

Gallant Precision Machining Co., Ltd.

2023 Annual General Shareholders' Meeting Minutes

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)**

The number of shares of attendance:

Attending shareholders and proxy represented 102,440,547 shares (including 4,775,964 shares which attended through electronic voting). Percentage of shares by shareholders present in person or by proxy: 62.66%.

Directors present:

CHEN,CHENG-HSIN, Frank Liang, C SUN MFG. LTD. Representative: Ronald H. Chen, Hsu Hung-Ming

Independent Director present: Lo Wei

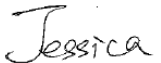
Others present:

Auditor Wu, Wei-Hao, Lawyer Alice Chiang

Chairman: Mr. CHEN,CHENG-HSIN



Recorder: Ms. Jessica



Call Meeting to Order:

The aggregate shareholding of the shareholders present constituted a quorum. The Chairman called the meeting to order.

I. Call Meeting to Order

II. Chairman's Address

III. Report Items

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

Explanation :

The 2022 Business Report is attached hereto as Attachment 1.

2. Audit committee's review report for 2022.

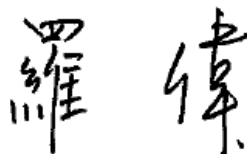
Explanation :

- (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 30-2 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 for the comparison of provisions before and after the amendment.

IV. 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.

Resolution : Approved and acknowledged as proposed by Board of Directors.

Voting Result: Attend the voting rights of shareholders when deduction of restricted voting rights 74,291 shares total shares 102,366,256 shares (including 4,775,964 shares voted via electronic transmission)

| Voting Results | %of the total representation at the time of voting |
|--|---|
| Votes in favor : 100,934,921 votes (including 3,388,743 shares voted via electronic transmission) | 98.6% |
| Votes against : 40,057 votes (including 40,057 shares voted via electronic transmission) | 0.04% |
| Votes abstained : 1,391,278 votes (including 1,347,164 share voted via electronic transmission) | 1.36% |
| Votes invalid : 0 votes | 0.00% |

| | |
|--|--|
| (including 0 shares voted via electronic transmission) | |
|--|--|

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

Explanation :

(1)Earnings Distribution Proposal:

| | Amount in NT\$ |
|---|----------------|
| Items | Amount |
| 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, | 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 : Approved and acknowledged as proposed by Board of Directors.

Voting Result: Attend the voting rights of shareholders when deduction of restricted voting rights 74,291 shares total shares 102,366,256 shares (including 4,775,964 shares voted via electronic transmission)

| Voting Results | %of the total representation at the time of voting |
|--|--|
| Votes in favor : 100,934,920 votes (including 3,388,742 shares voted via electronic transmission) | 98.6% |
| Votes against : 40,053 votes (including 40,053 shares voted via electronic transmission) | 0.04% |
| Votes abstained : 1,391,283 votes (including 1,347,169 share voted via electronic transmission) | 1.36% |
| Votes invalid : 0 votes (including 0 shares voted via electronic transmission) | 0.00% |

V. 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 for the comparison of the Articles of Association before and after the amendment.

Resolution : Approved and acknowledged as proposed by Board of Directors.

Voting Result: Attend the voting rights of shareholders when deduction of restricted voting rights 74,291 shares total shares 102,366,256 shares (including 4,775,964 shares voted via electronic transmission)

| Voting Results | %of the total representation at the time of voting |
|--|--|
| Votes in favor : 100,935,195 votes (including 3,389,017 shares voted via electronic transmission) | 98.6% |
| Votes against : 42,696 votes (including 42,696 shares voted via electronic transmission) | 0.04% |
| Votes abstained : 1,388,365 votes (including 1,344,251 share voted via electronic transmission) | 1.36% |
| Votes invalid : 0 votes (including 0 shares voted via electronic transmission) | 0.00% |

VI.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 Attachments 5 for their educational background, experience and other relevant information.

