the board of directors shall exercise its powers as per laws, Articles of Association or resolutions at the meeting of shareholders.</p> <p>The board of directors shall consist of five or more directors, depending on the Company's operation scale and development and the holdings of major shareholders, as well as the actual operation requirements.</p> | <p>Revised as necessary for actual operation. ◦</p> |

| | | |
|---|--|-------------------------------|
| <p>actual operation requirements.</p> <p>The members of the board shall be diversified in terms of the following criteria to formulate appropriate diverse policies for its own operation, business pattern and development demands:</p> <p>5.1.1.1 Basic conditions and value: Gender, age, nationality and culture.</p> <p>5.1.1.2 Professional knowledge and skills: Professional background (e.g. law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc.</p> <p>Members of the board shall generally have the knowledge, skills and qualities necessary to perform their duties. In order to achieve the desired objectives of corporate governance, members of the board shall have the capabilities of:</p> <ol style="list-style-type: none"> 1) operational determination; 2) accounting and financial analysis; 3) operation management; 4) dealing with emergencies; 5) industrial knowledge; 6) insight into international market; 7) leadership; and 8) decision-making. | <p>The members of the board shall be diversified in terms of the following criteria to formulate appropriate diverse policies for its own operation, business pattern and development demands:</p> <p>5.1.1.1 Basic conditions and value: Gender, age, nationality and culture. °</p> <p>5.1.1.2 Professional knowledge and skills: Professional background (e.g. law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc.</p> <p>Members of the board shall generally have the knowledge, skills and qualities necessary to perform their duties. In order to achieve the desired objectives of corporate governance, the board members shall, as a whole, have capabilities of operational determination and operational management and industrial knowledge.</p> | |
| <p>5.2.1 The Company shall have at least three independent directors in accordance with the Articles of Association, accounting for at least one fifth of the directors in service. Independent directors shall have professional knowledge, have their shareholding and part-time jobs limited, and maintain their inde-</p> | <p>5.2.1 The Company shall have at least three independent directors in accordance with the Articles of Association, accounting for at least one fifth of the directors in service. Independent directors shall have professional knowledge, have their shareholding and part-time jobs limited, and maintain their inde-</p> | <p>For literal correction</p> |

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| <p>pendence only within the scope of business execution, and shall not have any direct or indirect interests in the Company. °</p> <p>The election and review of the Company's independent directors shall be conducted in accordance with the provisions of the "Director Election Procedure" and the "Standards and Operation Procedure for the Review of Shareholder's Proposals and Nominations of Directors".</p> <p>The professional qualifications of independent directors, restrictions on their holdings and part-time jobs, identification of independence, nomination approach and other relevant matters to be followed shall be handled in accordance with the Securities Exchange Law, the procedure for setup of independent directors and the requirements of the competent authorities.</p> | <p>pendence only within the scope of business execution, and shall not have any direct or indirect interests in the Company.</p> <p>The election and review of the Company's independent directors shall be conducted in accordance with the provisions of the "Director Election Procedure" and the "Standards and Procedure for the Review of Shareholder's Proposals and Nominations of Independent Directors".</p> <p>The professional qualifications of independent directors, restrictions on their holdings and part-time jobs, identification of independence, nomination approach and other relevant matters to be followed shall be handled in accordance with the Securities Exchange Law, the procedure for setup of independent directors and the requirements of the competent authorities.</p> | |
| <p>5.3.3 The Company shall set up a remuneration committee and the professional qualifications of the committee members, the execution of their powers, the formulation of organizational rules and related matters shall be handled in accordance with the provisions of "Guidelines for the Establishment and Execution of Powers of the Remuneration Committees of Companies Listed in Stocks or Trading in the Business Premises of Securities</p> | <p>5.3.3 The Company shall set up a Compensation committee and the professional qualifications of the committee members, the execution of their powers, the formulation of organizational rules and related matters shall be handled in accordance with the provisions of "Guidelines for the Establishment and Execution of Powers of the Compensation Committees of Companies Listed in Stocks or Trading in the Business Premises of Securities</p> | <p>For literal correction</p> |

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| <p>Firms".</p> <p>The compensation committee shall perform its functions and powers with due care and good faith, and in accordance with the Organizational Regulations of the Remuneration Committee, and submit its proposals to the board of directors for discussion.</p> | <p>Firms". °</p> <p>The compensation committee shall perform its functions and powers with due care and good faith, and in accordance with the Organizational Regulations of the Compensation Committee, and submit its proposals to the board of directors for discussion.</p> | |
| <p>5.3.4 The Company shall select a professional, responsible and independent contracted accountant to regularly audit the Company's financial condition and internal control. The Company shall review and make improvement against the fault or deficiency discovered and disclosed by the accountant from time to time during the audit, as well as the specific suggestions for improvement or prevention of fraud.</p> <p>The Company shall periodically (at least once a year) evaluate the independence of the appointed accountant. Where the Company has not changed its accountant for seven consecutive years or the accountant has been punished or has its independence compromised, it shall evaluate whether it is necessary to change the accountant and report the result of the evaluation to the board of directors.</p> | <p>5.3.4 The Company shall select a professional, responsible and independent contracted accountant to regularly audit the Company's financial condition and internal control. The Company shall review and make improvement against the fault or deficiency discovered and disclosed by the accountant from time to time during the audit, as well as the specific suggestions for improvement or prevention of fraud.</p> <p>The Company shall periodically (at least once a year) evaluate the independence of the appointed accountant. Where the Company has not changed its accountant for seven consecutive years or the accountant has been punished or has its independence compromised, it shall evaluate whether it is necessary to change the accountant and report the result of the evaluation to the board of directors.</p> | <p>For literal correction</p> |
| <p>5.4 Specification and decision-making procedures of the Board of Directors</p> <p>The contents of the board of direc-</p> | <p>5.4 Rules and decision-making procedures of the Board of Directors</p> <p>The contents of the board of direc-</p> | <p>For literal correction</p> |

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| tors' deliberations, operating procedures, matters to be recorded in the proceedings, announcements and other matters to be followed shall be handled in accordance with the specification of Procedure for the Board. | tors' deliberations, operating procedures, matters to be recorded in the proceedings, announcements and other matters to be followed shall be handled in accordance with the Rules of Procedure for the Board. | |
| 8.4 Standards and Operation Procedure for the Review of Shareholder's Proposals and Nominations of Independent Directors. (Document No.:PDG01024) | 8.4 Standards and Operation Procedure for the Review of Shareholder's Proposals and Nominations of Independent Directors. | For literal correction |
| 8.5 Rules of Procedure of the Board. (Document No.: PDG01013) | 8.5 Rules of Procedure of the Board. (Document No.: PDG01013) | For literal correction |

Attachment 3 :

**Gallant Precision Machining Co., Ltd
Amendment Comparison Table of Articles of Association**

| Article | Amended Provision | Current Provision | Reason for Amendment |
|--------------|---|---|--|
| 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. | None. | Newly added as necessary for actual operation |
| 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. | 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. | The original Article 30-2 is revised to conform to the actual distribution procedure |
| Article 34 | These Articles were originally formulated on December 1, 1978. The 29th amendment was made on June 22, 2011. ◦ The 30th amendment was | These Articles were originally formulated on December 1, 1978. The 29th amendment was made on June 22, 2011. ◦ The 30th amendment was made on June 21, 2012. | Date of amendment added |

| | | | |
|--|--|---|--|
| | <p>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.</p> | <p>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.</p> | |
|--|--|---|--|

