



Gallant Precision Machining Co., Ltd.

2017 Annual Shareholder's Meeting

Meeting Agenda
(Translation)

Date : June 16, 2017

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Gallant Precision Machining Co., Ltd.

2017 Annual Shareholder's Meeting Procedure

I. Call Meeting to Order

II. Chairman's Address

III. Report Items

IV. Recognition Items

V. Discussion and Election Items

VI. Special Motions

VII. Meeting Adjourn

Gallant Precision Machining Co., Ltd.

2017 Annual General Shareholders' Meeting Agenda

Time : 9:00a.m., June 16, 2017, Friday.

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

I. Report Items :

- (1)To report the distribution of employees' and directors' remuneration of 2016.
- (2)To report the Business of 2016.
- (3)Audit committee's review report of 2016.
- (4)To report 2016 Endorsements and Guarantees related matters.

II. Recognition Items :

- (1)To accept 2016 Business Report and Financial statements.
- (2)To approve the proposal for the distribution of 2016 earnings.

III.Discussion and Election Items:

- (1) To approve the amendment to Handling Procedures for Acquisition or Disposal of Assets.
- (2) To approve the amendment to the Articles of Incorporation.
- (3) Transfer of part of the shares of Gallant Micro. Machining Co., Ltd. to key talents.
- (4) Cash distribution of capital reserve.
- (5) Election of the 14th Board of Director.
- (6) To lift non-competition restrictions on new directors and their representatives.

IV.Special Motions

V. Meeting Adjourned

Report Items

1. To report the distribution of employees' and directors' remuneration of 2016.

Explanation :

As a result of the resolution of the Board of Directors, the Company shall distribute an employee's bonus of NT\$40,665,391 and directors' remuneration of NT\$8,133,078 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.

2. Business report for 2016

Explanation :

The 2016 Business Report is attached hereto as Attachment 1(pages 9~13).

3. Audit committee's review report of 2016.

Explanation :

The 2016 Audit Committee's review report is as follows:

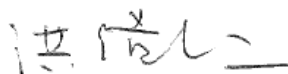
Audit Committee's Review Report

The Board of Directors has prepared the Company's Business Report, Financial Statements, and Earning Distribution Proposal for the year of 2016. LI, TIEN YI and CHENG, YA HUEI, Certified Public Accountants of PWC, have audited the Financial Statements. The 2016 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.

To

The 2017 General Shareholders' Meeting of Gallant Precision Machining Co., Ltd.

Chairman of the Audit Committee :



May 5, 2017

4. To report 2016 Endorsements and Guarantees related matters.

Explanation : As of December 31, the balance of the Endorsement and Guarantee of the Company is as follows:

Unit: NT\$1,000

Object of Endorsement and Guarantee	Endorsement and Guarantee of the Company
Apex-i International Co., Ltd.	248,375
Total	248,375

As of December 31, 2016, the total amount of the endorsement and guarantee of the Company was limited to NT\$1,164,258,000 and the amount of the endorsement and guarantee to a single enterprise was limited to NT\$465,703,000. Neither of the limits has been exceeded.

Recognition Items

1. To accept 2016 Business Report and Financial statements. (proposed by the Board of Directors)

Explanation :

- (1) The 2016 financial statements of the Company were approved by the Board of Directors on March 17, 2017 and audited by the accountants, LI, TIEN YI and CHENG, YA HUEI of PWC Taiwan, and were sent to the Audit Committee, and an audit report was issued accordingly.

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(2) For the 2016 Business Report, Independent Auditor's Report, and the 2016 Financial Statements, please refer to Attachments 1 and 2 (pages 9~13 and pages14~35).

Resolution :

2. To approve the proposal for the distribution of 2016 earnings. (proposed by the Board of Directors)

Explanation :

(1)Earnings Distribution Proposal :

:

Amount in NT\$

Items	Amount
Unappropriated retained earnings from previous years	48,719,691
Less: Adjustments to remeasurement on the net defined benefit liability	(2,496,781)
Less: Adjustments arising from investments accounted for using equity method	(1,383,282)
Retained Earnings Available for Distribution	44,839,628
Plus: Net Income of 2016	260,709,353
Less: 10% Legal Reserve	(26,070,935)
Less: Special reserve	(45,182,138)
Retained Earnings Available for Distribution as of December 31, 2016	234,295,908
Distribution Item:	
Cash Dividends to Common Share Holders (NT\$1.4 per share)	(231,190,601)
Unappropriated Retained Earnings	3,105,307

- (2)The cash dividend rate of the earnings distribution table is calculated based on the number of shares outstanding as in the resolution of the Board of Directors of the Company. The book-close date and other related matters not included shall be entrusted to the general shareholders' meeting to authorize the Board of Directors to handle.
- (3)The minimum amount of cash dividend distribution is NT\$1 (decimals will be discarded), and the total of allotments less than NT\$1 shall be booked as other income of the Company.
- (4)If the number of shares outstanding and the corresponding cash dividend rate are changed in the future due to the Company's share repurchase or transfer and conversion of treasury shares, they shall be entrusted to the general shareholders' meeting to fully authorize the Board of Directors to handle and adjust accordingly.

Resolution :

Discussion and Election Items

1. To approve the amendment to Procedures for Acquisition or Disposal of Assets. (proposed by the Board of Directors)

Explanation :

- (1)The R.O.C. Financial Supervisory Commission recently amended its “Regulation Governing the Acquisition and Disposal of Assets by Public Companies”. GPM’s “Procedures for Acquisition or Disposal of Assets” needs to be revised to reflect such regulatory
- (2)A comparison table of the Handling Procedures for Acquisition or Disposal of Assets before and after the amendment is attached hereto as Attachment 3 (pages 36~44).

Resolution :

2. To approve the amendment to the Articles of Incorporation. (proposed by the Board of Directors)

Explanation :

The Company's "Articles of Association" is intended to be amended due to the new businesses. A comparison table of the Articles of Incorporation before and after the amendment is attached hereto as Attachment 4(pages 45~47).

Resolution :

3. Transfer of part of the shares of Gallant Micro. Machining Co., Ltd. to key talents (proposed by the Board of Directors)

Explanation :

- (1)To enable Gallant Micro. Machining Co., Ltd. to retain talents for the business layout and new product marketing in mainland China as well as for core technology research and development and future business management, the Company plans to appropriate 100,000 and 50,000 of its shares respectively to Associate Directors Tun Chin, Shih and Chun-Kuei, Lai of Gallant Micro. Machining Co., Ltd. at NT\$32.29 per share based on the net asset value in the 2016 financial statements of Gallant Micro. Machining Co., Ltd. The academic background, experience and relevant information is attached hereto as Attachment 5 (pages 48~49).

- (2) To take into account the interests of the shareholders of the Company, the plan is proposed to be discussed during the shareholders' meeting for discussion.

Resolution :

4. Cash distribution of capital reserve. (proposed by the Board of Directors)

Explanation :

- (1) In accordance with Articles 241 of the Company Law, the Company intends to distribute a cash amount of NT\$66,054,457 from the capital reserve due to the income from issuance of shares in excess of the par value, and the cash distribution is based on the record in the shareholders' register on the book-close date. Based on the 165,136,144 shares of the Company as of April 26, 2017 with the right to participate in the distribution, the allotment is NT\$0.4 per share.
- (2) If the number of shares outstanding and the corresponding cash distribution rate are changed in the future due to the Company's share repurchase or transfer and conversion of treasury shares, they shall be entrusted during the general shareholders' meeting to fully authorize the Board of Directors to handle and adjust accordingly.
- (3) Once the proposal is passed in the shareholders' meeting, the Board of Directors is authorized to determine the book-close date for the cash distribution from capital reserve.
- (4) Minimum amount of cash distribution is NT\$1 (decimals will be discarded), and the total of allotments less than NT\$1 shall be booked as other income of the Company.

Resolution :

5. Election of the 14th Board of Directors. (proposed by the Board of Directors)

Explanation :

- (1) The Company shall elect the 14th-term Directors (including the Independent Directors) during the general shareholders' meeting of the current year. There are 7 Directors (including 3 Independent Directors) to be elected, and the term of the elected Directors (including Independent Directors) will be 3 years, from June 16, 2017 to June 15, 2020. The former Directors shall be dismissed from the positions at the time the new Directors take office.
- (2) The Company chooses to set up the Audit Committee according to the provisions of the Securities Exchange Law and the Articles of Association, and therefore there shall not be

supervisors according to law. The Audit Committee is composed of all the Independent Directors.

(3) According to the Company's Article of Incorporation, directors shall be elected by adopting candidate nomination system and nomination and election of the directors shall be conducted in accordance with the applicable laws and regulations. Shareholders shall elect the directors from the nominated candidates. The academic background, experience and relevant information of the nominated candidates are attached hereto as Attachment 6(pages 50~51).

Results :

6. To lift non-competition restrictions on new directors and their representatives. (proposed by the Board of Directors)

Explanation :

- (1) According to Article 209 of the Company Act, any Director conducting business for himself/herself/itself or on another's behalf, whereby the scope of the business coincides with the scope of the Company's business, shall explain at the Shareholders' Meeting the essential contents of such conduct, and obtain approval from shareholders in the Meeting.
- (2) It is proposed for the shareholders meeting to lift non-competition restrictions on new Board members and their representatives. The list of competition restrictions on Directors Candidates proposed to be released is attached hereto as Attachment 7 (page 52).

Resolution :

Special Motions

Meeting Adjourned

Attachment 1 :

Gallant Precision Machining Co., Ltd.

2016 Business Report

In 2016, the total operating income of the Company was NT\$2,596,175 thousand, up 5.51% over the previous year. The Group's consolidated operating income was NT\$3,666,700 thousand up 0.54% from the previous year. In terms of profit, the net profit after tax was NT\$260,709 thousand an increase of 30.41% over the previous year. The gross profit margin increased by 6% over the previous year and the net profit per share was NT\$1.58.

In 2016 the Company and its subsidiaries have completed the development of the following new products:

R&D Item (Processing Technology)	Machine Tools Developed
	● X-ray prober
	● G6 full-axis motorized AUTO teaching array probe
	● Explosion-proof LCD PI rework cleaner
	● G6 LTPS CVD & PVD cleaner
	● High-speed wafer micro bump white light interferometry metrology system
	● Wafer glass surface/edge defect inspection equipment
	● Full Flat TV R angle grinding equipment
	● IC Substrate Planarization Grinding intelligent system
	● Large-size shunt panel polarizer laminating machine
	● Matrix-type protective film laminating machine
	● ILM-380 WX Wafer ID Re-ink Marking System
	● ILM-700WB Wafer Back Side Marking Combo System
	● ILM-350WCS wafer cleaner & Laser scribing system
	● Wafer Inspection
	● 5S Inspection Chip Sorter
	● 3D IC/Fan Out Bonder

II. 2017 Business Plan Summary

1. Annual Operating Policy

(1) Business Aspect

A. Incorporate foreign technology and improve the high value-added prober and wet process etching equipment of the FPD array segment .

B. Follow the trend of FPD plant construction and plan the Company's produc-

tion capacity to carefully select business opportunities with reasonable gross profits.