Resolution :

| Title | Shareholder Number or ID | Shareholder Name or Name | Votes Received |
|----------------------|--------------------------|---|----------------|
| Director | 1738 | C SUN MFG.LTD. Representative : FRANK, LIANG | 214,451,577 |
| Director | 146086 | Junpeng Investment Co., LTD. Representative : CHEN, CHENG-HSIN | 155,923,722 |
| Director | 387 | HSU, HUNG-MING | 105,850,954 |
| Independent Director | J1*****52 | LO,WOEI | 58,446,436 |
| Independent Director | D1*****72 | MA, CHIEN-YUNG | 57,550,676 |
| Independent Director | J2*****29 | CHEN,YEE-MAY | 56,624,928 |
| Independent Director | A1*****46 | TSANG,KWOK-AH | 55,403,290 |

VII.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 : (1)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. Independent Director of TONGTAI MACHINE & TOOL 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. Legal director representative of Phoenix Silicon International Corporation. |
| 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/Spokespersonof 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. Representative of Unizyx Holding Corporation Director/Senior Vice President/Financial Accounting Supervisor of Zyxel Networks Corporation |
| CHEN, YEE-MEI | Distinguished Researcher of ITRI |
| MA, CHIEN-YUNG | 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. |
| TSANG, KWOK-AH | Partner accountant of Sunwise CPA Firm |

(2) Approved and acknowledged as proposed by Board of Directors.

Voting Result: Attend the voting rights of shareholders when deduction of restricted voting rights 74,291 shares
total shares 102,366,256 shares (including 4,775,964 shares voted via electronic transmission)

| Voting Results | %of the total representation at the time of voting |
|--|---|
| Votes in favor : 100,846,744 votes (including 3,300,566 shares voted via electronic transmission) | 98.52% |
| Votes against : 73,531 votes (including 73,531 shares voted via electronic transmission) | 0.07% |
| Votes abstained : 1,445,981 votes (including 1,401,867 share voted via electronic transmission) | 1.41% |
| Votes invalid : 0 votes (including 0 shares voted via electronic transmission) | 0.00% |

VIII.Special Motions

None.

IX.Meeting Adjourn

Meeting ended at 09:35a.m..

(There are no shareholders' questions at this shareholders' meeting)

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.

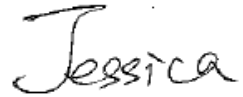
- (6) Looking ahead, with the excellent management team, the professional technical ability, and all the colleagues' effort, the Company will achieve its goals and obtain the best operating results.



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 |
|--|--|--|
| 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. | 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. | Revised as necessary for actual operation. |
| 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. 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. | 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. 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. | Revised as necessary for actual operation. |
| 4.1.4 The Company shall encourage the shareholders to participate in the | 4.1.4 The Company shall encourage the shareholders to participate in the corporate management and | Revised as necessary for actual operation. |

| | | |
|---|--|--|
| <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>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>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.</p> <p>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>The preceding provision shall in-</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.</p> <p>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> |

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| <p>clude measures to control the trading 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</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</p> | <p>Revised as necessary for actual operation. °</p> |

| | | |
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| <p>of major shareholders, as well as the 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>well as the 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, 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</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</p> | <p>For literal correction</p> |

| | | |
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| <p>shareholding and part-time jobs limited, and maintain their independence 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>limited, and maintain their independence 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</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</p> | <p>For literal correction</p> |

| | | |
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| <p>Premises of Securities 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>Business Premises of Securities 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. 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. 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> | For literal correction |
| <p>5.4 Specification and decision-making procedures of the Board of Directors</p> | <p>5.4 Rules and decision-making procedures of the Board of Directors</p> | For literal correction |

| | | |
|--|--|------------------------|
| The contents of the board of directors' 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. | The contents of the board of directors' 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 made on June 21, 2012. The 31st amendment was made on June 20, 2014. | 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. The 31st amendment was made on June 20, 2014. The 32nd amendment was made on | Date of amendment added |

| | | | |
|--|---|---|--|
| | <p>The 32nd amendment was made on June 17, 2015.</p> <p>The 33rd amendment was made on June 27, 2016.</p> <p>The 34th amendment was made on June 16, 2017.</p> <p>The 35th amendment was made on June 25, 2019.</p> <p>The 36th amendment was made on June 17, 2020.</p> <p>The 37th amendment was made on June 8, 2022.</p> <p>The 38th amendment was made on June 19, 2023.</p> | <p>June 17, 2015.</p> <p>The 33rd amendment was made on June 27, 2016.</p> <p>The 34th amendment was made on June 16, 2017.</p> <p>The 35th amendment was made on June 25, 2019.</p> <p>The 36th amendment was made on June 17, 2020.</p> <p>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 opinion on these matters. Key audit matters for the parent company only financial statements in the current period are stated as follow:

Evaluation of inventories

Description

Gallant Precision Machining Co., Ltd is primarily engaged in the manufacture and sale of flat panel display testing equipment, semiconductor assembly equipment, intelligent automated equipment, and related parts. Inventories are stated at the lower of cost and net realizable value and regarding the accounting policy on the evaluation of inventories are disclosed in Note 4(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 company only financial statement. Thus, revenue recognition has been identified a key audit matter.

How our audit addressed the matter

Our audit procedures performed included the following:

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

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for

our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion . Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation .
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion .

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 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 | | 3,123,481 | 54 | 2,427,609 | 51 |
| 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 | | 2,635,817 | 46 | 2,317,281 | 49 |
| 1XXX | Total assets | | \$ 5,759,298 | 100 | \$ 4,744,890 | 100 |

(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 | | 2,652,134 | 46 | 1,803,696 | 38 |
| 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 | | 464,672 | 8 | 499,333 | 11 |
| 2XXX | Total Liabilities | | 3,116,806 | 54 | 2,303,029 | 49 |
| Equity | | | | | | |
| | Share capital | 6(15) | | | | |
| 3110 | Share capital - common stock | | 1,651,361 | 29 | 1,651,361 | 35 |
| | Capital surplus | 6(16) | | | | |
| 3200 | Capital surplus | | 267,824 | 4 | 226,704 | 4 |
| | Retained earnings | 6(17) | | | | |
| 3310 | Legal reserve | | 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 | 6(18) | | | | |
| 3400 | Other equity interest | | (3,888) | - | 60,035 | 1 |
| 3500 | Treasury share | 6(15) | (30,254) | - | (81,555) | (2) |
| 3XXX | Total equity | | 2,642,492 | 46 | 2,441,861 | 51 |
| | Significant contingent liabilities and unrecognized contract commitments | 9 | | | | |
| | Significant events after the balance sheet date | 11 | | | | |
| 3X2X | Total liabilities and equity | | \$ 5,759,298 | 100 | \$ 4,744,890 | 100 |

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

GALLANT PRECISION MACHINING CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 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 | Share capital - common stock | Capital surplus | Retained Earnings | | | Other equity | | Treasury share | Total equity |
|---|-------|---------------------------------|-----------------|-------------------|-----------------|-------------------------------------|---|--|----------------|--------------|
| | | | | Legal reserve | Special reserve | Unappropriated retained earnings | Cumulative trans- lation differences of foreign opera- tions | Unrealized gain(loss) on fi- nancial assets at fair value through other comprehensive 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 |
| 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 subsidiar- ies acquired or disposed | | - | - | - | - | - | 38,724 | - | - | 38,724 |
| Recognition of changes in owner- ship 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 |
| For the year ended December 31, 2022 | | | | | | | | | | |
| Balance at January 1, 2022 | | \$ 1,651,361 | \$ 226,704 | \$ 163,550 | \$ 111,147 | \$ 310,619 | (\$ 49,419) | \$ 109,454 | (\$ 81,555) | \$ 2,441,861 |
| Profit for the year | | - | - | - | - | 390,200 | - | - | - | 390,200 |
| Other comprehensive income for the year | 6(18) | - | - | - | - | 6,805 | 6,560 | (70,483) | - | (57,118) |
| Total comprehensive income for the year | | - | - | - | - | 397,005 | 6,560 | (70,483) | - | 333,082 |
| Distribution of 2021 earnings: | 6(17) | | | | | | | | | |
| Legal reserve | | - | - | 23,075 | - | (23,075) | - | - | - | - |
| Cash dividends | | - | - | - | - | (224,872) | - | - | - | (224,872) |
| Capital surplus distribute cash | | - | (16,062) | - | - | - | - | - | - | (16,062) |
| Recognition of changes in owner- ship interest in subsidiaries | | - | 36,514 | - | - | - | - | - | - | 36,514 |
| Treasury stock transferred | 6(14) | - | 20,668 | - | - | - | - | - | 51,301 | 71,969 |
| Balance at December 31, 2022 | | \$ 1,651,361 | \$ 267,824 | \$ 186,625 | \$ 111,147 | \$ 459,677 | (\$ 42,859) | \$ 38,971 | (\$ 30,254) | \$ 2,642,492 |

