



Gallant Precision Machining Co., Ltd.

2021 Annual Shareholder's Meeting

Meeting Agenda
(Translation)

Date : June 10, 2021

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Gallant Precision Machining Co., Ltd.

2021 Annual Shareholder's Meeting Procedure

I. Call Meeting to Order

II. Chairman's Address

III. Report Items

IV. Recognition Items

V. Discussion Items

VI. Special Motions

VII. Meeting Adjourn

Gallant Precision Machining Co., Ltd.

2021 Annual General Shareholders' Meeting Agenda

Time : 9:00a.m., June 10, 2021, Thursday.

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

I. Report Items :

- (1) To report on the business of the Company in 2020.
- (2) Audit committee's review report for 2020.
- (3) To report on the distribution of employees' and directors' remuneration for 2020.
- (4) Report on the implementation of the treasury share buyback program.

II. Recognition Items :

- (1)To accept the 2020 Business Report and Financial Statements.
- (2)To approve the proposal for the distribution of 2020 earnings.

III. Discussion Items:

- (1) To revise the Rules and Procedures of the Shareholders' Meeting.
- (2) To revise the Procedures for Acquisition and Disposal of Assets.
- (3) To establish the Procedures for Financial Derivatives Transactions.

IV.Special Motions

V. Meeting Adjourned

Report Items

1. To report on the business of the Company in 2020.

Explanation :

The 2020 Business Report is attached hereto as Attachment 1(pages 7).

2. Audit committee's review report for 2020.

Explanation :

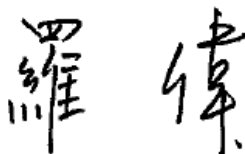
- (1) The Company's 2020 annual account was certified by LI, TIEN-YI and Chiang, Tsai-Yen, Certified Public Accountants of PWC and reviewed by the Audit Committee, and the auditor's report and Audit Committee's review report were issued, respectively.
- (2) The member of the Audit Committee is hereby invited to read out its review report.
- (3) For your approval.

Audit Committee's Review Report

The Board of Directors has prepared the Company's Business Report, Financial Statements, and Earning Distribution Proposal for the year of 2020. LI, TIEN YI and Chiang, Tsai-Yen, Certified Public Accountants of PWC, have audited the Financial Statements. The 2020 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 2021 General Shareholders' Meeting of Gallant Precision Machining Co., Ltd.



Chairman of the Audit Committee :

March 16, 2021

3. To report on the distribution of employees' and directors' remuneration for 2020.

Explanation :

As a result of the resolution of the Board of Directors, the Company shall distribute an employee's bonus of NT\$22,138,829 and directors' remuneration of NT\$3,752,344 in cash which are within the limits stipulated in the Articles of Association. The amount of the aforesaid remuneration proposed to be distributed is the same as the amount of the book.

4. Report on the implementation of the treasury share buyback program.

Explanation :

- (1) The buyback of Treasury shares shall be handled in accordance with article 28-2 of the Securities and Exchange Act.
- (2) Gallant Precision Machining Co., Ltd. passed the repurchase of the company's shares on March 24, 2020. The content and execution of the resolution are as follows:
- (3) Please refer to Attachments2 (pages 14) for the Regulations of first buyback share transfer to employee in 2020.

Instance	13 th Batch
Purpose	Transfer to employee
Buyback Period	2020/03/25~2020/05/22
Price Range(NT\$)	NT \$16.92~19.7
Type and Volume (shares) of the Repurchased shares	Common Stock 6,000,000 shares
Amounts of the Repurchased share (thousands of New Taiwan dollars)	108,425
The ratio of the Repurchased Shares to the Planned Buy-back Shares (%)	100
Cancelled and Transferred Shares	0
Cumulated holding Volume (shares)	Common Stock 6,000,000 shares
The ratio of the Cumulated holding Volume to the total issued shares(%)	3.63%

Recognition Items

1. To accept the 2020 Business Report and Financial Statements. (proposed by the Board of Directors)

Explanation :

- (1) The 2020 financial statements of the Company were approved by the Board of Directors on March 16, 2021 and audited by the accountants, LI, TIEN YI and Chiang, Tsai-Yen of PWC Taiwan, and were sent to the Audit Committee, and an audit report was issued accordingly.
- (2) **For the 2020 Business Report, Independent Auditor's Report, and the 2020 Financial Statements,**

please refer to Attachments 1 and 3 (pages 7~13 and pages 17~41).

Resolution :

**2. To approve the proposal for the distribution of 2020 earnings.
(proposed by the Board of Directors)**

Explanation :

(1) Earnings Distribution Proposal :

Amount in NT\$	
Items	Amount
Unappropriated retained earnings from previous years	103,428,936
Plus: change of remeasurements on defined benefit plan	1,130,140
Plus: Net Income of 2020	149,511,321
Less: 10% Legal Reserve	(15,064,146)
Retained Earnings Available for Distribution as of December 31, 2020	239,006,251
Distribution Item:	
Cash Dividends to Common Share Holders (NT\$1 per share)	(159,136,144)
Stock Dividends to Common Share Holders	0
Unappropriated Retained Earnings	79,870,107

- (2) The calculation of cash dividend rate of the earnings distribution is based on shares of the Company that have the right to participate in the distribution by March 8, 2021.
- (3) The minimum amount of cash dividend distribution is NT\$1 (decimals will be discarded). The total of allotments less than NT\$1 shall be recorded 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 stocks, the Company will propose to the general shareholders' meeting to authorize the Board of Directors to handle and adjust accordingly.

Resolution :

Discussion Items

1. To revise the Rules and Procedures of the Shareholders' Meeting. (proposed by the Board of Directors)

Explanation :

1. Amendments are made to the rules of organization according to the “Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings” amended by the Financial Supervisory Commission through Letter Jin-guan-zheng-jiao-zi No. 1090150567 on January 21, 2021.
2. Please refer to Attachment 4 on page 37 of the Handbook regarding the comparison table for the amended provisions of the Company's “Rules and Procedures of Shareholders' Meeting.”

Resolution :

2. To revise the Procedures for Acquisition and Disposal of Assets.(proposed by the Board of Directors)

Explanation :

1. Amendments are made to the Procedures according to the operating status of the Company.
2. Please refer to Attachment 5 on page 43 of the Handbook regarding the comparison table for the amended provisions of the Company's “Procedures for Acquisition or Disposal of Assets.”

Resolution:

3. To establish the Procedures for Financial Derivatives Transactions. (proposed by the Board of Directors)

Explanation :

1. The Procedures are established according to the operating status of the Company.
2. Please refer to Attachment 6 on page 49 of the Handbook regarding the provisions of the Company's “Procedures for Derivative Transactions.”

Resolution :

Special Motions

Meeting Adjourns

Attachment 1 :

Gallant Precision Machining Co., Ltd.

2020 Business Report

In 2020, the total operating income of the Company was NT\$2,453,801 thousand, showing a decreased of 26.42% over last year. In terms of profit, the net profit after tax was NT\$149,511 thousand, a decreased of 40% compared with the last year. The gross profit margin decrease by 5.96% from last year and the net profit per share was NT\$0.93.

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

Financial analysis data		For 2020
Debt to asset ratio (%)	(%)	51.41
Long-term funds to fixed assets ratio	(%)	566.61
Return on total assets	(%)	3.33
Return on shareholders' equity	(%)	6.49
Percentage to paid-in capital (%)	Operating profit	3.44
	Pre-tax net profit	9.79
Net profit margin	(%)	6.09
Earnings per Share	(NTD)	0.93

(2) Products that have been developed by the Company in 2020

R&D Item (Processing Technology)	Names of machine developed
	● Emission Microscopy , EMMI
	● AI Defect Inspection System
	● Picosecond Imaging Circuit Analysis , PICA II
	● Parts/Material AGV
	● IC Substrate Grinding MC
	● Strip Disc Grinding MC
	● Edge Grinding Machine (TV)
	● IDMS I

II. 2021 Business Plan Summary

1. Annual Operating Policy

(1) Business Aspect

- Differentiation, diversification, expansion, next generation display industry.