Attachment 4 :

- 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, 2022 and 2021, 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, 2022 and 2021, and its parent company only financial performance and its parent company only cash flows for the years ended December 31, 2022 and 2021, 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 opin-

ion 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(11) 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 NT720,732 thousand and NT102,250 thousand as of December 31, 2022 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(26) 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 com-

pany 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, 2022 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 22, 2023

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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

| Assets | Notes | December 31, 2022 | | December 31, 2021 | | |
|---------------------------|---|-------------------|---------------------|-------------------|---------------------|------------|
| | | AMOUNT | % | AMOUNT | % | |
| Current assets | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ 673,793 | 12 | \$ 579,056 | 12 |
| 1136 | Financial assets at amortized cost - current | 6(3) | 88,160 | 2 | 128,600 | 3 |
| 1150 | Notes receivable, net | 6(4) | 52 | - | - | - |
| 1170 | Accounts receivable, net | 6(4) | 1,571,132 | 27 | 1,214,656 | 25 |
| 1180 | Accounts receivable - related parties, net | 6(4) and 7 | 21,537 | - | 51,900 | 1 |
| 1200 | Other receivables | | 1,016 | - | 378 | - |
| 1210 | Other receivables - related parties | 7 | 2,605 | - | 2,471 | - |
| 130X | Inventories, net | 6(5) | 618,482 | 11 | 413,506 | 9 |
| 1410 | Prepayments | | 133,450 | 2 | 31,459 | 1 |
| 1470 | Other current assets | | 13,254 | - | 5,583 | - |
| 11XX | Current Assets | | <u>3,123,481</u> | <u>54</u> | <u>2,427,609</u> | <u>51</u> |
| Non-current assets | | | | | | |
| 1517 | Financial assets at fair value through other comprehensive income - non - current | 6(2) | 897,405 | 16 | 649,090 | 14 |
| 1535 | Financial assets at amortized cost - non-current | 6(3) and 8 | 8,466 | - | 11,427 | - |
| 1550 | Investments accounted for using equity method | 6(6) | 1,049,087 | 18 | 930,721 | 20 |
| 1600 | Property, plant and equipment, net | 6(7) and 8 | 408,931 | 7 | 428,605 | 9 |
| 1755 | Right-of-use assets | 6(8) | 196,901 | 4 | 200,029 | 4 |
| 1780 | Intangible assets, net | | 3,441 | - | 3,730 | - |
| 1840 | Deferred income tax assets | 6(26) | 67,992 | 1 | 89,874 | 2 |
| 1900 | Other non-current assets | | 3,594 | - | 3,805 | - |
| 15XX | Non-current assets | | <u>2,635,817</u> | <u>46</u> | <u>2,317,281</u> | <u>49</u> |
| 1XXX | Total assets | | <u>\$ 5,759,298</u> | <u>100</u> | <u>\$ 4,744,890</u> | <u>100</u> |

(Continued)

GALLANT PRECISION MACHINING CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

| Liabilities and Equity | | Notes | December 31, 2022 | | December 31, 2021 | |
|--|--------------------------------------|--------|---------------------|------------|---------------------|------------|
| | | | AMOUNT | % | AMOUNT | % |
| Current liabilities | | | | | | |
| 2100 | Short-term loans | 6(9) | \$ 670,000 | 12 | \$ 480,564 | 10 |
| 2130 | Contract liabilities-current | 6(19) | 301,013 | 5 | 104,523 | 2 |
| 2170 | Accounts payable | 6(10) | 1,109,141 | 19 | 875,414 | 19 |
| 2180 | Accounts payable - related parties | 7 | 11,970 | - | 41,293 | 1 |
| 2200 | Other payables | 6(11) | 291,847 | 5 | 222,800 | 5 |
| 2250 | Provisions for liabilities - current | | 68,071 | 1 | 49,925 | 1 |
| 2280 | Lease liabilities-current | | 4,788 | - | 4,650 | - |
| 2320 | Long-term loans-current portion | 6 (12) | 180,000 | 3 | 19,500 | - |
| 2399 | Other current liabilities - other | | 15,304 | 1 | 5,027 | - |
| 21XX | Current Liabilities | | <u>2,652,134</u> | <u>46</u> | <u>1,803,696</u> | <u>38</u> |
| Non-current liabilities | | | | | | |
| 2540 | Long-term loans | 6(12) | 240,000 | 4 | 280,500 | 6 |
| 2570 | Deferred income tax liabilities | 6(26) | 19,643 | - | - | - |
| 2580 | Lease liabilities-non-current | | 197,831 | 4 | 199,770 | 4 |
| 2600 | Other non-current liabilities | 6(13) | 7,198 | - | 19,063 | 1 |
| 25XX | Non-current liabilities | | <u>464,672</u> | <u>8</u> | <u>499,333</u> | <u>11</u> |
| 2XXX | Total Liabilities | | <u>3,116,806</u> | <u>54</u> | <u>2,303,029</u> | <u>49</u> |
| Equity | | | | | | |
| Share capital | | | | | | |
| 3110 | Share capital - common stock | 6(15) | 1,651,361 | 29 | 1,651,361 | 35 |
| Capital surplus | | | | | | |
| 3200 | Capital surplus | 6(16) | 267,824 | 4 | 226,704 | 4 |
| Retained earnings | | | | | | |
| 3310 | Legal reserve | 6(17) | 186,625 | 3 | 163,550 | 4 |
| 3320 | Special reserve | | 111,147 | 2 | 111,147 | 2 |
| 3350 | Unappropriated retained earnings | | 459,677 | 8 | 310,619 | 7 |
| Other equity interest | | | | | | |
| 3400 | Other equity interest | 6(18) | (3,888) | - | 60,035 | 1 |
| 3500 | Treasury share | 6(15) | (30,254) | - | (81,555) | (2) |
| 3XXX | Total equity | | <u>2,642,492</u> | <u>46</u> | <u>2,441,861</u> | <u>51</u> |
| Significant contingent liabilities and unrecognized contract commitments | | 9 | | | | |
| Significant events after the balance sheet date | | 11 | | | | |
| 3X2X | Total liabilities and equity | | <u>\$ 5,759,298</u> | <u>100</u> | <u>\$ 4,744,890</u> | <u>100</u> |