- C. Aggressively cut into the high value-added semiconductor advanced detection technology development and the detection and grinding process of middle-to-rear end of the packaging process through technology import and co-operation.
- D. Improve product performance in the field of IC panel to enhance the product line and expand the customer base.
- E. Follow up on the results of intelligent automation development in 2016 to focus the resources on the key customers' intelligent automation integration program in key industries to achieve their intelligent manufacturing goals.
- F. Continue enhancing the product development of contact lenses and the business opportunities of the automatic production system.
- G. Adopt a close-to-the-market strategy and continue the development of health reagents for in vitro testing and testing equipment.

(2) R&D Aspect

A. The Company and its subsidiaries plan to develop the following products in 2017:

R&D Item (Processing Technology)	Machine Tools to Be Developed
	● Picosecond imaging circuit analysis (PICA)
	● G10.5 array TEG probe.
	● G4.5 flexible display full-contact type array probe
	● G8.5/G10.5 Cu/ITO etching
	● High-throughput wafer glass surface/edge defect inspection machine
	● 12" Wafer 2D/3D defect inspection & metrology
	● High-precision fan-out packaging and grinding equipment
	● Strip flat grinding equipment
	● 12" chip box auto-feed AGV system
	● 3D online processing system
	● Contact lens processing and product technology
	● PLM-2000 Panel mold system
	● GM-1200 lamination system
	● Laser Debound System
	● IR Vision Inspection System
	● Auto Field Correction Table
	● Automated Optical Inspection Table

	● Tape reel chip sorter
	● Panel Fan Out Bonder
	● 6S Inspection Chip Sorter

2. Estimate of the Company's Sales Volume and Its Basis for the Current Year:

Unit: set

Main Products	2017 Budget
Display processing equipment	185
Semiconductor processing equipment	3
Intelligent automation equipment	176
Other equipment	3

Note: The forecast is made based on the customers' future estimates and the market conditions.

3. Important Production and Marketing Policies

- Integrate cross-strait operating systems and resources to enhance the synergy of the division of labor in order to increase the competitiveness in the panel market of mainland China.
- Enter into alliances with material vendors and end-customers to strengthen the marketing effectiveness of new products.
- Continue expanding and work with world-class companies to become their long-term automation equipment partners to ensure stability of business development sources.
- Strengthen the cost control mechanism for ordered items, improve design and reduce the number of main suppliers to ensure a reasonable profit for the orders.
- Continue promoting the standardization of core modules to simplify manufacturing, improve product reliability and reduce costs.
- Make rapid deliveries, reduce inventory loss and increase inventory turnover.
- Enhance the quality of after-sales service, guarantee customer satisfaction and enhance the accounts receivable turnover rate.

III. Future Development Strategy of the Company:

1. Diversified Layout and Management

- Comprehensive core technology development

Develop the Company's eight core technologies of: (1) grinding technology; (2)

wet process technology; (3) AOI technology; (4) paste and tear film tearing technology; (5) precision pick and place technology; (6) precision mold technology; (7) laser technology; (8) intelligent automation technology.

- Development in core industries

Develop the applications of the eight core technologies in the industries of: (1) displays; (2) semiconductors (3) green energy; (4) IC panels; (5) biotechnology; (6) intelligent automation.

- Concurrent development in strategic cooperation and cross-domain cooperation.

2. Investment, Joint Venture and Technology Introduction

- Technology introduction from and cooperation with advanced US, Japanese and European FPD and semiconductor companies.
- Contact lenses
- Biotechnology

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

1. External Competitive Environment and Overall Business Environment:

With the rise of mainland China's panel industry and the mainland Chinese government's active promotion of equipment localization, the Company's display business, which is the main source of business in the past, is facing an increasingly fierce competition. GPM will continue strengthening its own product technology and introduce advanced foreign technology to enhance its product level in order to get out of the low-cost competition. Regarding the changes in the industry and business environment, they will also be responded to in a quick, reliable and accurate manner, and establish a diversified business layout and as well as short, medium and long-term development goals.

2. Regulatory Environment:

Integrity is the Company's core culture, and the Company has been complying with legal norms and been honest and disciplined in its business. In addition to collecting information about external regulatory changes at any time for the management's reference, the Company is responsive in establishing, reviewing, updating or 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:

Mainland China has been transforming from the world's factory to the world's largest consumer market. A Labor shortage and soaring costs have become an irreversible trend in the world, and the need for industry automation is becoming urgent. GPM has the application technology for cross-industry automation equipment, and in recent years it has been working with well-known customers around the world in key industries and successfully integrated intelligent automation solutions into their processes. Therefore, the Company is confident in its future development.



Sheng-Fa (Nick) , Yeh
Chairman



Cheng-Hsin (Jason), Chen
President



Yu-Chin (Sandy), Ning
Chief Financial Officer

Attachment 2 :

- Independent Auditors' Report and Individual Financial Statements

REPORT OF INDEPENDENT ACCOUNTANTS

To Gallant Precision Machining Co., Ltd.

Opinion

We have audited the accompanying parent company only financial statements of Gallant Precision Machining Co., Ltd. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2016 and 2015, 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, based on our audits and the reports of other independent accountants, 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, 2016 and 2015, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the 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 of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other independent accountants, 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 for the year ended December 31, 2016. 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.

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 allowance for inventory valuation loss amounting to NT957,667 thousand and NT12,711 thousand as of December 31, 2016 and 2015, respectively 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 for the above matter included the following: assessed the reasonableness of the policy of the allowance for inventory valuation loss. 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. Assessed and confirmed the reasonableness in estimation of net realizable value and tested the reasonableness in accrual of the allowance for inventory valuation loss.

Cut-off of revenue recognition

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. 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:

Our audit procedures performed included assessed the appropriateness of the policy of sales revenue recognition. Assessed and tested the design and operating effectiveness of the key controls over sales revenue recognition. Sampled and tested the sales transactions included check customer purchase order, evidence of the goods risks and rewards have been transferred and issued bill. We also performed cut-off test on sales transactions for the period before and after the balance sheet date.

Other matter - Reference to the audits of other independent auditors

We did not audit the financial statements of certain investments accounted for under

equity method. The financial statements of these investments accounted for under equity method were audited by other auditors whose reports thereon have been furnished to us and our opinion expressed herein, insofar as it relates to the amounts included in the parent financial statements is based solely on the reports of other auditors. The amount of investments accounted for using the equity method on the audit reports of the other independent accountants are NT189,608 thousand and NT234,762 thousand, constituting 3% and 6% of the total assets as of December 31, 2016 and 2015, respectively, and its share of the loss amounting to NT(45,154) thousand and NT(33,270) thousand, constituting (25.15%) and (19.84%) of the total comprehensive income for the years then ended, respectively.

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.

Auditors' 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 the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, 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 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 parent company only

financial statements for the year ended December 31, 2016 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
March 20, 2017

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, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2016		December 31, 2015	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 471,161	9	\$ 187,518	5
1110	Financial assets at fair value through profit or loss - current	6(2)	383,125	7	37,159	1
1147	Investments in debt instrument without active markets	6(3)	222,623	4	165,141	4
1150	Notes receivable, net		31,930	1	4,617	-
1170	Accounts receivable, net	6(4)	1,207,586	22	1,124,633	27
1180	Accounts receivable - related parties	7	1,991	-	1,097	-
1200	Other receivables		3,615	-	2,255	-
1210	Other receivables - related parties	7	16,717	-	55,758	1
130X	Inventories, net	6(5)	944,956	17	353,066	9
1410	Prepayments		26,907	-	17,763	-
1470	Other current assets	8	19,473	-	65,392	2
11XX	Current Assets		3,330,084	60	2,014,399	49
Non-current assets						
1523	Available-for-sale financial assets – non-current	6(6)	18,308	-	16,572	-
1550	Investments accounted for using equity method	6(8)	1,570,074	29	1,566,845	38
1600	Property, plant and equipment, net	6(9) and 8	431,180	8	444,934	11
1780	Intangible assets, net		114,289	2	30,812	1
1840	Deferred income tax assets	6(24)	49,948	1	51,968	1
1900	Other non-current assets	8	16,521	-	25,019	-
15XX	Non-current assets		2,200,320	40	2,136,150	51
1XXX	Total assets		\$ 5,530,404	100	\$ 4,150,549	100

(Continued)

GALLANT PRECISION MACHINING CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2016 AND 2015

(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	AMOUNT	%	AMOUNT	%
	Current liabilities					
2100	Short-term loans	6(10)	\$ 522,152	9	\$ 331,186	8
2120	Financial liabilities at fair value through profit or loss - current	6(2)	-	-	3,404	-
2170	Accounts payable	6(11)	1,365,078	25	668,281	16
2180	Accounts payable - related parties	7	1	-	12,759	-
2200	Other payables		290,291	5	189,091	4
2230	Current income tax liabilities	6(24)	32,401	1	24,234	1
2250	Provisions for liabilities - current		151,767	3	162,733	4
2300	Other current liabilities	6(12)	499,207	9	67,402	2
21XX	Current Liabilities		<u>2,860,897</u>	<u>52</u>	<u>1,459,090</u>	<u>35</u>
	Non-current liabilities					
2540	long-term loans	6(12)	280,256	5	308,081	7
2570	Deferred income tax liabilities	6(24)	-	-	4,248	-
2600	Other non-current liabilities	6(13)	60,736	1	63,666	2
25XX	Non-current liabilities		<u>340,992</u>	<u>6</u>	<u>375,995</u>	<u>9</u>
2XXX	Total Liabilities		<u>3,201,889</u>	<u>58</u>	<u>1,835,085</u>	<u>44</u>
	Equity					
	Share capital	6(14)				
3110	Share capital - common stock		1,651,361	30	1,651,361	40
	Capital surplus	6(15)				
3200	Capital surplus		242,949	4	275,976	6
	Retained earnings	6(16)(24)				
3310	Legal reserve		40,850	1	20,859	1
3320	Special reserve		132,987	2	132,987	3
3350	Unappropriated retained earnings		305,550	6	200,820	5
	Other equity interest	6(17)				
3400	Other equity interest		(45,182)	(1)	33,461	1
3XXX	Total equity		<u>2,328,515</u>	<u>42</u>	<u>2,315,464</u>	<u>56</u>
	Significant contingent liabilities and unrecognized contract commitments	9				
3X2X	Total liabilities and equity		<u>\$ 5,530,404</u>	<u>100</u>	<u>\$ 4,150,549</u>	<u>100</u>

The accompanying notes are an integral part of these financial statements.
See report of independent auditors dated March 20, 2017.