- Extend, promote and branding intelligent automation industry.
 - Refine, combine, focus and innovate semiconductor industry.
- A. The foundation of the company is the research and development technology of the existing display equipment. The foreign technical cooperation, focus and deeply development of FPD next generation high value-added equipment drive the company to diversify and manage in a sustainable way in order to expand the future in the display industry innovation and progress.
 - B. We continue to differentiate existing products (such as the introduction of IDMS) and optimize cost strategies to increase product competitiveness and profitability. We also continue to upgrade existing core technologies and expand new FPD markets (Micro / Mini-LED), and extend the market niche of next generation display.
 - C. We take profit as the priority and master the current key advanced technology. Based on our electromechanical and software integration technology and QDTCSS, the intelligent production management system is the backbone to build a quality production system in the smart factory, intelligent logistics and intelligent dynamic process equipment. We continue to expand the results of intelligent automation, and pool our resources to provide strategic partners and key industry representative customers with intelligent automation integration solutions to help them achieve their smart manufacturing goals.
 - D. We expand smart logistics to develop potential customers and promote them to the needs of other customers. IDMS strengthens the promotion of IoT system products to various industries, introduces key industrial equipment, strengthens the promotion of 3D online system products to key industries with imported value, and provides AOI + AI service solutions to enhance the brand image and express our customers.
 - E. Through technology introduction/cooperation, we link the needs of our partners and customers to develop high value-added advanced detection technology in the early stage of semiconductor, and improve the detection and flattening of the packaging process in the middle and final stages. Moreover, we focus on the performance of existing IC board products and product lines to expand customer base.
 - F. With the professional niche of development process equipment and long-term efforts in display industry technology, we quickly transform into Micro/Mini LED equipment diversified supply, and then increase the competitiveness of next generation products to achieve the goal of sustainable business.
 - G. We focus on core semiconductor technology, innovation and connection of international research and development resources. We understand Taiwan semiconductor marker and provide customers with process solutions. Quality is the priority to us. We improve the overall competitiveness and grasp the market trends in order to improve customer competitiveness and differentiation.
 - H. We have passed the ISO 9001 (Quality Management System) and ISO 45001 (Occupational Health and Safety Management Systems) certification. We provide more accurate and

practical international management process standards for various industrial fields, especially in the semiconductor industry. We have moved to higher standards in the quality management of all work and the overall safety and health management of the factory to protect customer rights. We also standardize employee discipline and execution, and require the overall quality of suppliers.

- I. We use the company's professional manufacturing brand image and popularity, and through effective management, to develop OEM/ODM services, win international orders, reduce the impact of industrial cycle, promote customer alliance to other industrial areas and expand revenue sources.
- J. We make good use of the existing after-sales service mechanism, deepen the relationship with customers, help improve the production efficiency of the factory, achieve long-term business opportunities with value-added services, and seek a win-win strategy for customers and companies.
- K. We continue to expand and cooperate with world-class companies in different industries, become long-term automation equipment partners, accelerate the research and development of new products, help customers launch new products timely and enter new markets, and build a long-term stable and profitable system.
- L. We carry out our corporate sustainable developments in three major aspects of the economy, environment, and society that interplay. Adhering to the concept of sustainable operations, the Company facilitates its sustainable corporate operations, establishes long-term partnership with its customers and social groups, fulfills its responsibilities as a corporate citizen, establishes a Corporate Sustainability Committee to be in charge of matters related to CSR and ethical management, continues to deepen our sustainable operations, and fulfills our responsibilities as a corporate citizen. We adopt the people-oriented mindset and grow with our employees to jointly create maximum value for the Company, customers, and shareholders.
- M. To reinforce our internal information security, the Company established the Information Security Committee to promote and implement information security operations and applied for ISO international information security certification to effectively prevent the risk of invasion by external hackers and internal illegal stealing behaviors so as to safeguard the overall interests of the Company and avoid any leakage of employees' R&D results.

(2) R&D Aspect

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

Integrate products in different areas and create value-added, expand the core technology in application in displays, semiconductors, IC Substrate, Smart Factory, Smart Machine and

Smart Transportation.

The Company's plans to develop following products in 2021:

R&D Item (Processing Technology)	Names of machine to be developed
	● 12" Wafer 2D/3D Defect Inspection & Metrology
	● AI Defect Inspection and classification System
	● Picosecond Imaging Circuit Analysis , PICA III
	● Edge Grinding Machine (Mini LED)
	● High-precision Fan-out package grinding equipment
	● Dual Spindle Strip Grinding
	● Micro LED
	● IDMS II
	● vSLAM
	● Over Head AGV
	● AGF

2. The Company's forecast on sales volume and its basis for 2021:

Unit: set

Main products	2021 Budget
Display processing equipment	180
Semiconductor processing equipment	91
Intelligent automation equipment	481
Other equipment	14

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

3. Important production and marketing policies

- A. Integrate cross-strait operation system, talents and resources, strengthen the integration of customer management, sales and efficiency, give full play to the comprehensive effect, and continue to promote the mainland market competitiveness.
- B. Conduct strategic alliance with industry-university-research units and end customers, continuously improve system integration capability and develop new products and technologies in new fields such as display, semiconductor and intelligent automation, to improve marketing efficiency and achieve differentiated niche.
- C. Strengthen product cost control mechanism, together with design improvement, efficiency improvement and supply chain management, increase orders of high-gross margin products, and ensure reasonable profit of products.

- D. Continuously promote the intelligence, modularization and standardization of major products, simplify the manufacturing process, improve product function and reliability, and reduce costs.
- E. To meet the customer demand for fast delivery, effectively control quantity and amount of raw materials and inventory, reduce inventory turnover days and reduce loss on inventory falling price.
- F. Accelerate installation and acceptance efficiency, improve after-sales service quality to ensure customer satisfaction, establish a win-win service system with customers and continuously strengthen accounts receivable and cash flow management.
- G. We introduced energy policies related to green energy and carbon emission reduction. We built a solar farm in our plant to sell the power generated to Taipower and establish the energy-saving and environmental image of the Company, making contributions to the sustainability and renewal of the earth.

III. Future Development Strategy:

- Adopt innovation transformation, market extension, sustainable development as the guiding principle of development strategy.
- Business Aspect
 - Deepen promotion of development of the display industry, semiconductor industry and intelligent automation industry.
- Product Aspect
 - Deeply develop core technologies (equipment & processes).
 - Extend core technology for cross-industrial product integration application development.
- Internationalization strategy of diverse talents cultivation.
- We formed strategic alliances with partners to jointly create added value to our services and manifest the maximum combined effects.

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

1. The impact of the external competitive environment

Due to the two major factors of the China-US trade war and COVID-19 (coronavirus) epidemic, the industrial operating environment is changing rapidly, and the market and product application trends are changing in various ways. Facing the slowdown of business and plant expansion in the display industry worldwide, fierce external competition, and the Chinese government's promotion of localization of equipment, the main source of the company's business in the past, has become increasingly competitive and difficult, constantly testing the adaptability of the company's management team. The Company will continue to strengthen its own product technology and introduce advanced foreign technology to improve the quality and level

of product functions and get rid of the low-price competition. We will also develop into different industries such as semiconductor, Micro/Mini LED, and smart manufacturing and expand into markets other than China. In the face of changes in the industry and operating environment, we will also have a stable, accurate, and rapid response capability, and have established a diversified business layout and industry development goals.