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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

| Items | Notes | Years ended December 31 | | | |
|---|-------------|-------------------------|-------|--------------|-------|
| | | 2022 | | 2021 | |
| | | AMOUNT | % | AMOUNT | % |
| 4000 Operating revenue | 6(19) and 7 | \$ 2,933,423 | 100 | \$ 3,094,707 | 100 |
| 5000 Operating costs | 6(5) and 7 | (2,288,711) | (78) | (2,580,724) | (84) |
| 5900 Operating margin | | 644,712 | 22 | 513,983 | 16 |
| 5910 Unrealized profit from sales | | (208) | - | (70) | - |
| 5920 Realized profit from sales | | 70 | - | 26 | - |
| 5950 Net operating margin | | 644,574 | 22 | 513,939 | 16 |
| Operating expenses | 6(24)(25) | | | | |
| 6100 Selling expenses | | (66,312) | (2) | (93,512) | (3) |
| 6200 General and administrative expenses | | (284,906) | (10) | (178,771) | (6) |
| 6300 Research and development expenses | | (142,105) | (5) | (185,908) | (6) |
| 6450 Expected credit impairment gain (loss) | 12(2) | (57,295) | (2) | 20,122 | 1 |
| 6000 Total operating expenses | | (550,618) | (19) | (438,069) | (14) |
| 6900 Operating profit | | 93,956 | 3 | 75,870 | 2 |
| Non-operating income and expenses | | | | | |
| 7100 Interest income | 6(20) | 2,974 | - | 2,972 | - |
| 7010 Other income | 6(21) and 7 | 98,358 | 3 | 54,872 | 2 |
| 7020 Other gains and losses | 6(22) | 59,259 | 2 | (14,956) | (1) |
| 7050 Finance costs | 6(23) | (15,652) | - | (9,788) | - |
| 7070 Share of profit of subsidiaries, associates and joint ventures accounted for under equity method | 6(6) | 193,260 | 7 | 109,441 | 4 |
| 7000 Total non-operating income and expenses | | 338,199 | 12 | 142,541 | 5 |
| 7900 Profit before tax | | 432,155 | 15 | 218,411 | 7 |
| 7950 Income tax expense | 6(26) | (41,955) | (2) | 27,678 | 1 |
| 8200 Profit for the year | | \$ 390,200 | 13 | \$ 246,089 | 8 |
| 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) | \$ 6,805 | - | \$ 1,994 | - |
| 8316 Unrealized gains(losses) on investments in equity instruments at fair value through other comprehensive income | 6(2) 6(18) | (68,361) | (2) | 77,168 | 2 |
| 8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | 6(26) | (2,122) | - | 58 | - |
| 8310 Components that will not be reclassified subsequently to profit or loss: | | (63,678) | (2) | 79,220 | 2 |
| Components of other comprehensive income that may be reclassified subsequently to profit or loss | | | | | |
| 8361 Cumulative translation differences of foreign operations | 6(18) | 6,560 | - | (7,569) | - |
| 8360 Components of other comprehensive income that may be reclassified subsequently to profit or loss | | 6,560 | - | (7,569) | - |
| 8300 Other comprehensive income (loss) for the year | | (\$ 57,118) | (2) | \$ 71,651 | 2 |
| 8500 Total comprehensive income for the year | | \$ 333,082 | 11 | \$ 317,740 | 10 |
| Basic earnings per share | 6(27) | | | | |
| 9750 Basic earnings per share | | \$ 2.41 | | \$ 1.54 | |
| Diluted earnings per share | 6(27) | | | | |
| 9850 Diluted earnings per share | | \$ 2.38 | | \$ 1.53 | |

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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

| | Notes | Retained Earnings | | | | Other equity | | | Treasury share | Total equity |
|---|-------|------------------------------|-----------------|---------------|-----------------|----------------------------------|--|--|----------------|--------------|
| | | Share capital - common stock | Capital surplus | Legal reserve | Special reserve | Unappropriated retained earnings | Cumulative translation differences of foreign operations | Unrealized gain(loss) on financial assets at fair value through other comprehensive income | | |
| <u>For the year ended December 31, 2021</u> | | | | | | | | | | |
| Balance at January 1, 2021 | | \$ 1,651,361 | \$ 187,088 | \$ 148,486 | \$ 132,987 | \$ 254,070 | (\$ 80,574) | \$ 32,228 | (\$ 108,425) | \$ 2,217,221 |
| Profit for the year | | - | - | - | - | 246,089 | - | - | - | 246,089 |
| Other comprehensive income for the year | 6(18) | - | - | - | - | 1,994 | (7,569) | 77,226 | - | 71,651 |
| Total comprehensive income for the year | | - | - | - | - | 248,083 | (7,569) | 77,226 | - | 317,740 |
| Distribution of 2020 earnings: | 6(17) | | | | | | | | | |
| Legal reserve | | - | - | 15,064 | - | (15,064) | - | - | - | - |
| Cash dividends | | - | - | - | - | (159,136) | - | - | - | (159,136) |
| Reversal of special reserve | | - | - | - | (21,840) | 21,840 | - | - | - | - |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed | | - | - | - | - | - | 38,724 | - | - | 38,724 |
| Recognition of changes in ownership interest in subsidiaries | | - | 16,969 | - | - | (39,174) | - | - | - | (22,205) |
| Treasury stock transferred | 6(14) | - | 22,647 | - | - | - | - | - | 26,870 | 49,517 |
| Balance at December 31, 2021 | | \$ 1,651,361 | \$ 226,704 | \$ 163,550 | \$ 111,147 | \$ 310,619 | (\$ 49,419) | \$ 109,454 | (\$ 81,555) | \$ 2,441,861 |
| <u>For the year ended December 31, 2022</u> | | | | | | | | | | |
| 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 ownership 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 |

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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

| | Notes | 2022 | 2021 |
|---|-------|----------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before tax for the year | | \$ 432,155 | \$ 218,411 |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Depreciation | 6(24) | 27,844 | 25,142 |
| Amortization | 6(24) | 3,633 | 7,695 |
| Expected credit impairment loss (gain) | 12(2) | 57,294 | (20,122) |
| Interest expense | 6(23) | 15,652 | 9,788 |
| Interest income | 6(20) | (2,974) | (2,972) |
| Dividend income | 6(21) | (48,390) | (16,555) |
| Share of profits of associates and joint ventures accounted for using equity method | | (193,260) | (109,441) |
| Unrealized profits from sales | | 208 | 70 |
| Realized profits from sales | | (70) | (26) |
| Share-based payment | 6(14) | 22,499 | 23,717 |
| Changes in assets/liabilities relating to operating activities | | | |
| Net changes in assets relating to operating activities | | | |
| Notes receivable | | (52) | 10 |
| Accounts receivable | | (413,770) | (27,871) |
| Accounts receivable - related parties | | 30,363 | (41,295) |
| Other receivables | | (1,370) | 4,000 |
| Other receivables - related parties | | (134) | 254 |
| Inventories | | (204,976) | 136,493 |
| Prepayments | | (101,991) | 4,604 |
| Other current assets | | (7,671) | 3,724 |
| Net changes in liabilities relating to operating activities | | | |
| Contract liabilities | | 196,490 | (100,734) |
| Accounts payable | | 233,727 | 81,671 |
| Accounts payable - related parties | | (29,323) | (13,210) |
| Other payables | | 77,210 | 39,952 |
| Other payables - related parties | | - | (470) |
| Provisions for liabilities | | 18,146 | (41,872) |
| Unearned receipts | | 10,125 | (3,597) |
| Other current liabilities | | 152 | 332 |
| Accrued pension liabilities | | (5,533) | (4,931) |
| Cash generated from operations | | 115,984 | 172,767 |
| Interest received | | 3,213 | 2,894 |
| Dividends received | | 48,390 | 16,555 |
| Interest paid | | (15,524) | (9,923) |
| Income tax paid | | (2,060) | (1,280) |
| Net cash provided by (used in) operating activities | | <u>150,003</u> | <u>181,013</u> |