GALLANT PRECISION MACHINING CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

Items	Notes	Years ended December 31			
		2016		2015	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(18) and 7	\$ 2,596,175	100	\$ 2,460,533	100
5000 Operating costs	6(5)(22)(23)	(1,871,930)	(72)	(1,913,236)	(78)
5900 Operating margin		724,245	28	547,297	22
5910 Unrealized gross profit on sales		(53)	-	(1,151)	-
5920 Realized gross profit on sales		1,151	-	(1,177)	-
5950 Net operating margin		725,343	28	544,969	22
Operating expenses	6(22)(23)				
6100 Selling expenses		(123,918)	(5)	(96,203)	(4)
6200 General and administrative expenses		(266,453)	(10)	(174,121)	(7)
6300 Research and development expenses		(101,039)	(4)	(109,972)	(4)
6000 Total operating expenses		(491,410)	(19)	(380,296)	(15)
6900 Operating profit		233,933	9	164,673	7
Non-operating income and expenses					
7010 Other income	6(19)	73,549	3	50,467	2
7020 Other gains and losses	6(20)	(8,777)	-	280	-
7050 Finance costs	6(21)	(12,260)	(1)	(10,303)	(1)
7070 Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(8)	14,902	1	23,928	1
7000 Total non-operating income and expenses		67,414	3	64,372	2
7900 Profit before tax		301,347	12	229,045	9
7950 Income tax expense	6(24)	(40,638)	(2)	(29,134)	(1)
8200 Profit for the year		\$ 260,709	10	\$ 199,911	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		(\$ 2,477)	-	(\$ 1,963)	-
8330 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for under equity method		(19)	-	(44)	-
8310 Components that will not be reclassified subsequently to profit or loss:		(2,496)	-	(2,007)	-
Components of other comprehensive income that may be reclassified subsequently to profit or loss					
8361 Cumulative translation differences of foreign operations		(79,380)	(3)	(19,878)	(1)
8362 Unrealized (loss) gain on valuation of available-for-sale financial assets		1,736	-	(13,124)	-
8380 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for under equity method		(999)	-	2,797	-
8360 Components of other comprehensive income that may be reclassified subsequently to profit or loss		(78,643)	(3)	(30,205)	(1)
8300 Other comprehensive income (loss) for the year		(\$ 81,139)	(3)	(\$ 32,212)	(1)
8500 Total comprehensive income for the year		\$ 179,570	7	\$ 167,699	7
Basic earnings per share	6(25)				
9750 Basic earnings per share		\$ 1.58		\$ 1.20	
Diluted earnings per share	6(25)				
9850 Diluted earnings per share		\$ 1.56		\$ 1.19	

The accompanying notes are an integral part of these financial statements.
See report of independent auditors dated March 20, 2017.

GALLANT PRECISION MACHINING CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

			Retained Earnings			Other equity				
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative trans- lation differences of foreign opera- tions	Unrealized gain or loss on availa- ble-for- sale financial as- sets	Treasury stock	Total equity
<u>For the year ended December 31, 2015</u>										
		\$ 1,731,361	\$ 373,289	\$ 14,113	\$ 132,987	\$ 67,459	\$ 66,860	(\$ 3,194)	(\$ 35,152)	\$ 2,347,723

The accompanying notes are an integral part of these financial statements.
See report of independent auditors dated March 20, 2017.

GALLANT PRECISION MACHINING CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

	Notes	2016	2015
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax for the year		\$ 301,347	\$ 229,045
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(22)	16,859	18,904
Amortization		13,462	11,067
Net gain on financial assets or liabilities at fair value through profit or loss	6(20)	(4,786)	(1,704)
Gain on disposal of available-for-sale financial assets	6(20)	-	(1,317)
Gain on disposal of financial assets measured at cost		(1,983)	-
Gain on disposal of financial liabilities		(870)	-
Provision for doubtful accounts	6(4)(19)	16,615	19,051
Interest expense	6(21)	12,261	10,303
Interest income	6(19)	(2,741)	(4,058)
Dividends income		(3)	(12)
Share of profits of associates and joint ventures accounted for using equity method		(14,902)	(23,928)
Unrealized gross loss on sales		53	1,151
Realized gross (profits) loss on sales		(1,151)	1,177
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit or loss - current		(343,272)	34,367
Notes receivable		(27,313)	7,863
Accounts receivable		(99,568)	(422,398)
Accounts receivable - related parties		(894)	13,804
Other receivables		(1,698)	577
Other receivables - related parties		39,040	(8,816)
Inventories		(591,890)	(72,479)
Prepayments		(9,144)	(6,593)
Other current assets		(773)	(2,322)
Net changes in liabilities relating to operating activities			
Financial liabilities at fair value through profit or loss - current		(443)	934
Accounts payable		696,797	185,741
Accounts payable - related parties		(12,758)	(46,140)
Other payables		101,229	57,870
Provisions for liabilities		(10,966)	63,538
Unearned receipts		430,774	(20,161)
Other current liabilities		211	-
Accrued pension liabilities		(5,240)	(5,115)
Cash generated from operations		498,253	40,349
Income tax paid		(34,698)	(2,086)
Interest received		3,080	3,743
Interest paid		(11,427)	(10,236)
Dividends received		3	12
Net cash provided by operating activities		<u>455,211</u>	<u>31,782</u>

(Continued)

GALLANT PRECISION MACHINING CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal (acquisition) of bond investments without active markets		(\$ 57,482)	\$ 27,846
(Increase) decrease in other financial assets		55,780	(10,604)
Proceeds from disposal of financial assets		-	6,000
Acquisition of investments accounted for using equity method		(127,340)	(99,816)
Proceeds from reduce capital of investments accounted for using equity method		352	10,331
Acquisition of property, plant and equipment		(3,792)	(8,903)
Proceeds from disposal of property, plant and equipment		-	8
Acquisition of intangible assets		(97,116)	(35,135)
Refundable deposits refunded		(589)	2,231
Proceeds from disposal of financial assets measured at cost		1,983	-
Dividends received from investments accounted for using equity method		57,979	60,203
Net cash used in investing activities		(170,225)	(47,839)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term loans		1,316,167	567,788
Repayment of short-term loans		(1,125,201)	(436,300)
Repayment of long-term loans		(27,005)	(27,485)
Guarantee deposits (refunded) received		(168)	(9)
Payment of cash dividends		(165,136)	(132,108)
Payments for acquisition of treasury stock	6(13)	-	(67,797)
Net cash used in financing activities		(1,343)	(95,911)
Net increase (decrease) in cash and cash equivalents		283,643	(111,968)
Cash and cash equivalents at beginning of year	6(1)	187,518	299,486
Cash and cash equivalents at end of year	6(1)	\$ 471,161	\$ 187,518

The accompanying notes are an integral part of these financial statements.
See report of independent auditors dated March 20, 2017.

Attachment 2 :

- Independent Auditors' Report and Consolidated Financial Statements

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, 2016 and 2015, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the audit reports of the other independent accountants, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and 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 (ROC GAAS). Our responsibilities under those standards are further described in the section of Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements of our report. We are independent of the Group in accordance with the Codes of Professional Ethics for Certified Public Accountants in the Republic of China (the “Codes”), and we have fulfilled our other ethical responsibilities in accordance with the Codes. 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 for the year 2016. 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.

Evaluation of inventories

Description

Gallant Precision Machining Co., Ltd. and its subsidiaries are primarily engaged in the manufacture and sale of flat panel display testing equipment, semiconductor assembly equipment, intelligent automated equipment, and related parts. Inventories are stated at the lower of cost and net realizable value and regarding the accounting policy on the evaluation of inventories are disclosed in Note 4(13) of the consolidated financial statements. The uncertainty of accounting estimations and assumptions for valuation of inventories are disclosed in Note 5(5) of the consolidated financial statements. The allowance for inventory valuation loss amounting to NT1,261,651 thousand and NT73,779 thousand as of December 31, 2016 and 2015, respectively 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 matters.

How our audit addressed the matter

Our audit procedures performed included the following:

Our audit procedures performed for the above matter included the following: assessed the reasonableness of the policy of the allowance for inventory valuation loss. 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. Assessed and confirmed the reasonableness in estimation of net realizable value and tested the reasonableness in accrual of the allowance for inventory valuation loss.

Cut-off of revenue recognition

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. 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:

Our audit procedures performed included assessed the appropriateness of the policy of

sales revenue recognition. Assessed and tested the design and operating effectiveness of the key controls over sales revenue recognition. Sampled and tested the sales transactions included check customer purchase order, evidence of the goods risks and rewards have been transferred and issued bill. We also performed cut-off test on sales transactions for the period before and after the balance sheet date.

Other matter - Reference to the audits of other independent auditors

We did not audit the financial statements of certain wholly-owned consolidated subsidiaries and certain investments accounted for under the equity method that are included in the consolidated financial statements. Total assets of the subsidiary amounted to NT\$2,901 thousand and NT\$3,452 thousand, constituting 0.05% and 0.07% of consolidated total assets as of December 31, 2016 and 2015, respectively and operating income was NT\$0 thousand and NT\$669 thousand, constituting 0% and 0.02% of consolidated total operating income for the years then ended December 31, 2016 and 2015, respectively. The balance of investment accounted for under equity method was NT\$189,608 thousand and NT\$234,762 thousand, constituting 3.03% and 4.80% of consolidated total assets as of December 31, 2016 and 2015, respectively, and the share of profit (loss) of associates and joint ventures accounted for under equity method was NT(\$45,154) thousand and NT(\$33,270) thousand, constituting (22.30%) and (16.59%) of consolidated total comprehensive income for the years then ended December 31, 2016 and 2015, respectively. Those financial statements and information disclosed in Note 13 were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other independent accountants.

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 at and for the years ended December 31, 2016 and 2015.

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 as-

sessing 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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, 2016 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
March 20, 2017

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, 2016		December 31, 2015			
			AMOUNT	%	AMOUNT	%		
Assets			Notes					
Current assets								
1100	Cash and cash equivalents	6(1)	\$	910,191	15	\$	554,712	11
1110	Financial assets at fair value through	6(2)						
	profit or loss - current			383,125	6		54,241	1
1147	Investments in debt instrument without	6(3)						
	active markets			1,013,293	16		855,636	17
1150	Notes receivable, net			54,554	1		29,540	1
1170	Accounts receivable, net	6(4)		1,633,982	26		1,627,371	33
1180	Accounts receivable - related parties	7		293	-		601	-
1200	Other receivables			14,262	-		14,655	-
1210	Other receivables - related parties	7		-	-		51,287	1
130X	Inventories, net	6(5)		1,187,872	19		589,712	12
1410	Prepayments			43,084	1		31,005	1
1470	Other current assets	8		32,109	-		82,810	2
11XX	Current Assets			5,272,765	84		3,891,570	79
Non-current assets								
1523	Available-for-sale financial assets -							
	non-current	6(6)		19,702	-		19,027	1
1543	Financial assets carried at cost -							
	non-current	6(7)		66,419	1		66,419	1
1550	Investments accounted for using							
	equity method	6(8)		189,608	3		274,364	6
1600	Property, plant and equipment, net	6(9) and 8		478,669	8		498,147	10
1780	Intangible assets, net			122,286	2		39,083	1
1840	Deferred income tax assets	6(26)		64,503	1		64,495	1
1900	Other non-current assets	8		36,262	1		45,362	1
15XX	Non-current assets			977,449	16		1,006,897	21
1XXX	Total assets		\$	6,250,214	100	\$	4,898,467	100