2. Regulatory Environment:

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

3. Overall Business Environment:

- (1) At present, the international economy is facing many variables, and it has been affected by COVID 19 epidemic and the trade war between the United States and China in recent years. The formation of Group of Two (G2) is undergoing. The manufacturing industry in China is no longer the only option for the world, which will affect the production location of products' supply chains, material preparation, the delivery operations of supply chains. According to the current forecast of major research institutions, the expected global demand volume for products for the past year is delayed to be supplied in 2021 due to the stagnant economic activities resulting from COVID-19 in 2020. Looking into the year, economic growth indexes and investment activities in economies across the world will record significant growth. This year, the overall economy will gradually recover. The Company will meet the changing situation and create a future with diversified business orders, more flexible manufacturing speed, solid internal production and marketing function, and long-term external cooperation of the supply chain system.
- (2) The semiconductor and display technology industry in Taiwan spent years of effort in its operations. Last year, under the effect of COVID-19 last year and the recent trade war between the US and China, such macroeconomic factors resulted in the stagnant growth in the global economy. However, the technology industry in Taiwan was driven by the wave of the otaku economy. With the effective control on pandemic prevention lead by the government and the new concept adopted by large-scale international suppliers to separate the supply chains, the manufacturing industry in Taiwan recorded a growth against the prevailing trend in the second half of 2020, and Taiwan recorded the most outstanding economic performances around the world. Also, the outbreak changed the work pattern of people; the otaku economy gradually became a norm with the growth in demand for self-driving vehicles, VR operations, telecommuting, and remote education. Such demand affected and driven the developing demand for the smart EV industry, 3C

information industry, and semiconductor industry. In recent years, the Company spared no effort in R&D and cooperation with partners for creations. It is expected that we will record gains in the semiconductor industry, display industry, and smart-auto industry. The wave of changes provided momentums for the growth and development of the Company in hi-tech equipment and allowed the Company to play a significant part in the customer equipment supply chain.

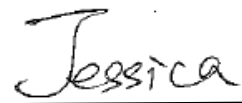
- (3) The COVID-19 and the recent trade war between the US-China have accelerated the speed of partial enterprises in China to move abroad, return to Taiwan, or set up factories in Southeast Asian countries to spread the risk. However, insufficient technicians and surging labor costs in Southeast Asian countries have become an unreversible condition in the region. Due to the demand for the increasing overall quality of local manufacturing plants, replacing human labor with smart-auto systems and equipment is the only solution. With its long-term efforts in the field of equipment manufacturing and the particular advantage of Taiwan in this wave of supply chain readjustment, the Company will attract overseas Taiwanese businesses and international manufacturers to choose us as a cooperative partner.
- (4) In addition, AI, IoT, and Big Data allow a more comprehensive automation application. The Company possesses the technologies of application process solutions for automation equipment across multiple technology industries. In recent years, we had fully cooperated with world-renowned manufacturers in key industries and achieved considerable results in integrating intelligent automation solutions.
- (5) Looking ahead, with the excellent management team, the professional technical ability, and all the colleagues' effort, the Company will achieve its goals and obtain the best operating results.



Cheng-Hsin (Jason), Chen
Chairman



Cheng-Hsin (Jason), Chen
President



Chia-Ju (Jessica), Tseng
Accounting Manager

Attachment 2 :

Gallant Precision Machining Co., Ltd Regulations of first buyback share transfer to employee in 2020

Article 1

In order to stimulate and enhance the loyalty of our employees, we have formulated the measures for the purchase and transfer of shares of employees in accordance with article 28-2, paragraph 1, paragraph 1 of Securities and Exchange Act and “Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies” issued by Financial Supervisory Commission. Except in accordance with the relevant laws and regulations, the repurchase and transfer of shares by the company to its employees shall be subject to the provisions of these regulations.

(Type of shares to be transferred, a description of the rights attaching thereto, and any restrictions on such rights)

Article 2

The shares transferred to the employee are common shares, and their rights and obligations are the same as those of other common shares outstanding, except as otherwise provided by relevant laws and regulations.

(Transfer period)

Article 3

The shares repurchased this time may be transferred to employees in one or several times within three years from the date of repurchase of shares in accordance with the regulations.

(Eligibility requirements for transferees)

Article 4

All the full-time employees of the company and its subsidiaries who are employed on the base date of the subscription (the “subsidiary” refers to subsidiaries at home and abroad who directly or indirectly hold more than 50% of the voting shares of the same invested company) can enjoy the subscription qualification according to the number of subscription shares set in Article 5 of the regulation. If the assignee resigns between the employee's subscription base date and the subscription payment deadline, he/she will be disqualified from the subscription and the chairperson will negotiate with other employees to subscribe.

(Procedures for transfer of shares)

Article 5

The number of shares may be subscribed by the employee, and the chairperson may be authorized to specify the number of shares to be subscribed by the employee, taking into account such criteria as the employee's grade, length of service and special contribution to the company.

(Procedures for transfer of shares)

Article 6

Procedures for the transfer of the repurchased shares to the employee:

1. In accordance with the resolution of the board of directors, we announce, declare and buy back the company's shares within the execution period.
2. The board of directors shall, in accordance with these regulations, determine and publish the operation items such as the base date of share subscription, the standard for the number of shares to be subscribed, the period of subscription and payment, the content of rights and restrictions.
3. Count the number of shares actually subscribed for payment, and register the transfer of shares.

(Agreed transfer price per share)

Article 7

The transfer price of the repurchased shares to the employee shall be the average price of the actual purchased shares (calculated up to NT\$ cents and rounded). However, before the transfer, if the company's issued common shares increase or decrease, it may be adjusted according to the increase or decrease ratio of issued shares. Alternatively, in accordance with the company's articles of association, the transfer to employees at an average price lower than the actual purchase shall be approved by two-thirds or more of the attending shareholders who represent a majority of the total number of its outstanding shares. It shall be listed in the reasons for the convening of the shareholders' meeting to explain the matters stipulated in Article 10, paragraph 1, of “Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies” before it is handled.

Article 7-1

Transfer price adjustment formula: Adjusted transfer price = average price of actual shares repurchased x total number of common shares issued when the shares were declared for repurchase / total number of common

shares issued before the transfer of shares bought back to employees (rights and obligations subsequent to execution of the transfer).

(Rights and obligations subsequent to execution of the transfer)

Article 8

After the share repurchase is transferred to the employees and the transfer registration is completed, the rights and obligations are the same as the original shares unless otherwise specified.

(Others)

Article 9

Other rights and obligations related to the company and its employees: the chairperson is authorized to check and handle the implementation details of the repurchase of the company's shares.

Article 10

The company shall transfer all the shares within three years from the date of the repurchase. The portion not transferred within the time limit shall be deemed as the company's unissued shares and shall be registered to eliminate share changing in accordance with the law.

Article 11

These regulations shall take effect after being approved by the board of directors, and may be reported to the board of directors for revision.

Article 12

The formulation and amendment of these regulations shall be reported to the shareholders' meeting.

Article 13

These regulations were established on March 24, 2020.

Attachment 3 :

- 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, 2020 and 2019, 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, as described in the Other matter section of our report, 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, 2020 and 2019, and its parent company only financial performance and its parent company only cash flows for the years ended December 31, 2020 and 2019, 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 「Financial Supervisory Commission Letter No. 1090360805 of February 25, 2020」 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 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 Code of Professional Ethics for Certified Public Accountant of the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance

with the Code. Based on our audits, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters for the parent company only financial statements in the current period are stated as follow:

Evaluation of inventories

Description

Gallant Precision Machining Co., Ltd is primarily engaged in the manufacture and sale of flat panel display testing equipment, semiconductor assembly equipment, intelligent automated equipment, and related parts. Inventories are stated at the lower of cost and net realizable value and regarding the accounting policy on the evaluation of inventories are disclosed in Note 4(9) of the parent company only financial statements. The uncertainty of accounting estimations and assumptions for valuation of inventories are disclosed in Note 5(2) of the parent company only financial statements. The inventories and allowance for inventory valuation loss amounting to NT570,707 thousand and NT20,708 thousand as of December 31, 2020 are disclosed in Note 6(5) of the parent company only financial statements.

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

How our audit addressed the matter

Our audit procedures performed included the following:

1. Obtained an understanding and assessed the reasonableness of the policy of the allowance for inventory valuation loss and compared whether consistent application of accounting policies in relation to the provision for inventory valuation losses.

2. Tested the accuracy of inventory aging report, included tested whether the quantity and amount of inventory is consistent with inventory ledger and verify the accuracy of the inventory age classification.
3. Assessed and confirmed the reasonableness in estimation of net realizable value and checked the related supporting documents.
4. Tested the reasonableness in accrual of the allowance for inventory valuation loss.

Cut-off of revenue recognition

Description

Refer to Note 4(20) and Note 6(17) of the parent company only financial statements for accounting policies on revenue recognition and the description of significant accountings – operating revenue.