GALLANT PRECISION MACHINING CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

| | Notes | 2022 | 2021 |
|--|-------|----------------|----------------|
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | | |
| Acquisition of financial assets at fair value through other comprehensive income | 6(2) | (\$ 304,654) | (\$ 602,866) |
| Acquisition of financial assets at amortized cost | | (68,829) | (488,700) |
| Proceeds from disposal of financial assets at amortized cost | | 112,230 | 480,735 |
| Proceeds from disposal of investments accounted for under equity method | 6(6) | - | 383,838 |
| Acquisition of property, plant and equipment | 6(28) | (11,359) | (45,687) |
| Acquisition of intangible assets | | (2,406) | (954) |
| Refundable deposits refunded | | 211 | 264 |
| Dividends received from investments accounted for using equity method | | 103,978 | 55,580 |
| Net cash provided by (used in) investing activities | | (170,829) | (217,790) |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | | |
| Increase in short-term loans | 6(29) | 1,222,778 | 1,658,786 |
| Repayment of short-term loans | 6(29) | (1,033,342) | (1,962,632) |
| Increase in long-term loans | 6(29) | 140,000 | 300,000 |
| Repayment of long-term loans | 6(29) | (20,000) | - |
| Repayment of the principal portion of lease liabilities | 6(29) | (4,713) | (4,609) |
| Guarantee deposits received | 6(29) | 473 | 84 |
| Treasury stock transferred to employees | 6(15) | 51,301 | 26,870 |
| Payment of cash dividends | 6(17) | (224,872) | (159,136) |
| Cash distributed from capital surplus | 6(16) | (16,062) | - |
| Net cash provided by (used in) financing activities | | 115,563 | (140,637) |
| Net increase in cash and cash equivalents | | 94,737 | (177,414) |
| Cash and cash equivalents at beginning of year | 6(1) | 579,056 | 756,470 |
| Cash and cash equivalents at end of year | 6(1) | \$ 673,793 | \$ 579,056 |

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

Attachment 4 :

- 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, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years ended December 31, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2022 and 2021, 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(12) 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 NT1,383,420 thousand and NT297,024 thousand as of December 31, 2022 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(26) 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, 2022 and 2021.

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 statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient 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, 2022 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 22, 2023

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)

| Assets | Notes | December 31, 2022 | | December 31, 2021 | | |
|---------------------------|---|-------------------|---------------------|-------------------|---------------------|------------|
| | | AMOUNT | % | AMOUNT | % | |
| Current assets | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ 1,345,746 | 17 | \$ 1,221,566 | 18 |
| 1136 | Financial assets at amortized cost - current | 6(3) and 8 | 586,983 | 7 | 659,218 | 10 |
| 1150 | Notes receivable, net | 6(4) | 35,446 | 1 | 39,362 | - |
| 1170 | Accounts receivable, net | 6(4) | 2,362,856 | 30 | 1,844,643 | 27 |
| 1180 | Accounts receivable to related parties, net | 6(4) and 7 | 19,530 | - | 45,288 | 1 |
| 1200 | Other receivables | | 3,431 | - | 4,243 | - |
| 130X | Inventories, net | 6(5) | 1,086,396 | 14 | 799,399 | 12 |
| 1410 | Prepayments | | 175,026 | 2 | 64,923 | 1 |
| 1470 | Other current assets | | 15,759 | - | 8,028 | - |
| 11XX | Current Assets | | <u>5,631,173</u> | <u>71</u> | <u>4,686,670</u> | <u>69</u> |
| Non-current assets | | | | | | |
| 1517 | Financial assets at fair value through other comprehensive income - non - current | 6(2) | 1,151,151 | 15 | 935,284 | 14 |
| 1535 | Financial assets at amortized cost - non-current | 6(3) and 8 | 14,777 | - | 17,898 | - |
| 1600 | Property, plant and equipment, net | 6(6) and 8 | 726,466 | 9 | 746,793 | 11 |
| 1755 | Right-of-use assets | 6(7) | 242,980 | 3 | 257,077 | 4 |
| 1780 | Intangible assets, net | | 13,078 | - | 13,772 | - |
| 1840 | Deferred income tax assets | 6(25) | 107,920 | 2 | 130,888 | 2 |
| 1900 | Other non-current assets | | 8,816 | - | 8,029 | - |
| 15XX | Non-current assets | | <u>2,265,188</u> | <u>29</u> | <u>2,109,741</u> | <u>31</u> |
| 1XXX | Total assets | | <u>\$ 7,896,361</u> | <u>100</u> | <u>\$ 6,796,411</u> | <u>100</u> |

(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, 2022 | | December 31, 2021 | |
|------|--|-------------|---------------------|------------|---------------------|------------|
| | | | AMOUNT | % | AMOUNT | % |
| | Current liabilities | | | | | |
| 2100 | Short-term loans | 6(8) | \$ 1,313,000 | 17 | \$ 1,000,565 | 15 |
| 2130 | Contract liabilities-current | 6(18) | 341,753 | 4 | 222,518 | 3 |
| 2150 | Notes payable | | 1,764 | - | 8,683 | - |
| 2170 | Accounts payable | 6(9) | 1,364,727 | 17 | 1,239,331 | 18 |
| 2180 | Accounts payable - related parties | 7 | 66 | - | 12,039 | - |
| 2200 | Other payables | 6(10) | 498,505 | 6 | 401,251 | 6 |
| 2230 | Current income tax liabilities | | 52,336 | 1 | 37,634 | 1 |
| 2250 | Provisions for liabilities-current | | 92,134 | 1 | 101,578 | 1 |
| 2280 | Lease liabilities-current | | 23,322 | - | 21,622 | - |
| 2320 | Long-term loans-current portion | 6(11) and 8 | 192,943 | 3 | 38,193 | 1 |
| 2399 | Other current liabilities - other | 6(12) | 21,509 | - | 9,757 | - |
| 21XX | Current Liabilities | | <u>3,902,059</u> | <u>49</u> | <u>3,093,171</u> | <u>45</u> |
| | Non-current liabilities | | | | | |
| 2540 | Long-term loans | 6(11) and 8 | 336,414 | 4 | 389,857 | 6 |
| 2570 | Deferred income tax liabilities | 6(25) | 155,942 | 2 | 119,161 | 2 |
| 2580 | Lease liabilities-non-current | | 227,239 | 3 | 241,474 | 3 |
| 2600 | Other non-current liabilities | | 32,938 | 1 | 44,429 | 1 |
| 25XX | Non-current liabilities | | <u>752,533</u> | <u>10</u> | <u>794,921</u> | <u>12</u> |
| 2XXX | Total Liabilities | | <u>4,654,592</u> | <u>59</u> | <u>3,888,092</u> | <u>57</u> |
| | Equity attributable to owners of parent company | | | | | |
| | Share capital | 6(14) | | | | |
| 3110 | Share capital-common stock | | 1,651,361 | 21 | 1,651,361 | 24 |
| | Capital surplus | 6(15) | | | | |
| 3200 | Capital surplus | | 267,824 | 3 | 226,704 | 3 |
| | Retained earnings | 6(16) | | | | |
| 3310 | Legal reserve | | 186,625 | 2 | 163,550 | 2 |
| 3320 | Special reserve | | 111,147 | 1 | 111,147 | 2 |
| 3350 | Unappropriated retained earnings | | 459,677 | 6 | 310,619 | 5 |
| | Other equity interest | 6(17) | | | | |
| 3400 | Other equity interest | | (3,888) | - | 60,035 | 1 |
| 3500 | Treasury share | 6(14) | (30,254) | - | (81,555) | (1) |
| 31XX | Equity attributable to owners of the parent company | | <u>2,642,492</u> | <u>33</u> | <u>2,441,861</u> | <u>36</u> |
| 36XX | Non-controlling interest | | <u>599,277</u> | <u>8</u> | <u>466,458</u> | <u>7</u> |
| 3XXX | Total equity | | <u>3,241,769</u> | <u>41</u> | <u>2,908,319</u> | <u>43</u> |
| | Contingent liabilities and unrecognised contract commitments | 9 | | | | |
| | Significant events after the balance sheet date | 11 | | | | |
| 3X2X | Total liabilities and equity | | <u>\$ 7,896,361</u> | <u>100</u> | <u>\$ 6,796,411</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