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 | | 150,003 | 181,013 |

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)

| | | | December 31, 2022 | | December 31, 2021 | | | |
|--------------------|---|------------|-------------------|-----------|-------------------|--------|-----------|-----|
| Assets | | | Notes | 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 | | | 5,631,173 | 71 | | 4,686,670 | 69 |
| 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 | | | 2,265,188 | 29 | | 2,109,741 | 31 |
| 1XXX | Total assets | | \$ | 7,896,361 | 100 | \$ | 6,796,411 | 100 |

(Continued)

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31

(Expressed in thousands of New Taiwan dollars)

| Liabilities and Equity | | Notes | December 31, 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 | | 3,902,059 | 49 | 3,093,171 | 45 |
| 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 | | 752,533 | 10 | 794,921 | 12 |
| 2XXX | Total Liabilities | | 4,654,592 | 59 | 3,888,092 | 57 |
| 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 | | 2,642,492 | 33 | 2,441,861 | 36 |
| 36XX | Non-controlling interest | | 599,277 | 8 | 466,458 | 7 |
| 3XXX | Total equity | | 3,241,769 | 41 | 2,908,319 | 43 |
| Contingent liabilities and unrecognised contract commitments | | 9 | | | | |
| Significant events after the balance sheet date | | 11 | | | | |
| 3X2X | Total liabilities and equity | | \$ 7,896,361 | 100 | \$ 6,796,411 | 100 |

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 | | | |
|--|--------------------|-------------------------|--------------|-------------------|--------------|
| | | 2022 | | 2021 | |
| Items | Notes | 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 | | | | | | | | | | | | |
|--|-------|-----------------------------------|--------------------|--------------------|----------------------|-------------------------------------|---|---|--------------------|---------------------|---------------------------------|---------------------|
| | | Retained Earnings | | | | Other Equity Interest | | | | | | |
| | Notes | Share capital- common stock | Capital surplus | Legal re- serve | Special re- serve | Unappropriated retained earnings | Cumulative trans- lation differences of foreign opera- tions | Unrealized gain(loss) on finan- cial assets at fair value through other comprehen- sive income | Treasury share | Total | Non- controlling interest | Total equity |
| <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 | \$ 454,738 | \$ 2,671,959 |
| Profit for the year | | - | - | - | - | 246,089 | - | - | - | 246,089 | 75,142 | 321,231 |
| Other comprehensive income for the year | 6(17) | - | - | - | - | 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: | 6(16) | | | | | | | | | | | |
| Legal reserve | | - | - | 15,064 | - | (15,064) | - | - | - | - | - | - |
| Cash dividends | | - | - | - | - | (159,136) | - | - | - | (159,136) | - | (159,136) |
| Reversal of special reserve | | - | - | - | (21,840) | 21,840 | - | - | - | - | - | - |
| Difference between considera- tion and carrying amount of subsidiaries acquired or dis- posed | | - | - | - | - | - | 38,724 | - | - | 38,724 | - | 38,724 |
| Recognition of changes in ownership interest in subsidi- aries | | - | 16,969 | - | - | (39,174) | - | - | - | (22,205) | - | (22,205) |
| Changes in non-controlling in- terest | | - | - | - | - | - | - | - | - | - | (81,699) | (81,699) |
| Treasury stock transferred | 6(15) | - | 22,647 | - | - | - | - | - | 26,870 | 49,517 | - | 49,517 |
| Balance at December 31, 2021 | | <u>\$ 1,651,361</u> | <u>\$ 226,704</u> | <u>\$ 163,550</u> | <u>\$ 111,147</u> | <u>\$ 310,619</u> | <u>(\$ 49,419)</u> | <u>\$ 109,454</u> | <u>(\$ 81,555)</u> | <u>\$ 2,441,861</u> | <u>\$ 466,458</u> | <u>\$ 2,908,319</u> |
| <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 | \$ 466,458 | \$ 2,908,319 |
| Profit for the year | | - | - | - | - | 390,200 | - | - | - | 390,200 | 102,015 | 492,215 |
| Other comprehensive income for the year | 6(17) | - | - | - | - | 6,805 | 6,560 | (70,483) | - | (57,118) | (8,190) | (65,308) |
| Total comprehensive income for the year | | - | - | - | - | 397,005 | 6,560 | (70,483) | - | 333,082 | 93,825 | 426,907 |
| Distribution of 2021 earnings: | 6(16) | | | | | | | | | | | |
| Legal reserve | | - | - | 23,075 | - | (23,075) | - | - | - | - | - | - |
| Cash dividends | | - | - | - | - | (224,872) | - | - | - | (224,872) | - | (224,872) |
| Capital surplus distribute cash | 6(15) | - | (16,062) | - | - | - | - | - | - | (16,062) | - | (16,062) |
| Recognition of changes in ownership interest in subsidi- aries | | - | 36,514 | - | - | - | - | - | - | 36,514 | - | 36,514 |
| Changes in non-controlling in- terest | | - | - | - | - | - | - | - | - | - | 38,994 | 38,994 |
| Treasury stock transferred | 6(15) | - | 20,668 | - | - | - | - | - | 51,301 | 71,969 | - | 71,969 |
| Balance at December 31, 2022 | | <u>\$ 1,651,361</u> | <u>\$ 267,824</u> | <u>\$ 186,625</u> | <u>\$ 111,147</u> | <u>\$ 459,677</u> | <u>(\$ 42,859)</u> | <u>\$ 38,971</u> | <u>(\$ 30,254)</u> | <u>\$ 2,642,492</u> | <u>\$ 599,277</u> | <u>\$ 3,241,769</u> |