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

How our audit addressed the matter

Our audit procedures performed included the following:

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

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 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 NT0 thousand and NT30,148 thousand, constituting 0% and 1% of the total assets as of December 31, 2020 and 2019, respectively, and its share of the loss amounting to NT(901) thousand and NT(2,811) thousand, constituting (0.45%) and 1.53% 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.

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

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from

fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion . Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation .

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion .

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2020 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 16, 2021

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, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 756,470	17	\$ 324,483	6
1110	Financial assets at fair value through profit or loss - current	6(2)	-	-	120,353	2
1136	Financial assets at amortized cost - current	6(3)	115,655	2	77,885	2
1150	Notes receivable, net	6(4)	10	-	31,568	1
1170	Accounts receivable, net	6(4)	1,166,663	26	2,069,179	39
1180	Accounts receivable - related parties, net	7	10,605	-	-	-
1200	Other receivables		4,300	-	2,500	-
1210	Other receivables - related parties	7	2,725	-	3,132	-
130X	Inventories, net	6(5)	549,999	12	709,817	14
1410	Prepayments		34,783	1	15,897	-
1470	Other current assets		9,846	-	8,128	-
11XX	Current Assets		2,651,056	58	3,362,942	64
Non-current assets						
1535	Financial assets at amortized cost - non-current	6(3) and 8	16,407	-	13,365	-
1550	Investments accounted for using equity method	6(6)	1,221,918	27	1,214,431	23
1600	Property, plant and equipment, net	6(7) and 8	391,307	9	399,051	8
1755	Right-of-use assets	6(8)	206,018	5	214,660	4
1780	Intangible assets, net		10,521	-	13,664	-
1840	Deferred income tax assets	6(24)	62,138	1	73,933	1
1900	Other non-current assets		4,069	-	2,672	-
15XX	Non-current assets		1,912,378	42	1,931,776	36
1XXX	Total assets		\$ 4,563,434	100	\$ 5,294,718	100

(Continued)

GALLANT PRECISION MACHINING CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term loans	6(9)	\$ 784,410	17	\$ 918,987	17
2130	Contract liabilities-current	6(17)	205,257	5	107,874	2
2170	Accounts payable	6(10)	793,743	17	843,930	16
2180	Accounts payable - related parties	7	54,503	1	51,201	1
2200	Other payables		172,808	4	206,534	4
2220	Other payables - related parties	7	470	-	-	-
2230	Current income tax liabilities	6(24)	-	-	21,565	1
2250	Provisions for liabilities - current		91,797	2	111,156	2
2280	Lease liabilities-current		4,609	-	4,774	-
2300	Other current liabilities	6 (12)	8,292	-	11,774	-
21XX	Current Liabilities		<u>2,115,889</u>	<u>46</u>	<u>2,277,795</u>	<u>43</u>
Non-current liabilities						
2540	long-term loans	6(11)	-	-	371,330	7
2580	Lease liabilities-non-current		204,420	4	211,428	4
2600	Other non-current liabilities	6(12)	25,904	1	47,512	1
25XX	Non-current liabilities		<u>230,324</u>	<u>5</u>	<u>630,270</u>	<u>12</u>
2XXX	Total Liabilities		<u>2,346,213</u>	<u>51</u>	<u>2,908,065</u>	<u>55</u>
Equity						
Share capital		6(13)				
3110	Share capital - common stock		1,651,361	36	1,651,361	31
Capital surplus		6(14)				
3200	Capital surplus		187,088	4	199,091	4
Retained earnings		6(15)				
3310	Legal reserve		148,486	3	123,722	2
3320	Special reserve		132,987	3	132,987	3
3350	Unappropriated retained earnings		254,070	6	375,897	7
Other equity interest		6(16)				
3400	Other equity interest		(48,346)	(1)	(96,405)	(2)
3500	Treasury share	6(13)	(108,425)	(2)	-	-
3XXX	Total equity		<u>2,217,221</u>	<u>49</u>	<u>2,386,653</u>	<u>45</u>
Significant contingent liabilities and unrecognized contract commitments		9				
Significant events after the balance sheet date		11				
3X2X	Total liabilities and equity		<u>\$ 4,563,434</u>	<u>100</u>	<u>\$ 5,294,718</u>	<u>100</u>

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

GALLANT PRECISION MACHINING CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

Items		Notes	Years ended December 31			
			2020		2019	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(17)	\$ 2,453,801	100	\$ 3,335,058	100
5000	Operating costs	6(5)	(1,966,955)	(80)	(2,474,657)	(74)
5900	Operating margin		486,846	20	860,401	26
5910	Unrealized profit from sales		(26)	-	(66)	-
5920	Realized profit from sales		66	-	80	-
5950	Net operating margin		486,886	20	860,415	26
	Operating expenses	6(22)(23)				
6100	Selling expenses		(90,059)	(3)	(128,169)	(4)
6200	General and administrative expenses		(141,958)	(6)	(197,869)	(6)
6300	Research and development expenses		(195,020)	(8)	(231,872)	(7)
6450	Expected credit impairment loss (gain)	12(2)	(2,938)	-	(76,343)	(2)
6000	Total operating expenses		(429,975)	(17)	(634,253)	(19)
6900	Operating profit		56,911	3	226,162	7
	Non-operating income and expenses					
7100	Interest income	6(18)	1,779	-	1,966	-
7010	Other income	6(19)	114,092	5	35,981	1
7020	Other gains and losses	6(20)	(59,580)	(3)	(15,784)	-
7050	Finance costs	6(21)	(18,731)	(1)	(30,548)	(1)
7070	Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(6)	67,255	3	66,833	2
7000	Total non-operating income and expenses		104,815	4	58,448	2
7900	Profit before tax		161,726	7	284,610	9
7950	Income tax expense	6(24)	(12,215)	(1)	(35,452)	(1)
8200	Profit for the year		\$ 149,511	6	\$ 249,158	8
	Other comprehensive income for the year					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Remeasurement of defined benefit obligation	6(12)	\$ 1,130	-	(\$ 1,520)	-
8316	Unrealized gains(losses) on investments in equity instruments at fair value through other comprehensive income	6(16)	28,825	1	(38,688)	(1)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(16)(24)	108	-	10,168	-
8310	Components that will not be reclassified subsequently to profit or loss:		30,063	1	(30,040)	(1)
	Components of other comprehensive income that may be reclassified subsequently to profit or loss					
8361	Cumulative translation differences of foreign operations	6(16)	19,126	1	(35,414)	(1)
8360	Components of other comprehensive income that may be reclassified subsequently to profit or loss		19,126	1	(35,414)	(1)
8300	Other comprehensive income (loss) for the year		\$ 49,189	2	(\$ 65,454)	(2)
8500	Total comprehensive income for the year		\$ 198,700	8	\$ 183,704	6
	Basic earnings per share	6(25)				
9750	Basic earnings per share		\$ 0.93		\$ 1.51	
	Diluted earnings per share	6(25)				
9850	Diluted earnings per share		\$ 0.92		\$ 1.49	

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

GALLANT PRECISION MACHINING CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