| | Items | Notes | 2022 | | 2021 | |
|------|---|--------------------|---------------------|--------------|-------------------|--------------|
| | | | AMOUNT | % | AMOUNT | % |
| 4000 | Operating revenue | 6(18) and 7 | \$ 4,733,976 | 100 | \$ 4,811,375 | 100 |
| 5000 | Operating costs | 6(5)(23)(24) and 7 | (3,327,248) | (70) | (3,662,847) | (76) |
| 5900 | Net operating margin | | <u>1,406,728</u> | <u>30</u> | <u>1,148,528</u> | <u>24</u> |
| | Operating expenses | 6(23)(24) | | | | |
| 6100 | Selling expenses | | (127,225) | (3) | (162,730) | (4) |
| 6200 | General and administrative expenses | | (501,655) | (11) | (346,811) | (7) |
| 6300 | Research and development expenses | | (260,706) | (5) | (314,213) | (7) |
| 6450 | Expected credit impairment loss (gain) | 12(2) | (94,308) | (2) | (7,799) | - |
| 6000 | Total operating expenses | | <u>(983,894)</u> | <u>(21)</u> | <u>(831,553)</u> | <u>(18)</u> |
| 6900 | Operating profit | | <u>422,834</u> | <u>9</u> | <u>316,975</u> | <u>6</u> |
| | Non-operating income and expenses | | | | | |
| 7100 | Interest income | 6(19) | 12,249 | - | 12,772 | - |
| 7010 | Other income | 6(20) | 125,289 | 3 | 101,679 | 2 |
| 7020 | Other gains and losses | 6(21) | 99,827 | 2 | (62,531) | (1) |
| 7050 | Finance costs | 6(22) | (26,091) | (1) | (18,459) | - |
| 7000 | Total non-operating income and expenses | | <u>211,274</u> | <u>4</u> | <u>33,461</u> | <u>1</u> |
| 7900 | Profit before tax | | <u>634,108</u> | <u>13</u> | <u>350,436</u> | <u>7</u> |
| 7950 | Income tax expense | 6(25) | (141,893) | (3) | (29,205) | - |
| 8200 | Profit for the year | | <u>\$ 492,215</u> | <u>10</u> | <u>\$ 321,231</u> | <u>7</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) | \$ 6,805 | 1 | \$ 1,994 | - |
| 8316 | Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income | 6(2) | (88,788) | (2) | 108,478 | 2 |
| 8349 | Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | 6(25) | <u>4,613</u> | <u>-</u> | <u>(11,124)</u> | <u>-</u> |
| 8310 | Items that will not be reclassified subsequently to profit or loss: | | <u>(77,370)</u> | <u>(1)</u> | <u>99,348</u> | <u>2</u> |
| | Items that may be reclassified subsequently to profit or loss: | | | | | |
| 8361 | Cumulative translation differences of foreign operations | 6(17) | <u>12,062</u> | <u>-</u> | <u>(9,420)</u> | <u>-</u> |
| 8360 | Summary of Components of other comprehensive income that will be reclassified to profit or loss | | <u>12,062</u> | <u>-</u> | <u>(9,420)</u> | <u>-</u> |
| 8300 | Other comprehensive (loss) income for the year | | <u>(\$ 65,308)</u> | <u>(1)</u> | <u>\$ 89,928</u> | <u>2</u> |
| 8500 | Total comprehensive income for the year | | <u>\$ 426,907</u> | <u>9</u> | <u>\$ 411,159</u> | <u>9</u> |
| | Profit attributable to: | | | | | |
| 8610 | Equity holders of the parent company | | \$ 390,200 | 8 | \$ 246,089 | 5 |
| 8620 | Non-controlling interest | | <u>102,015</u> | <u>2</u> | <u>75,142</u> | <u>2</u> |
| | Profit for the year | | <u>\$ 492,215</u> | <u>10</u> | <u>\$ 321,231</u> | <u>7</u> |
| | Total comprehensive income attributable to: | | | | | |
| 8710 | Equity holders of the parent company | | \$ 333,082 | 7 | \$ 317,740 | 7 |
| 8720 | Non-controlling interest | | <u>93,825</u> | <u>2</u> | <u>93,419</u> | <u>2</u> |
| | Total comprehensive income for the year | | <u>\$ 426,907</u> | <u>9</u> | <u>\$ 411,159</u> | <u>9</u> |
| | Basic earnings per share | 6(26) | | | | |
| 9750 | Profit for the year | | <u>\$ 2.41</u> | | <u>\$ 1.54</u> | |
| | Diluted earnings per share | 6(26) | | | | |
| 9850 | Profit for the year | | <u>\$ 2.38</u> | | <u>\$ 1.53</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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