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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, 2016		December 31, 2015	
			AMOUNT	%	AMOUNT	%
	Current liabilities					
2100	Short-term loans	6(10)	\$ 542,153	9	\$ 358,282	7
2120	Financial liabilities at fair value					
	through profit or loss-current	6(2)	-	-	3,404	-
2170	Accounts payable	6(11)	1,514,273	24	861,568	18
2200	Other payables	6(12)	394,050	6	297,697	6
2230	Current income tax liabilities	6(26)	33,343	1	49,043	1
2250	Provisions for liabilities-current		195,510	3	200,504	4
2300	Other current liabilities	6(13)	528,962	8	120,200	3
21XX	Current Liabilities		<u>3,208,291</u>	<u>51</u>	<u>1,890,698</u>	<u>39</u>
	Non-current liabilities					
2540	Long-term loans	6(13)	310,256	5	308,081	6
2570	Deferred income tax liabilities	6(26)	36,326	1	38,975	1
2600	Other non-current liabilities	6(14)	87,958	1	92,990	2
25XX	Non-current liabilities		<u>434,540</u>	<u>7</u>	<u>440,046</u>	<u>9</u>
2XXX	Total Liabilities		<u>3,642,831</u>	<u>58</u>	<u>2,330,744</u>	<u>48</u>
	Equity attributable to owners of parent company					
	Share capital	6(16)				
3110	Share capital-common stock		1,651,361	26	1,651,361	34
	Capital surplus	6(17)				
3200	Capital surplus		242,949	4	275,976	5
	Retained earnings	6(18)(26)				
3310	Legal reserve		40,850	1	20,859	-
3320	Special reserve		132,987	2	132,987	3
3350	Unappropriated retained earnings		305,550	5	200,820	4
	Other equity interest	6(19)				
3400	Other equity interest		(45,182)	(1)	33,461	1
31XX	Equity attributable to owners of the parent company		<u>2,328,515</u>	<u>37</u>	<u>2,315,464</u>	<u>47</u>
36XX	Non-controlling interest		<u>278,868</u>	<u>5</u>	<u>252,259</u>	<u>5</u>
3XXX	Total equity		<u>2,607,383</u>	<u>42</u>	<u>2,567,723</u>	<u>52</u>
	Contingent liabilities and unrecognised contract commitments					
3X2X	Total liabilities and equity		<u>\$ 6,250,214</u>	<u>100</u>	<u>\$ 4,898,467</u>	<u>100</u>

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

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

		Years ended December 31			
		2016		2015	
Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	\$ 3,666,700	100	\$ 3,647,013	100
5000	Operating costs	(2,578,090)	(70)	(2,715,425)	(75)
5900	Net operating margin	1,088,610	30	931,588	25
	Operating expenses				
6100	Selling expenses	(211,209)	(6)	(164,856)	(4)
6200	General and administrative expenses	(366,670)	(10)	(284,702)	(8)
6300	Research and development expenses	(203,699)	(6)	(187,332)	(5)
6000	Total operating expenses	(781,578)	(22)	(636,890)	(17)
6900	Operating profit	307,032	8	294,698	8
	Non-operating income and expenses				
7010	Other income	122,870	3	66,428	2
7020	Other gains and losses	25,411	1	(1,237)	-
7050	Finance costs	(13,175)	-	(11,118)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	(59,216)	(2)	(43,365)	(1)
7000	Total non-operating income and expenses	75,890	2	10,708	1
7900	Profit before tax	382,922	10	305,406	9
7950	Income tax expense	(83,863)	(2)	(69,519)	(2)
8200	Profit for the year	\$ 299,059	8	\$ 235,887	7
	Other comprehensive income for the year				
	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Actuarial gain on defined benefit plan	(\$ 2,498)	-	(\$ 2,010)	-
	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Cumulative translation differences of foreign operations	(94,722)	(2)	(23,224)	(1)
8362	Unrealized loss on valuation of available-for-sale financial assets	675	-	(10,111)	-
8360	Summary of Components of other comprehensive income that will be reclassified to profit or loss	(94,047)	(2)	(33,335)	(1)
8300	Other comprehensive (loss) income for the year	(\$ 96,545)	(2)	(\$ 35,345)	(1)
8500	Total comprehensive income for the year	\$ 202,514	6	\$ 200,542	6
	Profit attributable to:				
8610	Equity holders of the parent company	\$ 260,709	7	\$ 199,911	6
8620	Non-controlling interest	38,350	1	35,976	1
	Profit for the year	\$ 299,059	8	\$ 235,887	7
	Total comprehensive income attributable to:				
8710	Equity holders of the parent company	\$ 179,570	5	\$ 167,699	5
8720	Non-controlling interest	22,944	1	32,843	1
	Total comprehensive income for the year	\$ 202,514	6	\$ 200,542	6
	Basic earnings per share				
9750	Profit for the year	\$ 1.58		\$ 1.20	
	Diluted earnings per share				
9850	Profit for the year	\$ 1.56		\$ 1.19	

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, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

Notes	Equity attributable to owners of the parent										
	Retained Earnings					Other equity interest					
	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated re- tained earnings	Cumulative translation dif- ferences of foreign opera- tions	Unrealized gain or loss on available-for- sale financial assets	Treasury stock	Total	Non-controlling interest	Total equity
For the year ended December 31, 2015											
Balance at January 1, 2015	\$ 1,731,361	\$373,289	\$ 14,113	\$ 132,987	\$ 67,459	\$ 66,860	(\$ 3,194)	(\$ 35,152)	\$ 2,347,723	\$ 246,775	\$2,594,498
Distribution of 2014 earnings:											
Legal reserve	-	-	6,746	-	(6,746)	-	-	-	-	-	-
Cash dividends	6(18)	-	-	-	(57,797)	-	-	-	(57,797)	-	(57,797)
Capital reserve-distribute cash	-	(74,311)	-	-	-	-	-	-	(74,311)	-	(74,311)
Profit for the period	-	-	-	-	199,911	-	-	-	199,911	35,976	235,887
Other comprehensive income for the year	-	-	-	-	(2,007)	(19,878)	(10,327)	-	(32,212)	(3,133)	(35,345)
Treasury stock repurchased	-	-	-	-	-	-	-	(67,797)	(67,797)	-	(67,797)
Treasury stock retired	6(16)	(80,000)	(22,949)	-	-	-	-	102,949	-	-	-
Adjustment arising from changes in percentage of ownership in equity method investees	-	(82)	-	-	-	-	-	-	(82)	-	(82)
Difference between the price for acquisition or disposal of subsidiaries and carrying amount	6(17)	-	29	-	-	-	-	-	29	-	29
Decrease in non-controlling interest	-	-	-	-	-	-	-	-	-	(27,359)	(27,359)
Balance at December 31, 2015	<u>\$ 1,651,361</u>	<u>\$275,976</u>	<u>\$ 20,859</u>	<u>\$ 132,987</u>	<u>\$200,820</u>	<u>\$ 46,982</u>	<u>(\$ 13,521)</u>	<u>\$ -</u>	<u>\$ 2,315,464</u>	<u>\$ 252,259</u>	<u>\$ 2,567,723</u>
For the year ended December 31, 2016											
Balance at January 1, 2016	\$ 1,651,361	\$ 275,976	\$20,859	\$ 132,987	200,820	\$ 46,982	(\$ 13,521)	\$ -	\$ 2,315,464	\$ 252,259	\$ 2,567,723
Distribution of 2015 earnings:											
Legal reserve	-	-	19,991	-	(19,991)	-	-	-	-	-	-
Cash dividends	6(18)	-	-	-	(132,109)	-	-	-	(132,109)	-	(132,109)
Capital reserve-distribute cash	6(18)	(33,027)	-	-	-	-	-	-	(33,027)	-	(33,027)
Profit for the period	-	-	-	-	260,709	-	-	-	260,709	38,350	299,059
Other comprehensive income for the year	6(6)	-	-	-	(2,496)	(79,380)	737	-	(81,139)	(15,406)	(96,545)
From share of changes in equities of subsidiaries	6(28)	-	-	-	(1,383)	-	-	-	(1,383)	-	(1,383)
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	3,665	3,665
Balance at December 31, 2016	<u>\$ 1,651,361</u>	<u>\$242,949</u>	<u>\$40,850</u>	<u>\$ 132,987</u>	<u>305,550</u>	<u>(\$32,398)</u>	<u>(\$12,784)</u>	<u>\$ -</u>	<u>\$ 2,328,515</u>	<u>\$ 278,868</u>	<u>\$2,607,383</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, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

	Notes	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated profit before tax for the year		\$ 382,922	\$ 305,406
Adjustments			
Income and expenses having no effect on cash flow			
Gain on financial assets or liabilities at fair value through profit or loss, net	6(22)	(4,841)	(1,774)
Gain on disposal of financial liabilities at fair value through profit or loss		(870)	-
Gain on disposal of available-for-sale financial assets	6(22)	-	(1,317)
Gain on disposal of financial assets measured at cost		(1,983)	-
Provision for doubtful accounts	6(4)	44,294	36,327
Impairment loss	6(22)	-	5,032
Depreciation	6(9) (24)	27,644	29,843
Amortization	6(24)	16,272	12,480
Interest income	6(21)	(15,054)	(26,477)
Interest expense	6(23)	13,175	11,118
Dividend income		(3)	(12)
(Gain)/loss on disposal of property, plant and equipment, net	6(22)	745	(7)
Share of profit of associates and joint ventures accounted for using equity method		59,216	43,365
Gain on disposal of investments accounted for using equity method, net	6(20)	(31,568)	-
Impairment loss on investments accounted for using equity method		12,308	-
Share-based payments		114	-
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit or loss - current		(326,134)	24,438
Notes receivable		(26,879)	7,588
Accounts receivable		(65,465)	(527,513)
Accounts receivable - related parties		(4,670)	12,521
Other receivables		(3,862)	1,868
Other receivables- related parties		51,287	(51,287)
Inventories		(604,572)	(144,420)
Prepayments		(12,661)	8,154
Other current assets		49,612	(3,158)
Other non-current assets		(11,906)	1,536
Net changes in liabilities relating to operating activities			
Financial liabilities at fair value through profit or loss - current		(443)	1,317
Accounts payable		660,274	145,755
Other payables		96,608	104,891
Provisions for liabilities		(3,847)	62,789
Unearned receipts		410,665	1,015
Other current liabilities		(1,531)	(1,556)
Accrued pension liabilities		(5,252)	(5,084)
Other non-current liabilities		-	(476)
Cash generated from operations		703,595	52,362
Interest received		19,309	25,814

(Continued)