		Retained Earnings					Other equity			
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative trans- lation differences of foreign opera- tions	Unrealized gain(loss) on financial assets at fair value through other comprehensive income	Treasury share	Total equity
For the year ended December 31, 2019										
Balance at January 1, 2019		\$ 1,651,361	\$ 199,091	\$ 86,712	\$ 132,987	\$ 379,946	(\$ 64,286)	\$ 31,815	\$ -	\$ 2,417,626
Profit for the year		-	-	-	-	249,158	-	-	-	249,158
Other comprehensive income for the year	6(16)	-	-	-	-	(1,520)	(35,414)	(28,520)	-	(65,454)
Total comprehensive income for the year		-	-	-	-	247,638	(35,414)	(28,520)	-	183,704
Distribution of 2018 earnings:	6(15)									
Legal reserve		-	-	37,010	-	(37,010)	-	-	-	-
Cash dividends		-	-	-	-	(214,677)	-	-	-	(214,677)
Balance at December 31, 2019		<u>\$ 1,651,361</u>	<u>\$ 199,091</u>	<u>\$ 123,722</u>	<u>\$ 132,987</u>	<u>\$ 375,897</u>	<u>(\$ 99,700)</u>	<u>\$ 3,295</u>	<u>\$ -</u>	<u>\$ 2,386,653</u>
For the year ended December 31, 2020										
Balance at January 1, 2020		\$ 1,651,361	\$ 199,091	\$ 123,722	\$ 132,987	\$ 375,897	(\$ 99,700)	\$ 3,295	\$ -	\$ 2,386,653
Profit for the year		-	-	-	-	149,511	-	-	-	149,511
Other comprehensive income for the year	6(16)	-	-	-	-	1,130	19,126	28,933	-	49,189
Total comprehensive income for the year		-	-	-	-	150,641	19,126	28,933	-	198,700
Distribution of 2019 earnings:	6(15)									
Legal reserve		-	-	24,764	-	(24,764)	-	-	-	-
Cash dividends		-	-	-	-	(247,704)	-	-	-	(247,704)
Recognition of changes in equi- ties of associates	6(6)	- (	12,003)	-	-	-	-	-	-	(12,003)
Treasure share acquired	6(13)	-	-	-	-	-	-	-	(108,425)	(108,425)
Balance at December 31, 2020		<u>\$ 1,651,361</u>	<u>\$ 187,088</u>	<u>\$ 148,486</u>	<u>\$ 132,987</u>	<u>\$ 254,070</u>	<u>(\$ 80,574)</u>	<u>\$ 32,228</u>	<u>(\$ 108,425)</u>	<u>\$ 2,217,221</u>

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

GALLANT PRECISION MACHINING CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax for the year		\$ 161,726	\$ 284,610
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(8)(22)	22,407	22,903
Amortization	6(22)	12,671	35,495
Net gain on financial assets or liabilities at fair value through profit or loss	6(20)	(60)	(1,207)
Gain on disposal of financial assets at fair value through profit or loss		-	20
Expected credit impairment loss (gain)	12(2)	2,938	76,343
Interest expense	6(21)	18,731	30,548
Interest income	6(18)	(1,779)	(1,966)
Share of profits of associates and joint ventures accounted for using equity method		(67,255)	(66,833)
Impairment loss from non – financial assets	6(20)	-	965
Gain on disposal of investments accounted for using equity method	6(20)	(2,629)	-
Unrealized profits from sales		26	66
Realized profits from sales		(66)	(80)
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		120,413	159,563
Notes receivable		31,558	(31,065)
Accounts receivable		899,578	(727,896)
Accounts receivable - related parties		(10,605)	-
Other receivables		(1,857)	(372)
Other receivables - related parties		407	(1,915)
Inventories		159,818	247,279
Prepayments		(18,886)	2,905
Other current assets		(1,717)	(2,410)
Net changes in liabilities relating to operating activities			
Contract liabilities		97,383	56,786
Accounts payable		(50,187)	(495,053)
Accounts payable - related parties		3,302	51,201
Other payables		(30,401)	(63,412)
Other payables - related parties		470	-
Provisions for liabilities		(19,359)	(38,976)
Unearned receipts		3,597	(1,552)
Other current liabilities		996	(46)
Accrued pension liabilities		(21,672)	(8,096)
Cash generated from operations		1,309,548	(472,195)
Interest received		1,836	2,405
Interest paid		(21,273)	(31,022)
Income tax paid		(21,972)	(39,773)
Income tax prepaid		95	-
Net cash provided by (used in) operating activities		<u>1,268,234</u>	<u>(540,585)</u>

(Continued)

GALLANT PRECISION MACHINING CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortized cost		(\$ 40,812)	\$ 94,423
Proceeds from disposal of investments accounted for under equity method	6(6)	31,281	-
Acquisition of property, plant and equipment	6(26)	(9,025)	(3,591)
Acquisition of intangible assets		(9,756)	(1,873)
Refundable deposits refunded (paid)		(1,397)	302
Dividends received from investments accounted for using equity method		<u>67,103</u>	<u>48,515</u>
Net cash provided by (used in) investing activities		<u>37,394</u>	<u>137,776</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term loans	6(27)	1,983,946	1,864,072
Repayment of short-term loans	6(27)	(2,118,523)	(1,530,206)
Increase in long-term loans	6(27)	-	350,000
Repayment of long-term loans	6(27)	(379,404)	(358,634)
Guarantee deposits received	6(27)	1,194	-
Payment of cash dividends	6(15)	(247,704)	(214,677)
Treasure stock acquired	6(13)	(108,425)	-
Repayment of the principal portion of lease liabilities	6(27)	(4,725)	(4,853)
Net cash provided by (used in) financing activities		<u>(873,641)</u>	<u>105,702</u>
Net increase in cash and cash equivalents		431,987	(297,107)
Cash and cash equivalents at beginning of year	6(1)	<u>324,483</u>	<u>621,590</u>
Cash and cash equivalents at end of year	6(1)	<u>\$ 756,470</u>	<u>\$ 324,483</u>

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

Attachment 3 :

- Independent Auditors' Report and Consolidated Financial Statements

REPORT OF INDEPENDENT ACCOUNTANTS

To Gallant Precision Machining Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Gallant Precision Machining Co., Ltd. and its subsidiaries (the "Group") as at December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years ended December 31, 2020 and 2019, 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, as described in the Other matter section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2020 and 2019, 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 audit in accordance with the "Regulations Governing Auditing and 「Financial Supervisory Commission Letter No. 1090360805 of February 25, 2020」 and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China ("ROC GAAS") for the year ended December 31, 2020. 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 Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group’s consolidated financial statements in the current period are stated as follows:

Evaluation of inventories

Description

Gallant Precision Machining Co., Ltd. and its subsidiaries are primarily engaged in the manufacture and sale of flat panel display testing equipment, semiconductor assembly equipment, intelligent automated equipment, and related parts. Inventories are stated at the lower of cost and net realizable value and regarding the accounting policy on the evaluation of inventories are disclosed in Note 4(12) of the consolidated financial statements. The uncertainty of accounting estimations and assumptions for valuation of inventories are disclosed in Note 5(2) of the consolidated financial statements. The inventories and allowance for inventory valuation loss amounting to NT1,007,962 thousand and NT176,220 thousand as of December 31, 2020 are disclosed in Note 6(6) 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:

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

Cut-off of revenue recognition

Description

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

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

How our audit addressed the matter

Our audit procedures performed included the following:

1. Assessed the appropriateness of the policy of sales revenue recognition.
2. Assessed and tested the design and operating effectiveness of the key controls over sales revenue recognition.
3. Sampled and tested the sales transactions included check customer purchase orders, evi-

dence of customer's confirmation for acceptance, verified whether had met criteria of the contract and considered the reliability of collection for the timing of revenue recognition.

4. Performed cut-off test on sales transactions for a specific time prior to and after the balance sheet date.

Other matter - Reference to the audits of other independent auditors

We did not audit the financial statements of certain consolidated subsidiaries. Those financial statements were audited by other independent accountants, whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the financial statements was based solely on the audit reports of the other independent accountants. The balance of investment accounted for under equity method was NT\$0 thousand and NT\$63,780 thousand, constituting 0% and 1% of consolidated total assets as of December 31, 2020 and 2019, respectively, and the share of profit (loss) of associates and joint ventures accounted for under equity method was NT(\$4,802) thousand and NT(\$9,070) thousand, constituting (2.08%) and (4.05%) of consolidated total comprehensive income for the years ended December 31, 2020 and 2019, respectively.

Other matter - Parent company only financial statements

We have audited and expressed an unqualified opinion on the parent company only financial statements of Gallant Precision Machining Co., Ltd. as of and for the years ended December 31, 2020 and 2019.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the

Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the Group's financial reporting process.