| Equity attributable to owners of the parent | | | | | | | | | | | | |
|---|-----------------------------------|--------------------|--------------------|----------------------|-------------------------------------|---|---|-------------|----------------|------------|---------------------------------|--------------|
| Notes | Share capital- common stock | Capital surplus | Retained Earnings | | | Other Equity Interest | | | Treasury share | Total | Non- controlling interest | Total equity |
| | | | 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 | | | | | |
| For the year ended December 31, 2021 | | | | | | | | | | | | |
| | \$ | \$ | \$ | \$ | \$ | (\$ | \$ | (\$ | \$ | \$ | \$ | \$ |
| Balance at January 1, 2021 | 1,651,361 | 187,088 | 148,486 | 132,987 | 254,070 | (80,574) | 32,228 | (108,425) | 2,217,221 | 454,738 | - | 2,671,959 |
| Profit for the year | - | - | - | - | 246,089 | - | - | - | 246,089 | 75,142 | - | 321,231 |
| Other comprehensive income for the year | - | - | - | - | 1,994 | (7,569) | 77,226 | - | 71,651 | 18,277 | - | 89,928 |
| Total comprehensive income for the year | - | - | - | - | 248,083 | (7,569) | 77,226 | - | 317,740 | 93,419 | - | 411,159 |
| Distribution of 2020 earnings: | | | | | | | | | | | | |
| Legal reserve | - | - | 15,064 | - | (15,064) | - | - | - | - | - | - | - |
| Cash dividends | - | - | - | - | (159,136) | - | - | - | (159,136) | - | - | (159,136) |
| Reversal of special reserve | - | - | - | (21,840) | 21,840 | - | - | - | - | - | - | - |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed | - | - | - | - | - | 38,724 | - | - | 38,724 | - | - | 38,724 |
| Recognition of changes in ownership interest in subsidiaries | - | 16,969 | - | - | (39,174) | - | - | - | (22,205) | - | - | (22,205) |
| Changes in non-controlling interest | - | - | - | - | - | - | - | - | - | (81,699) | - | (81,699) |
| Treasury stock transferred | - | 22,647 | - | - | - | - | - | 26,870 | 49,517 | - | - | 49,517 |
| Balance at December 31, 2021 | \$ 1,651,361 | \$ 226,704 | \$ 163,550 | \$ 111,147 | \$ 310,619 | (\$ 49,419) | \$ 109,454 | (\$ 81,555) | \$ 2,441,861 | \$ 466,458 | \$ - | \$ 2,908,319 |
| 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 | 466,458 | - | 2,908,319 |
| Profit for the year | - | - | - | - | 390,200 | - | - | - | 390,200 | 102,015 | - | 492,215 |
| Other comprehensive income for the year | - | - | - | - | 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: | | | | | | | | | | | | |
| Legal reserve | - | - | 23,075 | - | (23,075) | - | - | - | - | - | - | - |
| Cash dividends | - | - | - | - | (224,872) | - | - | - | (224,872) | - | - | (224,872) |
| Capital surplus distribute cash | - | (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 | - | 20,668 | - | - | - | - | - | 51,301 | 71,969 | - | - | 71,969 |
| Balance at December 31, 2022 | \$ 1,651,361 | \$ 267,834 | \$ 186,525 | \$ 111,147 | \$ 459,677 | (\$ 42,859) | \$ 38,971 | (\$ 30,254) | \$ 2,642,492 | \$ 599,277 | \$ - | \$ 3,241,765 |

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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

| | Notes | 2022 | 2021 |
|---|-------|----------------|----------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | | |
| Consolidated profit before tax for the year | | \$ 634,108 | \$ 350,436 |
| Adjustments | | | |
| Income and expenses having no effect on cash flow | | | |
| Depreciation | 6(23) | 59,929 | 57,380 |
| Amortization | 6(23) | 5,701 | 9,778 |
| Expected credit impairment loss | 12(2) | 94,308 | 7,799 |
| Interest expense | 6(22) | 26,091 | 18,459 |
| Interest income | 6(19) | (12,249) | (12,772) |
| Dividend income | 6(20) | (51,995) | (21,266) |
| (Gain)/loss on disposal of property, plant and equipment, net | 6(21) | 225 | 101 |
| Share-based payment | 6(13) | 37,043 | 33,039 |
| Loss on disposal of investments accounted for using equity method | 6(21) | - | 33,482 |
| Gain on lease modification | 6(21) | - | (110) |
| Changes in assets/liabilities relating to operating activities | | | |
| Net changes in assets relating to operating activities | | | |
| Notes receivable | | 4,499 | (25,035) |
| Accounts receivable | | (608,174) | (299,047) |
| Accounts receivable - related parties | | 26,789 | (35,445) |
| Other receivables | | 148 | 6,174 |
| Inventories | | (284,746) | 33,571 |
| Prepayments | | (109,944) | 12,235 |
| Other current assets | | (7,701) | 4,254 |
| Other non-current assets | | 1,275 | (919) |
| Net changes in liabilities relating to operating activities | | | |
| Contract liabilities | | 118,680 | (45,315) |
| Notes payable | | (6,919) | 8,683 |
| Accounts payable | | 123,482 | 167,188 |
| Accounts payable - related parties | | (12,505) | (21,923) |
| Other payables | | 105,261 | 107,477 |
| Other payables - related parties | | - | (470) |
| Provisions for liabilities | | (9,519) | (24,501) |
| Unearned receipts | | 8,830 | (3,596) |
| Other current liabilities | | 2,870 | (1,772) |
| Net defined benefit liabilities | | (12,339) | (5,075) |
| Cash generated from operations | | 133,148 | 352,810 |
| Interest received | | 12,913 | 12,228 |
| Dividends received | | 51,995 | 21,084 |
| Interest paid | | (25,842) | (18,534) |
| Income tax paid | | (66,461) | (34,589) |
| Net cash provided by (used in) operating activities | | <u>105,753</u> | <u>332,999</u> |

(Continued)

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

| | Notes | 2022 | 2021 |
|--|-------|---------------------|---------------------|
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | | |
| Acquisition of financial assets at fair value through other comprehensive income | 6(2) | (\$ 304,655) | (\$ 658,840) |
| Acquisition of financial assets at amortized cost | | (211,647) | (732,047) |
| Proceeds from disposal of financial assets at amortized cost | | 297,578 | 776,095 |
| Acquisition of property, plant and equipment | 6(28) | (27,663) | (51,710) |
| Proceeds from disposal of property, plant and equipment | | 4,401 | 29 |
| Acquisition of intangible assets | | (4,055) | (3,064) |
| Refundable deposits refunded | | - | 5,560 |
| Refundable deposits paid | | (1,453) | - |
| Net cash provided by (used in) investing activities | | (247,494) | (663,977) |
| <u>CASH FLOWS FROM FINANCING ACTIVITY</u> | | | |
| Proceeds from short-term loan | 6(29) | 1,875,777 | 2,614,787 |
| Repayment of short-term loan | 6(29) | (1,563,342) | (2,668,632) |
| Proceeds from long-term loan | 6(29) | 140,000 | 300,000 |
| Repayment of long-term loan | 6(29) | (38,693) | (18,693) |
| Repayment of the principal portion of lease liabilities | 6(29) | (22,096) | (20,206) |
| Guarantee deposits paid | 6(29) | 473 | 83 |
| Cash capital increase from non-controlling equity - subsidiaries | | 30,000 | - |
| Treasure stock acquired - subsidiaries | 6(27) | - | (151,112) |
| Treasury stock transferred to employees | 6(13) | 135,283 | 94,001 |
| Cash dividends paid | 6(16) | (279,721) | (189,450) |
| Decrease in non-controlling interests | 6(16) | (16,062) | - |
| Net cash provided by (used in) financing activities | | 261,619 | (39,222) |
| Effect of fluctuations in exchange rate | | 4,302 | 7,697 |
| Net increase (decrease) in cash and cash equivalents | | 124,180 | (362,503) |
| Cash and cash equivalents at beginning of year | 6(1) | 1,221,566 | 1,584,069 |
| Cash and cash equivalents at end of year | 6(1) | <u>\$ 1,345,746</u> | <u>\$ 1,221,566</u> |

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

Attachment 5 :