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

	Notes	2016	2015
Interest paid		(12,363)	(11,028)
Income tax paid		(96,275)	(27,209)
Dividends received		3	12
Net cash provided by operating activities		614,269	39,951
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of bond investments without active markets		(\$ 212,943)	\$ -
Proceeds from disposal of bond investments without active markets		-	67,846
Proceeds from disposal of available-for-sale financial assets		-	6,000
Proceeds from disposal of financial assets measured at cost		1,983	-
Acquisition of investments accounted for using equity method		-	(56,475)
Proceeds from disposal of investments accounted for using equity method		43,641	-
Acquisition of property, plant and equipment	6(30)	(15,001)	(17,636)
Proceeds from disposal of property, plant and equipment		2,026	946
Acquisition of intangible assets		(99,742)	(35,742)
Refundable deposits refunded (paid)		2,689	(1,182)
Decrease (increase) in other financial assets	8	17,513	(31,979)
Net cash used in investing activities		(259,834)	(68,222)
CASH FLOWS FROM FINANCING ACTIVITY			
Proceeds from short-term loans		1,597,314	1,356,907
Repayment of short-term loans		(1,413,443)	(1,215,397)
Proceeds from long-term loan		30,000	-
Repayment of long-term loan		(27,005)	(27,485)
Guarantee deposits refunded		(68)	(9)
Proceeds from transaction with non-controlling interests		-	(854)
Payments for acquisition of treasury stock		-	(67,797)
Proceeds from transaction with non-controlling interests	6(28)	30,875	-
Cash dividends paid		(165,136)	(132,108)
Decrease in non-controlling interests		(28,708)	(26,477)
Net cash provided by (used in) financing activities		23,829	(113,220)
Effect of fluctuations in exchange rate		(22,785)	8,780
Net increase (decrease) in cash and cash equivalents		355,479	(132,711)
Cash and cash equivalents at beginning of year	6(1)	554,712	687,423
Cash and cash equivalents at end of year	6(1)	\$ 910,191	\$ 554,712

Attachment 3 :

Comparison Table of the Procedures for Acquisition or Disposal of Assets Before and After Amendment

After amendment	Before amendment	Reason of amendment
4.11 Net value: The owner's equity attributable to the parent company in the balance sheet.	(This is a new addition.)	Adding a definition
5.1.2.1 Short-term securities: The levels of authority for the acquisition or disposal of money market funds are as follows:	5.1.2.1 Short-term securities: The levels of authority for the acquisition or disposal of bond funds are as follows:	A revision is made in accordance with the "Guidelines on the Acquisition or Disposal of Assets by Public Offering Companies".
5.1.3 Property or Equipment:	5.1.3 Property and Equipment:	Revision of wording
5.1.4.2 Regarding the Company's acquisition or disposal of property with related parties, or acquisition or disposal of non-property assets with related parties, if the transaction amount reaches 20% of the Company's paid-in capital, 10% of the total assets or NT\$300 million, other than the purchase and sale of government bonds, bonds with re-purchase or re-sale agreements and subscription or repurchase of money market funds issued by domestic securities investment trust enterprises, the following information shall be submitted to the Board of Director for approval and the supervisors for acknowledgement before the transaction contract is signed and the payment is made:	5.1.4.2 Regarding the Company's acquisition or disposal of property with related parties, or acquisition or disposal of non-property assets with related parties, if the transaction amount reaches 20% of the Company's paid-in capital, 10% of the total assets or NT\$300 million, other than the purchase and sale of government bonds, bonds with re-purchase or re-sale agreements and subscription or redemption of domestic money market funds, the following information shall be submitted to the Board of Directors for approval and the supervisors for acknowledgement before the transaction contract is signed and the payment is made:	A revision is made in accordance with Article 14 of the "Guidelines on the Acquisition or Disposal of Assets by Public Offering Companies".

<p>.....</p> <p>If the Company has set up an audit committee, then in accordance with the provisions of the first paragraph, Items 4 and 5 of Article 3.7 apply to matters subject to the acknowledgement of the supervisors, which shall be first approved by more than half of all the members of the audit committee, and then submitted to the Board of Directors for a resolution.</p>	<p>If the Company has set up an audit committee, then in accordance with the provisions of the first paragraph, Items 4 and 5 of Article 3.7 apply to matters subject to the acknowledgement of the supervisors, which shall be first approved by more than half of all the members of the audit committee, and then submitted to the Board of Directors for a resolution.</p>	
<p>5.1.5.2 For the Company's acquisition or disposal of memberships, the fair market value shall be referred to in order to form an analysis of the transaction conditions and price for the Chairman's review. If the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million, except for transactions with government entities, the accountant shall be consulted before the date of occurrence of fact for an opinion on the rationality. The accountant shall handle the matter in accordance with the provisions of the Audit Standards Bulletin No. 20 of the Accounting Research and Development Foundation.</p> <p>The aforementioned transaction amount calculation shall be handled in accordance with the provisions of Article 5.7.2, and the one year referred to is one year before the date of occurrence of the transaction. The requirement above is not applicable if a professional appraisal report or the accountant's opinion has been obtained in accordance with the provisions of the Procedures.</p>	<p>5.1.5.2 For the Company's acquisition or disposal of memberships, the fair market value shall be referred to in order to form an analysis of the transaction conditions and price for the Chairman's review. If the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million, except for transactions with government agencies, the accountant shall be consulted before the date of occurrence of the fact for an opinion on the rationality. The accountant shall handle the matter in accordance with the provisions of the Audit Standards Bulletin No. 20 of the Accounting Research and Development Foundation.</p> <p>The aforementioned transaction amount calculation shall be handled in accordance with the provisions of Article 5.7.2, and the one year referred to is one year before the date of occurrence of the transaction. The requirement above is not applicable if a professional appraisal report or the accountant's opinion has been obtained in accordance with the provisions of the Procedures.</p>	<p>A revision is made in accordance with Article 11 of the "Guidelines on the Acquisition or Disposal of Assets by Public Offering Companies".</p>

<p>5.1.6.2 For the Company's acquisition or disposal of intangible assets, the fair market value shall be referred to in order to form an analysis of the transaction conditions and price for the Chairman's review. If the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million, except for transactions with government entities, the accountant shall be consulted before the date of occurrence of the fact for an opinion on the rationality. The accountant shall handle the matter in accordance with the provisions of the Audit Standards Bulletin No. 20 of the Accounting Research and Development Foundation.</p> <p>The aforementioned transaction amount calculation shall be handled in accordance with the provisions of Article 5.7.2, and the one year referred to is one year before the date of occurrence of the transaction. The requirement above is not applicable if a professional appraisal report or the accountant's opinion has been obtained in accordance with the provisions of the Procedures.</p>	<p>5.1.6.2 For the Company's acquisition or disposal of intangible assets, the fair market value shall be referred to in order to form an analysis of the transaction conditions and price for the Chairman's review. If the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million, except for transactions with government agencies, the accountant shall be consulted before the date of occurrence of the fact for an opinion on the rationality. The accountant shall handle the matter in accordance with the provisions of the Audit Standards Bulletin No. 20 of the Accounting Research and Development Foundation.</p> <p>The aforementioned transaction amount calculation shall be handled in accordance with the provisions of Article 5.7.2, and the one year referred to is one year before the date of occurrence of the transaction. The requirement above is not applicable if a professional appraisal report or the accountant's opinion has been obtained in accordance with the provisions of the Procedures.</p>	<p>A revision is made in accordance with Article 11 of the "Guidelines on the Acquisition or Disposal of Assets by Public Offering Companies".</p>
<p>5.1.9.1 In the Company's handling of a merger, division, acquisition or share exchange, a lawyer, accountant and underwriter shall be appointed to jointly discuss and determine at timetable of the legal procedures, and form a task group to execute the transaction in accordance with the legal procedures. In addition, the opinion of the accountant, the lawyer and the securities underwriter on the rationality of the share exchange ratio, the</p>	<p>5.1.9.1 In the Company's handling of a merger, division, acquisition or share exchange, a lawyer, accountant and underwriter shall be appointed to jointly discuss and determine at timetable of the legal procedures, and form a task group to execute the transaction in accordance with the legal procedures. In addition, the opinion of the accountant, the lawyer and the securities underwriter on the rationality of the share exchange ratio, the</p>	<p>A revision is made in accordance with Article 22 of the "Guidelines on the Acquisition or Disposal of Assets by Public Offering Companies".</p>

<p>purchase price, or cash or other properties allotted to the shareholders shall be sought before the relevant board meeting, and the proposal shall be approved by the Board of Directors. However, the expert opinion is waived for the Company's merger of a subsidiary with 100% of its issued shares or total capital directly or indirectly held by the Company, or a merger among such subsidiaries with 100% of their issued shares or total capital directly or indirectly held by the Company.</p>	<p>purchase price, or cash or other properties allotted to the shareholders shall be sought before the relevant board meeting, and the proposal shall be approved by the Board of Directors.</p>	
<p>5.5.2 The investment limit is based on the original investment cost. The long and short-term securities investment, according to the Articles of Association of the Company, is not subject to the Company Law.</p>	<p>5.5.2 The investment limit is based on the original investment cost. The long and short-term securities investment, according to the Articles of Association of the Company, is not subject to the Company Law, but the total investment amount shall not exceed 110% of the Company's net value as in the latest financial statements. There is no restriction on the property and equipment for business purposes. For property and equipment for non-business purposes, please refer to the limits in Article 5.6.</p>	<p>A revision is made in accordance with the actual operations.</p>

<p>5.6 The limits on the total and individual securities investment of the Company and each subsidiary, and the limit on the total investment in property for non-business purposes are as follows:</p> <p>5.6.1 The total investment in property for non-business purposes shall not exceed 50% of the net value of the Company.</p> <p>5.6.2 The total securities investment, after deducting money market funds issued by the domestic securities investment trust enterprises, shall not exceed 110% of the net value of the Company.</p> <p>5.6.3 The limit on the investment of individual securities shall not exceed 60% of the net value of the Company.</p> <p>5.6.4 The limit on the proportion of investment in mainland China shall not exceed the limit stipulated in the “Principle of Reviewing Investment or Technical Cooperation in Mainland China” by the Ministry of Economic Affairs.</p>	<p>5.6 The limits on the total investment of property for non-business purposes and securities, and the limit on the individual securities investment of the Company and each subsidiary are as follows:</p> <table border="1" data-bbox="711 427 1209 1489"> <tr> <th data-bbox="711 427 898 622">Investment item</th><th data-bbox="898 427 1070 622">Limit on the Company</th><th data-bbox="1070 427 1209 622">Limit on each subsidiary</th></tr> <tr> <td data-bbox="711 622 898 909">Total investment in property for non-business purposes</td><td data-bbox="898 622 1070 909">50% of the net value of the Company</td><td data-bbox="1070 622 1209 909">50% of the net value of the Company</td></tr> <tr> <td data-bbox="711 909 898 1196">Total securities investment</td><td data-bbox="898 909 1070 1196">110% of the net value of the Company</td><td data-bbox="1070 909 1209 1196">100% of the net value of the Company</td></tr> <tr> <td data-bbox="711 1196 898 1489">Limit on individual securities investment</td><td data-bbox="898 1196 1070 1489">60% of the net value of the Company</td><td data-bbox="1070 1196 1209 1489">50% of the net value of the Company</td></tr> </table> <p>Note 1: "Net value of the Company" means the net value in the latest financial statements.</p> <p>Note 2: The limit of investment in mainland China shall still be based on the “Principle of Reviewing Investment or Technical Cooperation in Mainland China” by the Ministry of Economic Affairs.</p>	Investment item	Limit on the Company	Limit on each subsidiary	Total investment in property for non-business purposes	50% of the net value of the Company	50% of the net value of the Company	Total securities investment	110% of the net value of the Company	100% of the net value of the Company	Limit on individual securities investment	60% of the net value of the Company	50% of the net value of the Company	<p>A revision is made in accordance with the actual operations.</p>
Investment item	Limit on the Company	Limit on each subsidiary												
Total investment in property for non-business purposes	50% of the net value of the Company	50% of the net value of the Company												
Total securities investment	110% of the net value of the Company	100% of the net value of the Company												
Limit on individual securities investment	60% of the net value of the Company	50% of the net value of the Company												