Independent Accountant's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

counting 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, 2020 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 16, 2020

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, 2020		December 31, 2019			
			AMOUNT	%	AMOUNT	%		
Assets								
Notes								
Current assets								
1100	Cash and cash equivalents	6(1)	\$	1,584,069	26	\$	929,712	14
1110	Financial assets at fair value through profit or loss - current	6(2)		-	-		120,353	2
1136	Financial assets at amortized cost - current	6(4)		702,752	12		826,942	13
1150	Noteds receivable, net	6(5)		14,411	-		48,652	1
1170	Accounts receivable, net	6(5)		1,554,642	26		2,338,746	36
1180	Accounts receivable to related parties, net	7		10,605	-		-	-
1200	Other receivables			9,431	-		11,446	-
1210	Other receivables to related parties	7		-	-		40,179	1
130X	Inventories, net	6(6)		831,742	14		938,235	14
1410	Prepayments			77,328	1		38,745	1
1470	Other current assets			12,301	-		11,577	-
11XX	Current Assets			4,797,281	79		5,304,587	82
Non-current assets								
1517	Financial assets at fair value through other comprehensive income - non - current	6(3)		167,966	3		103,462	2
1535	Financial assets at amortized cost - non-current	6(4) and 8		22,615	-		22,227	-
1550	Investments accounted for using equity method	6(7)		-	-		63,780	1
1600	Property, plant and equipment, net	6(8) and 8		720,976	12		588,628	9
1755	Right-of-use assets	6(9)		258,063	4		244,535	4
1780	Intangible assets, net			20,536	-		25,692	-
1840	Deferred income tax assets	6(26)		95,922	2		95,031	2
1900	Other non-current assets			12,711	-		5,918	-
15XX	Non-current assets			1,298,789	21		1,149,273	18
1XXX	Total assets		\$	6,096,070	100	\$	6,453,860	100

(Continued)

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

Liabilities and Equity		Notes	December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term loans	6(10)	\$ 1,054,410	17	\$ 1,118,987	17
2130	Contract liabilities-current	6(19)	267,883	4	144,695	2
2170	Accounts payable	6(11)	1,066,830	18	968,510	15
2180	Accounts payable - related parties	7	34,274	1	27,550	1
2200	Other payables	6(12)	281,619	5	321,108	5
2220	Other payables - related parties	7	470	-	-	-
2230	Current income tax liabilities		17,824	-	38,597	1
2250	Provisions for liabilities-current		126,136	2	143,885	2
2280	Lease liabilities-current		19,472	-	16,864	-
2300	Other current liabilities	6(13)	33,844	1	27,699	-
21XX	Current Liabilities		2,902,762	48	2,807,895	43
Non-current liabilities						
2540	Long-term loans	6(13)	128,050	2	453,472	7
2570	Deferred income tax liabilities	6(26)	98,856	1	69,632	1
2580	Lease liabilities-non-current		242,838	4	229,617	4
2600	Other non-current liabilities	6(14)	51,605	1	72,808	1
25XX	Non-current liabilities		521,349	8	825,529	13
2XXX	Total Liabilities		3,424,111	56	3,633,424	56
Equity attributable to owners of parent company						
Share capital 6(15)						
3110	Share capital-common stock		1,651,361	27	1,651,361	26
Capital surplus 6(16)						
3200	Capital surplus		187,088	3	199,091	3
Retained earnings 6(17)						
3310	Legal reserve		148,486	2	123,722	2
3320	Special reserve		132,987	2	132,987	2
3350	Unappropriated retained earnings		254,070	4	375,897	6
Other equity interest 6(18)						
3400	Other equity interest		(48,346)	-	(96,405)	(2)
3500	Treasury share	6(15)	(108,425)	(2)	-	-
31XX	Equity attributable to owners of the parent company		2,217,221	36	2,386,653	37
36XX	Non-controlling interest		454,738	8	433,783	7
3XXX	Total equity		2,671,959	44	2,820,436	44
Contingent liabilities and unrecognised contract commitments		9				
Significant events after the balance sheet date		11				
3X2X	Total liabilities and equity		\$ 6,096,070	100	6,453,860	100

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

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

		Years ended December 31			
		2020		2019	
Items	Notes	AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(19)	\$ 3,460,391	100	\$ 4,236,015	100
5000 Operating costs	6(6)(24)(25)	(2,639,968)	(76)	(3,005,394)	(71)
5900 Net operating margin		<u>820,423</u>	<u>24</u>	<u>1,230,621</u>	<u>29</u>
Operating expenses	6(24)(25)				
6100 Selling expenses		(133,656)	(4)	(183,134)	(4)
6200 General and administrative expenses		(275,168)	(8)	(309,116)	(7)
6300 Research and development expenses		(298,701)	(9)	(307,787)	(7)
6450 Expected credit impairment loss (gain)	12(2)	(35,289)	(1)	(71,458)	(2)
6000 Total operating expenses		<u>(742,814)</u>	<u>(22)</u>	<u>(871,495)</u>	<u>(20)</u>
6900 Operating profit		<u>77,609</u>	<u>2</u>	<u>359,126</u>	<u>9</u>
Non-operating income and expenses					
7100 Interest income	6(20)	14,002	1	21,398	-
7010 Other income	6(21)	207,219	6	38,600	1
7020 Other gains and losses	6(22)	(61,823)	(2)	(13,600)	-
7050 Finance costs	6(23)	(26,443)	(1)	(36,205)	(1)
7060 Share of profit of associates and joint ventures accounted for under equity method	6(7)	(4,802)	-	(9,070)	-
7000 Total non-operating income and expenses		<u>128,153</u>	<u>4</u>	<u>1,123</u>	<u>-</u>
7900 Profit before tax		<u>205,762</u>	<u>6</u>	<u>360,249</u>	<u>9</u>
7950 Income tax expense	6(26)	(45,144)	(1)	(70,343)	(2)
8200 Profit for the year		<u>\$ 160,618</u>	<u>5</u>	<u>\$ 289,906</u>	<u>7</u>
Other comprehensive income for the year					
Items that will not be reclassified subsequently to profit or loss:					
8311 Loss on remeasurements of defined benefit plan	6(14)	\$ 1,130	-	(\$ 1,520)	-
8316 Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	6(3)(18)	64,504	2	(21,562)	(1)
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(26)	(13,046)	-	4,277	-
8310 Items that will not be reclassified subsequently to profit or loss:		<u>52,588</u>	<u>2</u>	<u>(18,805)</u>	<u>(1)</u>
Items that may be reclassified subsequently to profit or loss:					
8361 Cumulative translation differences of foreign operations	6(18)	17,639	-	(47,316)	(1)
8360 Summary of Components of other comprehensive income that will be reclassified to profit or loss		<u>17,639</u>	<u>-</u>	<u>(47,316)</u>	<u>(1)</u>
8300 Other comprehensive (loss) income for the year		<u>\$ 70,227</u>	<u>2</u>	<u>(\$ 66,121)</u>	<u>(2)</u>
8500 Total comprehensive income for the year		<u>\$ 230,845</u>	<u>7</u>	<u>\$ 223,785</u>	<u>5</u>
Profit attributable to:					
8610 Equity holders of the parent company		\$ 149,511	5	\$ 249,158	6
8620 Non-controlling interest		11,107	-	40,748	1
Profit for the year		<u>\$ 160,618</u>	<u>5</u>	<u>\$ 289,906</u>	<u>7</u>
Total comprehensive income attributable to:					
8710 Equity holders of the parent company		\$ 198,700	6	\$ 183,704	4
8720 Non-controlling interest		32,145	1	40,081	1
Total comprehensive income for the year		<u>\$ 230,845</u>	<u>7</u>	<u>\$ 223,785</u>	<u>5</u>
Basic earnings per share	6(27)				
9750 Profit for the year		<u>\$ 0.93</u>		<u>\$ 1.51</u>	
Diluted earnings per share	6(27)				
9850 Profit for the year		<u>\$ 0.92</u>		<u>\$ 1.49</u>	