**Gallant Precision Machining Co., Ltd.
List of Candidates for Directors**

| Director Candidates | Account No. | Work/educational background | Present position | No. of shares held |
|--|-------------|---|--|--------------------|
| Junpeng Investment Co., LTD. Represented by: CHEN,CHENG-HSIN | 146086 | Master of Mechanical Engineering, National Sun Yat-sen University Director of Design Department, Chunghwa Picture Machinery Works Vice General Manager of Gallant Precision Machining Co., Ltd. | Chairman and General Manager of Gallant Precision Machining Co., Ltd. Director of C SUN Mfg., Ltd. Director of Shinyu Light Co., LTD. Legal director representative of Gallant Micro. Machining CO., Ltd. Chairman of Apex-I International Co., Ltd. Chairman of Gallant-Rapid Corporation Limited Chairman and General Manager of Gallant Precision Industries (Suzhou) CO., Ltd. Chairman of Gallant Precision Intelligence Technology CO.,Ltd. Director of ESGWD Vice Chairman of TEEIA Vice Chairman of TAIROA | 500,000 |
| C SUN MFG. LTD. Represented by: FRANK, LIANG | 1738 | Class 40, Department of Business Administration, National Chengchi University Being granted the degree of Master of Business Administration (MBA), Washington State University (WSU) Being granted the degree of Master of Laws, Northwestern University Completed the Business Administration Courses at Northwestern University Chairman and Director of GALLANT MICRO. MACHINING CO., LTD. | Chairman and CEO of GALLANT MICRO. MACHINING CO., LTD. General Manager of C SUN Director of TPCA. Supervisor of Guangxin Venture Capital Co. Ltd. Director of UTRON TECHNOLOGIES CORP. Chairman of TOP CREATION MACHINES CO., LTD. Chairman of POWER EVER ENTERPRISES LIMITED, TAIWAN BRANCH (SAMOA) Director of Suzhou Chuangfeng | 44,758,827 |

| | | | | |
|----------------|-----|---|---|-------|
| | | <p>Special assistant to the Chairman, C SUN Mfg., Ltd.</p> <p>Chairman of Suzhou Chuangfeng Optoelectronic Technology Co., LTD.</p> <p>Chairman of Wat Sun. Intelligent Technology Co., Ltd.</p> <p>Director and Supervisor of VIEWMOVE TECHNOLOGIES, INC.</p> | <p>Optoelectronic Technology Co., LTD.</p> <p>Chairman of LUCKY ACE INTERNATIONAL LIMITED</p> <p>Director of Nantong Chuangfeng Photoelectric Equipment Co., LTD.</p> | |
| HSU, HUNG-MING | 387 | <p>Graduated from Department of Electronic Engineering Technology, National Taiwan University of Science and Technology</p> <p>Director of Quality Assurance Department, Director of Engineering Department, GALLANT PRECISION MACHINING CO., LTD.</p> <p>General Manager of GALLANT MICRO. MACHINING CO., LTD.</p> | <p>Director of Gallant Micro. Machining (Suzhou) Co., Ltd.</p> <p>Director of Gallant Micro Machining (M) Sdn. Bhd.</p> <p>Chairman of UTRON TECHNOLOGIES CORP.</p> <p>Director of GALLANT MICRO. MACHINING CO., LTD.</p> | 1,000 |
| LO, WOEI | - | <p>PhD in Management Science, National Chiao Tung University</p> <p>Supervisor of ZYTPE COMMUNICATIONS CORPORATION</p> <p>Representative of Zyxel Networks Corporation</p> <p>Independent Director of TAI-TECH Advanced Electronics Co., Ltd.</p> | <p>Senior Vice General Manager /Financial Accounting Supervisor/Spokesperson of Unizyx Holding Corporation</p> <p>Senior Vice General Manager /Financial Accounting Supervisor of Zyxel Communications Corp.</p> <p>Senior Vice General Manager /COO/Financial Accounting Supervisor of MitraStar Technology Corp.</p> <p>Legal representative of Wuxi Alliance Network Technology Co., LTD.</p> <p>Representative of Bluebell Overseas Ltd.</p> <p>Supervisor of Wuxi Yanqin Information Technology Co., LTD</p> <p>Representative of MitraStar Technology Corp.</p> | 0 |

| | | | | |
|---------------|---|--|--|---|
| | | | <p>Legal representative of Shanghai Montenke Communication Equipment Trading Co., LTD. Representative of MitraStar Technology Corp. Supervisor of Beijing Huaqin Tiandi Technology Co., LTD. Representative of Wuxi Yanqin Information Technology Co., LTD. Vice Chairman of Zyxel (Türkiye) Communications Corp. Representative of Zyxel Communications Corp. Director of Heguan Investment Co., LTD. Representative of Zyxel Communications Corp. Supervisor of Ardomus Networks Corporation Representative of ZYFX TECHNOLOGIES INC. Director of Black Cat Incorporation. Representative of Unizyx Holding Corporation Director/Senior Vice President/Financial Accounting Supervisor of Zyxel Networks Corporation</p> | |
| CHEN, YEE-MEI | - | <p>Master of Computer Science, University of Oregon President of American Guifen International Enterprise Co., LTD. President of the United States Texas Win-Win Credit Brokerage Company and Xun'an Credit Audit Document Review Company CEO of Credit Branch, Wells Fargo, Austin, Texas Instructor (Adjunct) of Na-</p> | Distinguished Researcher of ITRI | 0 |

| | | | | |
|----------------|---|---|--|---|
| | | <p>tional Tsing Hua University Co-Founder and President of StarFab Accelerator Independent Director of TALIANG TECHNOLOGY COMPANY LIMITED</p> | | |
| MA, CHIEN-YUNG | - | <p>Doctors of metallurgy, Uni- versität Stuttgart Chief of National ChungShan Institute of Sci- ence&Technology General Manager of TOUCH MICRO-SYSTEM TECHNOLOGY CORP. General Manager / Chairman of SOLAR APPLIED MATERIALS TECHNOLOGY CORP. Director / Chairman of HTC & SOLAR TECH SERVICE LIMITED</p> | <p>Director of SOLAR APPLIED MATERIALS TECHNOLOGY CORP. Chairman of FORCERA MATERIALS CO., LTD. Director of Solar International Technology (HK) Limited Director of SOLAR APPLIED MATERIALS USA, INC. Director of YU TAY VACUUM CO., LTD. Director of HIGHLIGHT TECH CORP.</p> | 0 |
| TSANG, KWOK-AH | - | <p>Bachelor of Accountancy, National Chengchi Universi- ty Executive Master of Business Administration, National Chiao Tung University Auditing department, Partner accountant of PwC Taiwan</p> | <p>Partner accountant of Sunwise CPA Firm</p> | 0 |

Notes: The qualification of the above director nominees was reviewed and approved at the meeting of the Board on May 3, 2023.

The holding is the number of shares held on the date of suspending transfer of ownership at the general meeting of shareholders (April 21, 2023).