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)

| | <u>Notes</u> | <u>2022</u> | <u>2021</u> |
|---|--------------|-------------|-------------|
| <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 | | 105,753 | 332,999 |

(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)

| | <u>Notes</u> | <u>2022</u> | <u>2021</u> |
|--|--------------|---------------------|---------------------|
| <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. Special assistant to the Chairman, C SUN Mfg., 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 Optoelectronic Technology Co., LTD. Chairman of LUCKY ACE | 44,758,827 |

| | | | | |
|----------------|-----|--|--|-------|
| | | Chairman of Suzhou Chuangfeng Optoelectronic Technology Co., LTD. Chairman of Wat Sun. Intelligent Technology Co., Ltd. Director and Supervisor of VIEWMOVE TECHNOLOGIES, INC. | INTERNATIONAL LIMITED Director of Nantong Chuangfeng Photoelectric Equipment Co., LTD. | |
| HSU, HUNG-MING | 387 | Graduated from Department of Electronic Engineering Technology, National Taiwan University of Science and Technology Director of Quality Assurance Department, Director of Engineering Department, GALLANT PRECISION MACHINING CO., LTD. General Manager of GALLANT MICRO. MACHINING CO., LTD. | 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. | 1,000 |
| LO, WOEI | - | PhD in Management Science, National Chiao Tung University Supervisor of ZYTPE COMMUNICATIONS CORPORATION Representative of Zyxel Networks Corporation Independent Director of TAI-TECH Advanced Electronics Co., Ltd. | 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 | 0 |

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

| | | | | |
|----------------|---|--|--|---|
| | | Independent Director of TALIANG TECHNOLOGY COMPANY LIMITED | | |
| MA, CHIEN-YUNG | - | Doctors of metallurgy, Universität Stuttgart Chief of National ChungShan Institute of Science&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 | 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. | 0 |
| TSANG, KWOK-AH | - | Bachelor of Accountancy, National Chengchi University Executive Master of Business Administration, National Chiao Tung University Auditing department, Partner accountant of PwC Taiwan | Partner accountant of Sunwise CPA Firm | 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. |

| | |
|----------------|--|
| | Representative of Unizyx Holding Corporation Director/Senior Vice President/Financial Accounting Supervisor of Zyxel Networks Corporation |
| CHEN, YEE-MEI | Distinguished Researcher of ITRI |
| MA, CHIEN-YUNG | 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. |
| TSANG, KWOK-AH | Partner accountant of Sunwise CPA Firm |