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

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent												
<div> <div>Retained Earnings</div> <div>Other Equity Interest</div> </div>												
	Notes	Share capital- common stock	Capital surplus	Legal re- serve	Special re- serve	Unappropriated retained earnings	Cumulative trans- lation differences of foreign opera- tions	Unrealized gain(loss) on finan- cial assets at fair value through other comprehen- sive income	Treasury share	Total	Non- controlling interest	Total equity
For the year ended December 31, 2019												
Balance at January 1, 2019		\$ 1,651,361	\$ 199,091	\$ 86,712	\$ 132,987	\$ 379,946	(\$ 64,286)	\$ 31,815	\$ -	\$ 2,417,626	\$ 442,905	\$ 2,860,531
Profit for the year		-	-	-	-	249,158	-	-	-	249,158	40,748	289,906
Other comprehensive income for the year	6(14)(18)	-	-	-	-	(1,520)	(35,414)	(28,520)	-	(65,454)	(667)	(66,121)
Total comprehensive income for the year		-	-	-	-	247,638	(35,414)	(28,520)	-	183,704	40,081	223,785
Distribution of 2018 earnings:	6(17)											
Legal reserve		-	-	37,010	-	(37,010)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(214,677)	-	-	-	(214,677)	-	(214,677)
Recognition of changes in equities of subsidiaries		-	-	-	-	-	-	-	-	-	(12,889)	(12,889)
Changes in non-controlling interest		-	-	-	-	-	-	-	-	-	(36,314)	(36,314)
Balance at December 31, 2019		<u>\$ 1,651,361</u>	<u>\$ 199,091</u>	<u>\$ 123,722</u>	<u>\$ 132,987</u>	<u>\$ 375,897</u>	<u>(\$ 99,700)</u>	<u>\$ 3,295</u>	<u>\$ -</u>	<u>\$ 2,386,653</u>	<u>\$ 433,783</u>	<u>\$ 2,820,436</u>
For the year ended December 31, 2020												
Balance at January 1, 2020		\$ 1,651,361	\$ 199,091	\$ 123,722	\$ 132,987	\$ 375,897	(\$ 99,700)	\$ 3,295	\$ -	\$ 2,386,653	\$ 433,783	\$ 2,820,436
Profit for the year		-	-	-	-	149,511	-	-	-	149,511	11,107	160,618
Other comprehensive income for the year	6(14)(18)	-	-	-	-	1,130	19,126	28,933	-	49,189	21,038	70,227
Total comprehensive income for the year		-	-	-	-	150,641	19,126	28,933	-	198,700	32,145	230,845
Distribution of 2019 earnings:	6(17)											
Legal reserve		-	-	24,764	-	(24,764)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(247,704)	-	-	-	(247,704)	-	(247,704)
Recognition of changes in equities of associates	6(7)(16)	-	(12,003)	-	-	-	-	-	-	(12,003)	-	(12,003)
Treasure stock acquired	6(15)	-	-	-	-	-	-	-	(108,425)	(108,425)	-	(108,425)
Changes in non-controlling interest		-	-	-	-	-	-	-	-	-	(11,190)	(11,190)
Balance at December 31, 2020		<u>\$ 1,651,361</u>	<u>\$ 187,088</u>	<u>\$ 148,486</u>	<u>\$ 132,987</u>	<u>\$ 254,070</u>	<u>(\$ 80,574)</u>	<u>\$ 32,228</u>	<u>(\$ 108,425)</u>	<u>\$ 2,217,221</u>	<u>\$ 454,738</u>	<u>\$ 2,671,959</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, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Notes	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated profit before tax for the year		\$ 205,762	\$ 360,249
Adjustments			
Income and expenses having no effect on cash flow			
Depreciation	6(8)(9)(24)	53,330	47,776
Amortization	6(24)	14,791	38,062
Expected credit impairment loss (gain)	12(2)	35,289	71,458
Gain on financial assets or liabilities at fair value through profit or loss, net	6(22)	(60)	(1,207)
Interest expense	6(23)	26,443	36,205
Interest income	6(20)	(14,002)	(21,398)
Dividend income	6(21)	(1,880)	(2,889)
Share of profit of associates and joint ventures accounted for using equity method		4,802	9,070
(Gain)/loss on disposal of property, plant and equipment, net	6(22)	1,312	30
Gain on disposal of investments accounted for using equity method	6(22)	(20,221)	(3,012)
Gain on lease modification	6(22)	(322)	(6)
Impairment loss from non – financial assets	6(22)	-	965
Gain recognized in bargain purchase transaction	6(21)	(30,893)	-
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		120,413	159,563
Notes receivable		37,286	(4,357)
Accounts receivable		808,197	(626,326)
Accounts receivable - related parties	(	10,605)	-
Other receivables	(	4,065)	9,359
Other receivables - related parties		178	(40,186)
Inventories		138,712	280,668
Prepayments	(	24,010)	(4,591)
Other current assets	(	767)	421
Other non-current assets		132	78
Net changes in liabilities relating to operating activities			
Contract liabilities		121,581	75,951
Accounts payable		84,344	(591,294)
Accounts payable - related parties		6,067	20,594
Other payables	(	51,091)	(64,567)
Other payables - related parties		470	-
Provisions for liabilities	(	18,121)	(43,308)
Unearned receipts		4,927	(1,559)
Other current liabilities		3,566	1,891
Net defined benefit liabilities	(	21,688)	(8,118)
Cash generated from operations		1,469,877	(300,478)
Interest received		27,227	15,730
Dividends received		1,675	2,592
Interest paid	(	28,966)	(36,680)
Income tax paid	(	56,157)	(69,039)
Net cash provided by (used in) operating activities		1,413,656	(387,875)

(Continued)

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Notes	2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of financial assets at amortized cost		\$ 131,897	\$ 12,189
Acquisition of investments accounted for under equity method		-	(29,540)
Acquisition of subsidiaries (after deduction of cash received)	6(28)	(5,262)	-
Proceeds from disposal of investments accounted for under equity method	6(7)	42,879	-
Acquisition of property, plant and equipment	6(29)	(48,704)	(12,050)
Proceeds from disposal of property, plant and equipment		-	586
Acquisition of intangible assets		(9,861)	(2,912)
Refundable deposits refunded (paid)		(6,511)	57
Net decrease in cash due to changes in consolidated entities		-	(3,860)
Net cash provided by (used in) investing activities		104,438	(35,530)
<u>CASH FLOWS FROM FINANCING ACTIVITY</u>			
Proceeds from short-term loan	6(30)	2,533,946	2,749,072
Repayment of short-term loan	6(30)	(2,666,523)	(2,365,206)
Proceeds from long-term loan	6(30)	68,000	350,000
Repayment of long-term loan	6(30)	(394,696)	(383,861)
Guarantee deposits paid (refunded)	6(30)	1,195	(99)
Treasure stock acquired	6(15)	(108,425)	-
Repayment of the principal portion of lease liabilities	6(30)	(19,516)	(18,749)
Cash dividends paid		(284,019)	(250,991)
Decrease in non-controlling interests		(605)	-
Net cash provided by (used in) financing activities		(870,643)	80,166
Effect of fluctuations in exchange rate		6,906	(20,848)
Net increase (decrease) in cash and cash equivalents		654,357	(364,087)
Cash and cash equivalents at beginning of year	6(1)	929,712	1,293,799
Cash and cash equivalents at end of year	6(1)	\$ 1,584,069	\$ 929,712

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

Attachment 4 :

Gallant Precision Machining Co., Ltd.

Comparison Table for the Rules and Procedures of Shareholders' Meeting

Article	After the Version	Before the Version
Article 8	<p>The Chairperson shall call the meeting to order at the scheduled meeting start time. <u>And at the same time announce the number of non-voting rights and the number of shares present and other relevant information.</u> 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.</p> <p>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.</p>	<p>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.</p> <p>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.</p>
Article 23	<p>The Rules were established on April 29, 1995.</p> <p>The first amendment was made on May 23, 1998.</p> <p>The second amendment was made on May 14, 2002.</p> <p>The third amendment was made on Jun 10, 2002.</p>	<p>The Rules were established on April 29, 1995.</p> <p>The first amendment was made on May 23, 1998.</p> <p>The second amendment was made on May 14, 2002.</p>

Attachment 5 :

Gallant Precision Machining Co., Ltd.