Attachment 6:**Removal of the Restrictions on Non-Competition against Director Candidates**

| Name | Removal of the Restrictions on Non-Competition against Director Candidates |
|---|---|
| Junpeng Investment Co., LTD. Represented by: CHEN, CHENG-HSIN | Director of C SUN Mfg., Ltd. Director of Shinyu Light Co., LTD. Legal director representative of Gallant Micro. Machining CO., Ltd. Chairman of Gallant Precision Intelligence Technology Co., Ltd. |
| C SUN MFG. LTD. Represented by: FRANK, LIANG | Chairman and CEO of GALLANT MICRO. MACHINING CO., LTD. General Manager of C SUN Supervisor of Guangxin Venture Capital Co. Ltd. Director of UTRON TECHNOLOGIES CORP. Chairman of TOP CREATION MACHINES CO., LTD. Chairman of POWER EVER ENTERPRISES LIMITED, TAIWAN BRANCH (SAMOA) Director of Suzhou Chuangfeng Optoelectronic Technology Co., LTD. Chairman of LUCKY ACE INTERNATIONAL LIMITED Director of Nantong Chuangfeng Photoelectric Equipment Co., LTD. |
| HSU, HUNG-MING | Director of Gallant Micro. Machining (Suzhou) Co., Ltd. Director of Gallant Micro Machining (M) Sdn. Bhd. Chairman of UTRON TECHNOLOGIES CORP. Director of GALLANT MICRO. MACHINING CO., LTD. |
| LO, WOEI | Senior Vice General Manager /Financial Accounting Supervisor/Spokesperson of Unizyx Holding Corporation Senior Vice General Manager /Financial Accounting Supervisor of Zyxel Communications Corp. Senior Vice General Manager /COO/Financial Accounting Supervisor of MitraStar Technology Corp. Legal representative of Wuxi Alliance Network Technology Co., LTD. Representative of Bluebell Overseas Ltd. Supervisor of Wuxi Yanqin Information Technology Co., LTD Representative of MitraStar Technology Corp. Legal representative of Shanghai Montenke Communication Equipment Trading Co., LTD. Representative of MitraStar Technology Corp. Supervisor of Beijing Huaqin Tiandi Technology Co., LTD. Representative of Wuxi Yanqin Information Technology Co., LTD. Vice Chairman of Zyxel (Türkiye) Communications Corp. Representative of Zyxel Communications Corp. Director of Heguan Investment Co., LTD. Representative of Zyxel Communications Corp. Supervisor of Ardomus Networks Corporation Representative of ZYFX TECHNOLOGIES INC. Director of Black Cat Incorporation. |

| | |
|----------------|---|
| | <p>Representative of Unizyx Holding Corporation Director/Senior Vice President/Financial Accounting Supervisor of Zyxel Networks Corporation</p> |
| CHEN, YEE-MEI | Distinguished Researcher of ITRI |
| MA, CHIEN-YUNG | <p>Director of SOLAR APPLIED MATERIALS TECHNOLOGY CORP. Chairman of FORCERA MATERIALS CO., LTD. Director of Solar International Technology (HK) Limited Director of SOLAR APPLIED MATERIALS USA, INC. Director of YU TAY VACUUM CO., LTD. Director of HIGHLIGHT TECH CORP.</p> |
| TSANG, KWOK-AH | Partner accountant of Sunwise CPA Firm |

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 (Before the Amendments)

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 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 30-2: The Board of the Company may distribute the entire or partial dividends and bonuses for distribution, or statutory surplus reserve and capital reserve in cash through a resolution made by obtaining consent from more than half of the attending Directors at a Board meeting attended by more than two-thirds of Directors and report to 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.

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.

Appendix 3

Gallant Precision Machining Co., Ltd. Regulations Governing the Election of Directors

1. The election of the directors, except as otherwise provided in the Company Law and the Articles of Association of the Company, shall be handled in accordance with the Method.
2. The cumulative voting method is adopted for the election of the directors of the Company. The name of the voter may be replaced with the attendance card number printed on the ballot. Each shareholder has the same number of electoral votes as the number of directors to be elected, and all the votes may be casted to only one person or to a number of people. Independent directors and non-independent directors shall be elected together, but the votes shall be respectively calculated, and the candidates winning votes representing more voting rights shall be elected as independent directors and non-independent directors.
3. The number of directors of the Company shall be based on the number specified in the Articles of Association of the Company, and the candidates winning more voting rights shall be elected. If there are two or more people winning the same number of voting rights and the prescribed quota is therefore exceeded, the winning candidate shall be decided by a lucky draw. If a candidate is not present, the chairperson shall draw on his/her behalf. The candidate elected as a director per the preceding paragraph may decide to act as a director or not at his/her discretion, and if he/she decides to decline the director position, the next eligible candidate shall take the place.
4. The Chairperson shall call the election to order, and designate a number of people monitoring the voting process and counting the votes to carry out relevant tasks. The vote monitoring person shall be a shareholder.
5. The ballot shall be printed and issued by the Company, and shall be numbered with the attendance card number and marked with the voting rights it represents.
6. The voter shall fill in the name and the shareholder's number of the candidate in the field "candidate elected" on the ballot. If the candidate elected is not a shareholder, his/her name and identity card or unified tax number shall be filled in the field before the ballot is casted. If the candidate elected is the government or a legal-person shareholder, either the name of the government or legal person, or the name of the government or legal person together with the name of its representative shall be filled in the field of "candidate elected". If there are multiple representatives, all their names shall be filled in the said field.
7. The election vote is invalid if any of the circumstances occur:
 - (1) The ballot is not produced according to the provisions of this Method.
 - (2) The ballot casted is blank.
 - (3) The ballot contains words or symbols other than those in the provisions of Article 6.
 - (4) The writing on the ballot is illegible and can not be identified.
 - (5) If the candidate elected/filled in on the ballot is a shareholder, and his/her shareholder's account number or shareholder's name does not correspond to that in the

shareholder's register, or if the candidate elected/filled in is not a shareholder, and his/her name or ID number or unified tax number is incorrect after checking.

(6) The contents on the ballot are not filled in accordance with the provisions of Article 6 or are incomplete.

(7) Two or more candidates elected are filled in on the same ballot.

8. After all votes are casted into the cabinet, the vote monitoring person shall open the cabinet.
9. When there is any doubt about a vote, the vote monitoring person shall first check whether or not the vote shall be invalidated and placed elsewhere. After the counting of votes, the number of invalid votes and the voting rights they represent shall be counted and then invalidated and sealed by the vote monitoring person.
10. The ballots should be calculated with the tellers' verification on the accuracy of total numbers of valid and invalid votes. The number of valid/invalid vote casting and the voting rights respectfully shall be filled in a log sheet, and the results of the calculation shall be announced by the chairman or his designated officer at the meeting.
11. Matters not stipulated in the Method shall be handled in accordance with the provisions of the Company Law.
12. The Method is implemented after the adoption of the resolution in the shareholders' meeting, and the same procedure applies to the amendments.
13. The Rules for Election of Directors are formulated on April 29, 1995.
The 1st amendment was on May 14, 2002.
The 2nd amendment was on June 21, 2012.
The 3rd amendment was on June 20, 2014.
The 4th amendment will be on June 25, 2019.

Appendix 4

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 5

Gallant Precision Machining Co., Ltd. Shareholding of Directors

Book-close date: April 21, 2023

| Title | Name | Current shareholding | |
|----------------------|---|----------------------|--------------------------------|
| | | Shares | % of the current shares issued |
| Chairman | CHEN, CHENG-HSIN | 1,120,146 | 0.68% |
| Vice Chairman | FRANK, LIANG | 0 | 0.00% |
| Director | Hsu, Hung-Ming | 1,000 | 0.00% |
| Director | C Sun MFG. Ltd. Representative: Ronald H. Chen | 44,758,827 | 27.10% |
| Independent Director | LO, WOEI | 0 | 0.00% |
| Independent Director | Jia-Ching Tung | 0 | 0.00% |
| Independent Director | CHEN, YEE-MEI | 0 | 0.00% |

Note 1: Total number of shares issued as of April 21, 2023 (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 21, 2023: 45,879,973 shares, the total shareholding of all the directors has reached the required level.

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