<p>5.7.1.1 Acquisition or disposal of property with a related party, or non-property assets with a related party and the transaction amount reaches 20% of the Company's paid-in capital, or 10% of the total assets or NT\$300 million, with the exception of the trading of government bonds or bonds with repurchase or resale agreements or the purchase or repurchase of money market funds issued by domestic securities investment trust enterprises.</p>	<p>5.7.1.1 Acquisition or disposal of property with a related party, or non-property assets with a related party and the transaction amount reaches 20% of the Company's paid-in capital, or 10% of the total assets or NT\$300 million, with the exception of the trading of government bonds or bonds with repurchase or resale agreements or the purchase or redemption of domestic money market funds.</p>	<p>A revision is made in accordance with Article 30 of the "Guidelines on the Acquisition or Disposal of Assets by Public Offering Companies".</p>
<p>5.7.1.4 The assets acquired or disposed of is equipment for business use, and the amount of the transaction meets one of the following requirements:</p> <p>A. The transaction amount is NT\$500 million or more when the amount of the public offering company's paid-in capital is less than NT\$10 billion.</p> <p>B. The transaction amount is NT\$1 billion or more when the amount of the public offering company's paid-in capital is NT\$10 billion or more.</p>	<p>5.7.1.4 Transactions involving assets other than those in the three items above, financial institutions' disposal of debts or investment in mainland China, and the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million, with the exception of the following:</p> <p>A. Trading of government bonds.</p> <p>B. Trading of securities at domestic or overseas securities exchanges or the premises of securities brokers, or subscriptions to securities through securities brokers in the primary market pursuant to the regulations.</p> <p>C. Trading of bonds with repurchase or resale agreements or the purchase or repurchase of money market funds issued by domestic securities investment trust enterprises.</p> <p>D. The assets acquired or disposed of is equipment for business use, the transaction counterparty is a non-related party, and the transaction amount is not above NT\$500 million.</p> <p>E. The property is acquired through commissioned-construction on the</p>	<p>A revision is made in accordance with Article 30 of the "Guidelines on the Acquisition or Disposal of Assets by Public Offering Companies"; the original Article 5.7.1.4 is moved to 5.7.1.7</p>

	Company's own land, commissioned-construction on leased land, joint construction with building allotment or joint construction with respective sale of the building, with the transaction amount less than NT\$500 million (based on the expected amount of the Company's investment in the transaction).	
5.7.1.5 The property is for business use and acquired or disposed of by a public offering company in the construction business, the transaction counterparty is a non-related party, and the transaction amount is above NT\$500 million.	(This is a new addition.)	A revision is made in accordance with Article 30 of the "Guidelines on the Acquisition or Disposal of Assets by Public Offering Companies".
5.7.1.6 The property is acquired through commissioned-construction on the Company's own land, commissioned-construction on leased land, joint construction with building allotment or joint construction with respective sale of the building, and the Company's expected investment in the transaction is more than NT\$500 million.	(This is a new addition.)	A revision is made in accordance with Article 30 of the "Guidelines on the Acquisition or Disposal of Assets by Public Offering Companies".
5.7.1.7 Transactions involving assets other than those in the six items above, financial institutions' disposal of debts or investment in mainland China, and the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million, with the exception of the fol-	(This is a new addition.)	A revision is made in accordance with Article 30 of the "Guidelines on the Acquisition or

<p>lowing:</p> <p>A. Trading of government bonds.</p> <p>B. Trading of securities at domestic or overseas securities exchanges, or subscriptions to ordinary corporate bonds or non-equity related financial bonds through securities brokers in the primary market, or securities required to be subscribed to by the TPEX due to the securities firm's underwriting business needs, as it is a recommending securities firm and financial adviser of an OTC company.</p> <p>C. Trading of bonds with repurchase or resale agreements, or purchase or repurchase of money market funds issued by domestic securities investment trust enterprises.</p>		<p>Disposal of Assets by Public Offering Companies"; a revision is made to the original Article 5.7.1.4.</p>
<p>5.7.4 If there is any error or omission in the Company's announcement in accordance with the regulations, then it shall make another announcement of all such information again within two days from the day of awareness of the error or omission.</p>	<p>5.7.4 If there is any error or omission in the Company's announcement in accordance with the regulations, then it shall make another announcement of all such information again.</p>	<p>A revision is made in accordance with Article 30 of the "Guidelines on the Acquisition or Disposal of Assets by Public Offering Companies".</p>
<p>5.8.4 If the subsidiary has not set up an auditing unit, the relevant auditing work shall be handled by the auditing unit of the Company.</p>	<p>5.8.4 If the subsidiary does not set up an auditing unit, the relevant auditing work shall be handled by the auditor of the Company.</p>	<p>Revision of wording.</p>

<p>5.9.1 Regarding the property or equipment acquired or disposed of by the Company, except for transactions with government entities, commissioned-construction on the Company's own land, commissioned-construction on leased land, or acquisition or disposal of equipment for business use, if the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million, a professional valuer's appraisal report shall be obtained before the date of occurrence of the fact, and the transaction shall meet the following requirements:</p>	<p>5.9.1 Regarding the property or equipment acquired or disposed of by the Company, except for transactions with government agencies, commissioned-construction on the Company's own land, commissioned-construction on leased land, or acquisition or disposal of equipment for business use, if the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million, a professional valuer's appraisal report shall be obtained before the date of occurrence of the fact, and the transaction shall meet the following requirements:</p>	<p>A revision is made in accordance with Article 9 of the "Guidelines on the Acquisition or Disposal of Assets by Public Offering Companies".</p>
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Attachment 4 :**Comparison Table for the Articles of Incorporation
Before and After Amendment**

Article No.	After amendment	Before amendment	Reason of Amendment
Article 2	<p>The businesses of the Company are as follows:</p> <p>1.CQ01010 Die Manufacturing (restricted to area outside the Science Park)</p> <p>2.F106030 Wholesale of Die (restricted to area outside the Science Park)</p> <p>3. F113010 Wholesale of Machinery (restricted to area outside the Science Park)</p> <p>4.CC01080 Electronic Parts and Components Manufacturing (restricted to area outside the Science Park)</p> <p>5. F401010 International Trade</p> <p>6. CB01010 Machinery and Equipment Manufacturing</p> <p>7. CE01010 Precision Instruments Manufacturing</p> <p>8. CC01010 Electric Power Supply, Electric Transmission and Power Distribution Machinery Manufacturing</p> <p>9. CF01011 Medical Materials and Equipment Manufacturing</p> <p>10. F208031 Retail sale of Medical Equipments</p> <p>11. F108031 Wholesale of Drugs, Medical Goods</p> <p>12. D101060 self-usage power generation equipment utilizing renewable energy industry</p> <p>13. E601010 Electric Appliance Construction</p> <p>14. E601020 Electric Appliance Installation</p> <p>15. EZ05010 Apparatus Installa-</p>	<p>The businesses of the Company are as follows:</p> <p>1.CQ01010 Die Manufacturing (restricted to area outside the Science Park)</p> <p>2.F106030 Wholesale of Die (restricted to area outside the Science Park)</p> <p>3. F113010 Wholesale of Machinery (restricted to area outside the Science Park)</p> <p>4.CC01080 Electronic Parts and Components Manufacturing (restricted to area outside the Science Park)</p> <p>5. F401010 International Trade</p> <p>6. CB01010 Machinery and Equipment Manufacturing</p> <p>7. CE01010 Precision Instruments Manufacturing</p> <p>8. CC01010 Electric Power Supply, Electric Transmission and Power Distribution Machinery Manufacturing</p> <p>9. CF01011 Medical Materials and Equipment Manufacturing</p> <p>10. F208031 Retail sale of Medical Equipments</p> <p>11. F108031 Wholesale of Drugs, Medical Goods</p> <p>Research, development, design, manufacturing, and sale of the following items :</p> <p>(2) IC Packaging Front End Equipment</p> <p>A. IC Die bonder</p> <p>B. IC Wire bonder</p>	New addition based on operational requirements

	<p>tion Construction</p> <p>Research, development, design, manufacturing, and sale of the following items :</p> <p>(1) IC Packaging Front End Equipment</p> <p>A. IC Die bonder</p> <p>B. IC Wire bonder</p> <p>(2) Flip Chip processing Equipment: Flip Chip Bonder, Chip Sorter, Dispenser Machine</p> <p>(3) Semiconductor packaging and testing equipment</p> <p>(4) Inspection Equipment for Panel Display Manufacture</p> <p>(5) Nano materials testing equipment</p> <p>(6) Grid-Connected Solar power system</p> <p>(7) Grid-Connected Wind and Solar power system</p> <p>(8) Off-Grid Wind and Solar power system</p> <p>(9) Off-Grid Wind and Solar Hybrid Power and LED light source Street light</p> <p>(10) Other import and export business of related products</p> <p>(11) Disposable soft contact lenses</p> <p>(12) Functional soft contact lenses</p>	<p>(2) Flip Chip processing Equipment: Flip Chip Bonder, Chip Sorter, Dispenser Machine</p> <p>(3) Semiconductor packaging and testing equipment</p> <p>(4) Inspection Equipment for Panel Display Manufacture</p> <p>(5) Nano materials testing equipment</p> <p>(6) Grid-Connected Solar power system</p> <p>(7) Grid-Connected Wind and Solar power system</p> <p>(8) Off-Grid Wind and Solar power system</p> <p>(9) Off-Grid Wind and Solar Hybrid Power and LED light source Street light</p> <p>(10) Other import and export business of related products</p> <p>(11) Disposable soft contact lenses</p> <p>(12) Functional soft contact lenses</p>	
Article 34	<p>The Articles of Association were established on December 1, 1978.</p> <p>....</p> <p>The 29th amendment was made on June 22, 2011.</p> <p>The 30th amendment was made on June 21, 2012.</p> <p>The 31st amendment was made on</p>	<p>The Articles of Association were established on December 1, 1978.</p> <p>....</p> <p>The 29th amendment was made on June 22, 2011.</p> <p>The 30th amendment was made on June 21, 2012.</p> <p>The 31st amendment was made on</p>	<p>Added the number of revisions and dates</p>

	<p>June 20, 2014.</p> <p>The 32nd amendment was made on June 17, 2015.</p> <p>The 33rd amendment was made on June 27, 2016.</p> <p><u>The 34th amendment was made on June 16, 2017.</u></p>	<p>June 20, 2014.</p> <p>The 32nd amendment was made on June 17, 2015.</p> <p>The 33th amendment was made on June 27, 2016.</p>	
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Attachment 5 :

Brief Introduction to the Key Talents of Gallant Micro Machining Co., Ltd.

Tun Chin, Shih

Education & Experience

Masters' Degree, Graduate School of Mechanical Engineering, National Cheng Kung University	June, 1992
IC Die bonder Project Member of Mechanical and Mechatronics Systems Research Laboratories, Industrial Technology Research Institute	1992~1998
Deputy Manager, Mechanical Department, Walton Advanced Engineering, Inc.	1998~2001
Leader, Technology Transfer, Toshiba Die Bonder	1998~1999
Director, R&D Department, GPM ICF	2001~2008
Director, Marketing Department, GPM IC BU	2008~2010
Director, Front-End R&D Department, GMM	2010~2013
Senior Manager, General Manager Room, GMM	February, 2014~
19 years of service at GPM Group	

Achievements

1. The founder and chief leader of GPM Group's R&D of all the front-end ICF process equipment of semiconductor packaging in the past 20 years.
2. Promoted the development and business of front-end products.
3. GMM's chief leader of TSMC related projects, in charge of customer development, business promotion, product development and manufacturing; generated a gross margin of about NT\$200 million.
4. Single-handedly created and developed high-precision bonders to cut into the 3DIC/fan-out advanced packaging market; established a close relationship with TSMC; laid the foundation for the development of the high-precision bonder business with TSMC and other indicator packaging firms.
5. Developed the multi-side inspection chip sorter, doubled the price of the product to significantly increase the turnover of the series of products, and made the chip sorter the GMM product with the highest gross margin for many years.
6. Core employee for GMM's future R&D and operations.

Chun-Kuei, Lai

Education & Experience

Masters' Degree, Graduate School of Mechanical Engineering, Chung Yuan Christian University	June, 1992
Engineer and Project Member of Mechanical and Mechatronics Systems Research Laboratories, Industrial Technology Research Institute	1992~2002
Deputy Manager, R&D Department, GPM ICF	2002~2007
Deputy Director, R&D Department, GPM IC BU	2008~2010
Chairman, Teway Applied Technology Co., Ltd.	2011~2012
Chairman, Changan Technology Co., Ltd.	2013~2014
Director, Market Development Department, GMM	December, 2014~March, 2015
Senior Manager, GMM Suzhou Factory	March, 2015~
11 years of service at GPM Group	

Achievements

1. Developed GPM's soft-version punching machine TF2700, and obtained an order of 20 units from Tong Tai.
2. Developed GPM DAF Bonder KB3100, entered ASE and started mass production.
3. Developed GPM's wafer-grade die bonder, which GMM later took over and imported TSMC's solid-state lighting.
4. Worked for GMM and went to GMM's Suzhou factory to be in charge of engineering and new product development; helped promote the development of front-end packaging products in mainland China and developed new products.
5. Actively assisted in internal management and operations at GMM's Suzhou factory, and is a core employee for the follow-up operations in Suzhou.

Attachment 6 :**List of Director Candidates**

Independent Director Name	Education & Experience	Major Current Positions	Shareholding(Note)
Chia-chin, Tong	<ul style="list-style-type: none"> • Bachelor of Chemistry, National Chung Hsing University • General Manager, Business Division, Hong Sheng Industrial Co., Ltd. • Director, Taiwan Printed Circuit Association • Executive Vice President, Compeq Manufacturing Co., Ltd. • Consultant, Taiwan Printed Circuit Association • Supervisor, Kaylu Technology Co., Ltd. 	<ul style="list-style-type: none"> • Director, Kaylu Technology Co., Ltd. • Independent Director, Daxin Materials Corp. • Director, Waffer Technology Corp. 	0
William Hung	<ul style="list-style-type: none"> • Master of Immunology, National Taiwan University • Investment Manager, Lian Tai Management Consulting Co. • Associate Director, Taiwan Industrial Bank Consulting Co. • Deputy General Manager, Han Ding Biotechnology Co., Ltd. • (Deputy) General Manager, Tanvex Bio-Pharma, Inc. • PT Navi CEO 	<ul style="list-style-type: none"> • Special Assistant to the Chairman, CHC Healthcare Group 	0
Bill Chen	<ul style="list-style-type: none"> • Doctor of Engineering, Keio University, Japan • Deputy Director, Me- 	<ul style="list-style-type: none"> • Honorary Chairman, Neo-Secto Taiwan Co., Ltd. 	0

	<p>chanical and Mechatronics Systems Research Laboratories, ITRI and Director, Precision Machinery Development Group, Ministry of Economic Affairs</p> <ul style="list-style-type: none"> • Vice Chairman, MPI Corporation • Independent Director, Kenly Precision Industrial Co., Ltd. • Chairman, Neo-Secto Taiwan Co., Ltd. 	<ul style="list-style-type: none"> • Independent Director, Easy Field Corporation • Supervisor, Kenly Precision Industrial Co., Ltd. 	
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Note: The eligibility criteria for the nominees for the independent directors above were reviewed and approved by the Board of Directors of the Company on May 5, 2017. The shares were held on the book-close date of the general shareholders' meeting (April 18, 2017).

Attachment 7 :

List of competition restrictions on Independent Director Candidates proposed to be released

Name	Released restriction
Chia-chin, Tong	<ul style="list-style-type: none">• Director, Kaylu Technology Co., Ltd.• Independent Director, Daxin Materials Corp.• Director, Waffer Technology Corp.
Cheng Chen	<ul style="list-style-type: none">• Independent Director, Easy Field Corporation

Appendix 1

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

1. Except as otherwise provided in the laws and regulations, the procedure of the shareholders' meetings of Gallant Precision Machining Co., Ltd. (hereinafter referred to as the Company) shall be handled in accordance with these Rules.
2. The shareholder referred to in these Rules means the shareholder himself/herself or the representative appointed by the shareholder to attend the meeting.
The attending shareholders shall wear the attendance pass and submit the check-in card.
The number of shares represented by the attending shareholders shall be calculated based on the check-in cards submitted.
3. The attendance and voting of the shareholders' meeting shall be based on the shares of the attending shareholders.
4. The venue of the shareholders' meeting shall be the county or city where the head office of the Company is located or a place convenient for the shareholders' attendance and suitable for holding the shareholders' meeting. The start time of the meeting shall not be earlier than 9:00 am or later than 3:00 pm.
5. If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairperson of the Board. If the Chairperson of the Board is on leave for any reason and unable to exercise the powers of a chairperson, the deputy chairperson shall act in the place of the chairperson. If there is no deputy chairperson or the deputy chairperson is also on leave for any reason and unable to exercise the powers of a chairperson, the Chairperson shall appoint one of the managing directors to act as the chairperson for the meeting. If there are no managing directors, the Chairperson shall appoint one of the directors to act as the chairperson for the meeting. If the Chairperson does not make such an appointment, then the chairperson for the meeting shall be elected among the managing directors or directors.
If the shareholders' meeting is convened by a party other than the Board of Directors, the chairperson of the meeting shall be the convening party.
6. The Company may appoint its lawyer, accountant or related persons to attend the shareholders' meeting in a non-voting capacity.
The staff in charge of affairs related to the shareholders' meeting shall wear an identity card or an armband.
7. The Company shall audio-record or video-record the whole process of the shareholders' meeting and shall keep the record for at least one year.
8. The Chairperson shall call the meeting to order at the scheduled meeting start time. If the attending shareholders do not represent a majority of the total number of shares issued, the Chairperson may announce a postponement, provided that no more than two such postponements for a combined total length of no more than 1 hour may be made. If the quorum is not met after two postponements as referred to

in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, Paragraph 1 of the Company Law.

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

9. If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order as set in the agenda, which may not be changed without a resolution of the shareholders' meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene that is not the Board of Directors.

The Chairperson may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including special motions), except by a resolution of the shareholders' meeting. After the meeting is adjourned, the shareholders shall not elect another chairperson to continue the meeting at the original site or another place. However, if the Chairperson declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chairperson in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

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

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

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

11. Except with the consent of the Chairperson, a shareholder may not speak for more than twice on the same proposal, and a single speech may not exceed 5 minutes. If a shareholder's speech violates the rules or exceeds the scope of the agenda item or disturbs the order of the meeting, the Chairperson may terminate the speech, and the other shareholders may also request the Chairperson to do so.
12. Where a legal person is entrusted to attend a shareholders' meeting, the legal person shall appoint only one representative to attend. Where a legal-person shareholder

appoints two or more representatives to attend a shareholders' meeting, only one of the representatives may speak on the same motion.

13. After an attending shareholder has spoken, the Chairperson may respond in person or appoint a relevant person to respond.
14. In the discussion of the motion, if the Chairperson thinks that the point of voting has been reached, he/she may announce a stop to the discussion and the start of the voting session.
15. The persons monitoring the voting on the motion and counting the votes shall be designated by the Chairperson, but the vote monitoring person shall be a shareholder. The results of the voting shall be reported on the spot and recorded accordingly.
16. During the course of a meeting, the Chairperson may announce a break based on time considerations. If the discussion of all the motions can not be completed in a single meeting, a resolution may be adopted at the shareholders' meeting to defer or resume the meeting within 5 days without any further notices or announcements.
17. Except as otherwise provided in the Company Law and in the Articles of Association, a motion is passed with the consent of the attending shareholders with more than half of the voting rights.

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

Each shareholder has a voting right per share.

A shareholder may entrust a proxy to attend the shareholders' meeting. Except trust businesses or stock affair agents approved by the competent authority, if a proxy is entrusted by two or more shareholders, the voting rights of the proxy shall not exceed 3% of the total number of voting rights of the issued shares, otherwise the voting rights exceeding the percentage shall not be counted.
18. When there is an amendment or an alternative to a motion, the Chairperson shall present the amended or alternative motion together with the original motion, and decide the order in which they shall be put to a vote. When either of them is passed, the other motion shall then be deemed rejected, and no further voting shall be required.
19. The Chairperson may direct proctors (or security personnel) to help maintain the order at the meeting. When proctors (or security personnel) help maintain the order at the meeting, they shall wear an identification card or armband bearing the word "Proctor".
20. In the event of an air raid warning, earthquake, fire or other major disasters during the meeting, the Chairperson may rule the meeting adjourned or temporarily suspended for evacuation. One hour after the lifting of the disaster, the Chairperson shall announce a meeting time.
21. Matters not stipulated in these Rules shall be handled in accordance with the provisions of the Company Law, other relevant laws and regulations and the Articles

of Association of the Company.

22. The Rules are implemented after the adoption of the resolution in the shareholders' meeting, and the same procedure applies to the amendments.

23. The Rules were established on April 29, 1995.

The first amendment was made on May 23, 1998.

The second amendment was made on May 14, 2002.

Appendix 2

Gallant Precision Machining Co., Ltd.

Articles of Incorporation (Before the Amendments)

Chapter 1 General Provisions

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

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

- 1.CQ01010 Die Manufacturing (restricted to area outside the Science Park)
- 2.F106030 Wholesale of Die (restricted to area outside the Science Park)
3. F113010 Wholesale of Machinery (restricted to area outside the Science Park)
- 4.CC01080 Electronic Parts and Components Manufacturing (restricted to area outside the Science Park)
5. F401010 International Trade
6. CB01010 Machinery and Equipment Manufacturing
7. CE01010 Precision Instruments Manufacturing
8. CC01010 Electric Power Supply, Electric Transmission and Power Distribution Machinery Manufacturing
9. CF01011 Medical Materials and Equipment Manufacturing
10. F208031 Retail sale of Medical Equipments
11. F108031 Wholesale of Drugs, Medical Goods

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

- (1) IC Packaging Front End Equipment
 - A. IC Die bonder
 - B. IC Wire bonder
- (2) Flip Chip processing Equipment: Flip Chip Bonder, Chip Sorter, Dispenser Machine
- (3) Semiconductor packaging and testing equipment
- (4) Inspection Equipment for Panel Display Manufacture
- (5) Nano materials testing equipment
- (6) Grid-Connected Solar power system
- (7) Grid-Connected Wind and Solar power system
- (8) Off-Grid Wind and Solar power system
- (9) Off-Grid Wind and Solar Hybrid Power and LED light source Street light
- (10) Other import and export business of related products
- (11) Disposable soft contact lenses
- (12) Functional soft contact lenses

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

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

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

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

Chapter II Shares

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

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

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

Article 8: All the shares of the Company shall be in registered form. The shares shall be issued with the signatures or seals of three or more directors, and the certification of the competent authority or its authorized registration agency.

The shares issued by the Company are exempt from a printing form and shall be registered with the central depository authorities.

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

- Article 10: The stock affairs of the Company, such as shareholders' transfer of shares, share pledge, lifting of share pledge, reporting of share loss, share inheritance, share donation, reporting of seal specimen card loss, change of shareholder or change of address, shall be handled in accordance with the laws and regulations of the government. Taiwan Securities Central Depository Co., Ltd. may request a merger of shares into large-denomination shares.
- Article 11: The Company's shares are blocked from registration within 60 days prior to a general shareholders' meeting, within 30 days prior to an extraordinary shareholders' meeting, and within 5 days before the date on which the Company decides to distribute dividends or other interests.
- Article 12: The Company may charge a processing fee for a shareholder's application for the issuance of replacement shares or new shares due to share loss or other reasons.

Chapter 3 Shareholders' Meeting

- Article 13: The shareholders' meeting of the Company includes the general shareholders' meeting and the extraordinary shareholders' meeting. The general shareholders' meeting shall be convened once a year and within six months after the end of each accounting year. The extraordinary shareholders' meeting shall be convened when necessary.
- Except as otherwise provided in the Company Law, the shareholders' meetings mentioned in the preceding paragraph shall be convened by the Board of Directors.
- Article 14: Except as otherwise provided in the laws and regulations, each shareholder of the Company shall have one voting right per share
- Article 15: When a shareholder is unable to attend a shareholders' meeting for any reason, he/she may issue a power of attorney printed by the Company according to the provisions of the Company Law, and specify the scope of authorization with his/her signature or seal on the power of attorney to appoint a proxy to attend on his/her behalf.
- Article 16: For the passing of a resolution in a shareholders' meeting, except as otherwise provided in the Company Law, the shareholders' meeting shall be attended by more than half of the shareholders, and the resolution shall be approved by more than half of the attending shareholders before its implementation.
- Article 16-1: The resolutions of a shareholders' meeting shall be recorded in the shareholders' meeting minutes to be signed or sealed by the chairperson of the shareholders' meeting, and be distributed to the shareholders within 20 days

after the meeting. The distribution of the meeting minutes may be carried out by way of a public announcement.

Chapter 4 Directors

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

Article 17-1 The Company shall, in accordance with the provisions of Article 14.2 of the Securities Exchange Law, appoint independent directors among the above-mentioned directors. The number of independent directors' seats shall not be less than three, and shall not be less than one-fifth of the number of directors' seats. Independent directors and non-independent directors shall be elected together, but the seats shall be separately calculated.

Article 17-2: A nomination system is adopted for the election of independent directors of the Company. The shareholders who hold more than one percent of the total shares issued and the Board of Directors may propose a list of candidates for independent directors, and after the Board of Directors review the qualifications of the independent directors in accordance with relevant laws and regulations, the list shall be sent to the shareholders' meeting for an election of independent directors from the list of candidates.

The nomination of candidates for independent directors, the public announcement and other relevant matters shall be handled in accordance with the relevant laws and regulations such as the Company Law and the Securities Exchange Law.

Article 17-3: In accordance with Article 14.4 of the Securities Exchange Law, the Company shall set up an audit committee composed of all independent directors, and the number of committee members shall not be less than three. One of the members shall be the convener, and at least one shall possess accounting or financial expertise. The first term of the audit committee shall start on the date the independent directors are first elected in accordance with the preceding paragraph. Since the date the audit committee is established, the audit committee or its members shall be responsible for the implementation of the Company Law, the Securities Exchange Law and other ordinances. The resolution of the audit committee shall be governed by the relevant laws and regulations.

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

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

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

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

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

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

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

Article 23: The directors shall attend the board meeting in person. If a director can not attend in person, unless the director lives abroad and there are provisions of the Company Law for this situation, the director may issue a power of attorney and list the scope of authorization to appoint another director to attend, but the appointed director may accept the authorization of one person only.

Article 24: For the passing of a resolution in a board meeting, except as otherwise provided in the Company Law, the board meeting shall be attended by more than half of the directors, and the resolution shall be approved by more than half of the attending directors before its implementation.

Article 25: The remuneration of the directors of the Company shall be within the usual level of the same industry and approved by the Board of Directors.

Article 26: The total number of shares held by all the directors of the Company shall not be less than the number stipulated by the competent government authority.

Chapter 5 Managers

Article 27: The Company may have a chief executive officer and several deputy chief executive officers, presidents and executive vice presidents, whose appointment, dismissal and remuneration shall be handled in accordance with the provisions of Article 29 of the Company Law.

Article 28: The appointment, dismissal and remuneration of the presidents and executive vice presidents shall be handled in accordance with the provisions of Article 29 of the Company Law.

Chapter 6 Accounting

Article 29: The accounting year of the Company is from January 1 to December 31 of each year, and all accounts shall be settled at the end of each year.

Article 30: At the end of each accounting year of the Company, the following documents shall be prepared by the Board of Directors for submission to the shareholders' meeting for acknowledgement:

1. The business report
2. The financial statements
3. The motion concerning surplus distribution or loss make-up

Article 30-1: The Company shall distribute employees' remuneration of not less than 1 percent and not more than 12 percent of the profit of the Company for the current year, and the directors' remuneration which should not be more than 3 percent of the profit of the Company for the current year. However, if the Company still has an accumulated loss, it shall make up for the loss first.

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

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

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

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

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

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

Chapter 7 Supplementary Provisions

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

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

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

The 1st amendment was made on November 22, 1982.

The 2nd amendment was made on October 16, 1984.

The 3rd amendment was made on August 8, 1985.

The 4th amendment was made on April 25, 1986.

The 5th amendment was made on October 17, 1986.

The 6th amendment was made on July 8, 1988.

The 7th amendment was made on October 5, 1989.

The 8th amendment was made on February 10, 1990.

The 9th amendment was made on July 20, 1990.

The 10th amendment was made on June 30, 1991.

The 11th amendment was made on October 20, 1991.
The 12th amendment was made on June 21, 1992.
The 13th amendment n was made on February 14, 1993.
The 14th amendment was made on June 18, 1994.
The 15th amendment was made on April 29, 1995.
The 16th amendment was made on June 15, 1996.
The 17th amendment was made on May 23, 1998.
The 18th amendment was made on June 16, 1999.
The 19th amendment was made on May 10, 2000.
The 20th amendment was made on April 19, 2001.
The 21st amendment was made on April 19, 2001.
The 22nd amendment was made on May 14, 2002.
The 23rd amendment was made on May 22, 2006.
The 24th amendment was made on May 22, 2006.
The 25th amendment was made on December 14, 2006.
The 26th amendment was made on June 13, 2007.
The 27th amendment was made on June 16, 2009.
The 28th amendment was made on June 14, 2010.
The 29th amendment was made on June 22, 2011.
The 30th amendment was made on June 21, 2012.
The 31st amendment was made on June 20, 2014.
The 32nd amendment was made on June 17, 2015.
The 33rd amendment was made on June 27, 2016.

Appendix 3

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

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

his/her name or ID number or unified tax number is incorrect after checking.

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

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

8. After all votes are casted into the cabinet, the vote monitoring person shall open the cabinet.
9. When there is any doubt about a vote, the vote monitoring person shall first check whether or not the vote shall be invalidated and placed elsewhere. After the counting of votes, the number of invalid votes and the voting rights they represent shall be counted and then invalidated and sealed by the vote monitoring person.
10. After the vote monitoring person confirms the total numbers of valid and invalid votes, he/she shall fill in the number of valid votes and the corresponding voting rights as well as the number of invalid votes and the corresponding voting rights respectively in the recording form, and the Chairperson shall announce the voting results on the spot.
11. Matters not stipulated in the Method shall be handled in accordance with the provisions of the Company Law.
12. The Method is implemented after the adoption of the resolution in the shareholders' meeting, and the same procedure applies to the amendments.
13. The Method was established on April 29, 1995.
The first amendment was made on May 14, 2002.
The second amendment was made on June 21, 2012.
The third amendment was made on June 20, 2014.

Appendix 4

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

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

Appendix 5

Gallant Precision Machining Co., Ltd. Shareholding of Directors

Book-close date: April 18, 2017

Title	Name	Date of appointment	Shareholding at the time of election		Current shareholding		Remarks
			Shares	% of the shares issued at the time	Shares	% of the current shares issued	
Chairman	Sheng-Fa Yeh	2014/06/20	1,191,793	0.69%	1,756,793	1.06%	
Director	Ching-Hua Tsai	2014/06/20	3,278,428	1.89%	1,862,189	1.13%	
Director	China Development Industrial Bank Representative: Chi-Chuo Yin	2014/06/20	8,709,358	5.03%	8,709,358	5.27%	
Director	C Sun MFG. Ltd. Representative: You-Wen Liang	2014/06/20	17,177,827	9.92%	17,177,827	10.40%	
Independent Director	Jia-Ching Tung	2014/06/20	0	0.00%	0	0.00%	
Independent Director	Wei-Ren Hung	2014/06/20	0	0.00%	0	0.00%	
Independent Director	Cheng Chen	2015/06/17	0	0.00%	0	0.00%	

Note 1: Total number of shares issued as of June 20, 2014 (date of election): 173,136,144 shares (the directors took office on June 20, 2014).

Note 2: Total number of shares issued as of April 18, 2017 (book-close date): 165,136,144 shares.

Note 3: Total shareholding legally required of all the directors of the Company: 9,908,168 shares; total shareholding as at April 18, 2017: 29,506,167 shares.

Note 4: In accordance with the provisions of Article 2 (2) of the "Rules on the Shareholdings of Directors and Supervisors of a Public Offering Company and the Implementation of Shareholding Checks", the shareholdings of the independent directors of a public offering company shall be excluded from the shareholdings of all the directors; if there are more than two independent directors, the proportional shareholdings of all the directors and supervisors other than the independent directors shall be reduced by 20%.

Note 5: The total shareholding of all the directors has reached the required level.

MEMO