Comparison Table for the Amended Provisions of Procedures for Acquisition or Disposal of Assets

After Amendment	Before Amendment	Reason for the Amendment
3.3 The managing department for the acquisition and disposal of <u>in-vestments in securities</u> , loans from financial institutions, and derivatives, and the merger, demerger, acquisition, or transfer of shares shall be the Department of Accounting.	3.3 The managing department for the acquisition and disposal of long-term and short-term investments in securities, loans from financial institutions, and derivatives, and the merger, demerger, acquisition, or transfer of shares shall be the Department of Accounting.	Amended according to the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies.”
4.13 <u>Deleted</u>	4.13 Refer to equity attributable to the owner of the parent company in the balance sheet.	Amended according to the Company’s actual operational demand.
4.14 <u>Deleted</u>	4.14 Accounting Research and Development Foundation (the “ARDF”).	Amended according to the Company’s actual operational demand.
5.1.1 The acquisition and disposal of <u>non-current</u> investments in securities shall be approved by the Board of Directors.	5.1.1 The acquisition and disposal of long-term investments in securities shall be approved by the Board of Directors.	Amendment to wording.
5.1.2 The authority and responsibility for the approval of the acquisition and disposal of <u>current</u> investments in securities shall be <u>subject to the signing and approval of the approval permission form published by the Company.</u> 5.1.2.1 <u>(Deleted)</u> 5.1.2.2 <u>(Deleted)</u>	5.1.2 The authority and responsibility for the approval of the acquisition and disposal of short-term investments in securities are as follows: 5.1.2.1 The authority and responsibility for the approval of the short-term securities – MMF are as follows: A transaction with an amount less than NT\$50 million (inclusive) shall be submitted to the section chief for approval; a transaction with an	1. Amendment to wording. 2. Amendment to the approval permission for current investments in securities.

	<p>amount more than NT\$50 million shall be submitted to the Chairperson for approval.</p> <p>5.1.2.2 The authority and responsibility for the approval of the short-term securities – others are as follows:</p> <p>A transaction with an amount less than NT\$100 million (inclusive) shall be submitted to the Chairperson for approval; a transaction with an amount more than NT\$100 million shall be submitted to the Board of Directors for the passing of a resolution.</p>	
<p>5.1.3.1The authority and responsibility for the approval of the acquisition and disposal of properties and their right-of-use assets are as follows:</p> <p>A transaction with an amount reaching 20% of its paid-up capital or less than NT\$30 million (inclusive) shall be submitted to the Chairperson for approval; a transaction with an amount exceeding 20% of its paid-up capital or more than NT\$30 million shall be submitted to the Board of Directors for the passing of a resolution.</p>	<p>5.1.3.1 The authority and responsibility for the approval of the acquisition and disposal of properties are as follows:</p> <p>A transaction with an amount reaching 20% of its paid-up capital or less than NT\$30 million (inclusive) shall be submitted to the Chairperson for approval; a transaction with an amount exceeding 20% of its paid-up capital or more than NT\$30 million shall be submitted to the Board of Directors for the passing of a resolution.</p>	Amendment to wording.
<p>5.1.3.3 The authority and responsibility for the approval of the acquisition and disposal of fixed assets other than properties and its right-of-use assets shall be subject to the approved limits stated under the “Procedures for the Reimbursement of Procurements,”</p>	<p>5.1.3.3The authority and responsibility for the approval of the acquisition and disposal of fixed assets other than properties shall be subject to the approved limits stated under the “Procedures for the Reimbursement of Procurements,” “List of Position Authori-</p>	Amendment to wording.

<p>“List of Position Authorization,” and “Regulations for the Management of Property, Plant and Equipment,” respectively.</p>	<p>ization,” and “Regulations for the Management of Property, Plant and Equipment,” respectively.</p>	
<p>5.1.4.3 The fairness of the transaction cost for properties or right-of-use assets acquired by the Company from its related parties shall be evaluated according to the following method:</p> <p>Based on the related party's transaction price plus necessary interest on funding and the buyer's costs to be duly borne. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction</p>	<p>5.1.4.3 The fairness of the transaction cost for properties or right-of-use assets acquired by the Company from its related parties shall be evaluated according to the following method:</p> <p>A. Based on the related party's transaction price plus necessary interest on funding and the buyer's costs to be duly borne. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>B. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trans-</p>	<p>Amendment to wording.</p>

<p>counterparties.</p> <p>Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>When the Company acquires properties or right-of-use assets from a related party, the appraisal of the cost of the properties or right-of-use assets in accordance with the preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.</p>	<p>action counterparties.</p> <p>C. Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>D. When the Company acquires properties or right-of-use assets from a related party, the appraisal of the cost of the properties or right-of-use assets in accordance with the preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.</p>	
<p>5.1.4.6 When the results of a Company's appraisal conducted in accordance with 5.1.4.3 and 5.1.4.5 above are uniformly lower than the transaction price, the following matter shall be performed:</p> <p>(Omitted)</p> <p>When the Company acquired properties <u>or</u> right-of-use assets from a related party, it shall also comply with requirements under 5.1.4.6 if there is other evidence indicating that the acquisition was not an arm's length transaction.</p>	<p>5.1.4.6When the results of a Company's appraisal conducted in accordance with 5.1.4.3 and 5.1.4.5 above are uniformly lower than the transaction price, the following matter shall be performed:</p> <p>(Omitted)</p> <p>When the Company acquired properties and its right-of-use assets from a related party, it shall also comply with requirements under 5.1.4.6 if there is other evidence indicating that the acquisition was not an arm's length transaction.</p>	<p>Amendment to wording.</p>
<p>5.1.8 Acquisition or disposal of derivatives:</p>	<p>5.1.8 Acquisition or disposal of derivatives:</p>	<p>Adjusted the provision to</p>

<p>The Company shall comply with the requirements under the Company's "Procedures for Derivative Transactions" when engaging in derivative transactions.</p>	<p>(Omitted below)</p>	<p>being governed by the "Procedures for Derivative Transactions."</p>
<p>5.1.9.1 The Company shall engage an attorney, CPA, or underwriter to jointly discuss the legal procedures and expected timetable when conducting a merger, demerger, acquisition, or transfer of shares, and establish a project team for execution in compliance with the legal procedures. Furthermore, before the meeting of the Board of Directors to resolve the matter, the Company shall engage an attorney, CPA, or <u>securities</u> underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for deliberation and passage.</p> <p>However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a <u>merger by the Company</u> of a subsidiary in which it directly or indirectly holds all issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds all the respective</p>	<p>5.1.9.1The Company shall engage an attorney, CPA, or underwriter to jointly discuss the legal procedures and expected timetable when conducting a merger, demerger, acquisition, or transfer of shares, and establish a project team for execution in compliance with the legal procedures. Furthermore, before the meeting of the Board of Directors to resolve the matter, the Company shall engage an attorney, CPA, or underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for deliberation and passage.</p> <p>However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds all issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds all the respective subsidiaries' issued shares or au-</p>	<p>Amendment to wording.</p>

subsidiaries' issued shares or authorized capital.	thorized capital.	
5.2.1.4The acquisition or disposal of memberships shall be subject to the requirements under 5.2.2.3.	5.2.1.4 The acquisition or disposal of memberships shall be subject to the market price.	Amendment to wording.
5.5.1 Scope of investments: Include investments in <u>securities</u> , non-operating properties, and their right-of-use assets.	5.5.1 Scope of investments: Include investments in long-term and short-term securities, non-operating properties, and their right-of-use assets.	Amendment to wording.
5.5.2 Investment limits: The restriction on the investment limits is calculated based on the initial investment costs; for <u>securities</u> , the investment limits shall not be restricted by the Company Act according to the Company's Articles of Association.	5.5.2 Investment limits: The restriction on the investment limits is calculated based on the initial investment costs; for long-term and short-term securities, the investment limits shall not be restricted by the Company Act according to the Company's Articles of Association.	Amendment to wording.

Attachment 6 :

Gallant Precision Machining Co., Ltd. Procedures for Derivative Transactions

1. Purpose: The Company established the Procedures to reinforce its asset management, implement open information, and strengthen the stipulation of its risk management system for derivative transactions.

2. Type of Transaction:

Refer to forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating, or credit index, or other variables; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts. The Company does not engage in any derivative transactions other than the abovementioned transactions.

3. Operating or hedging strategies:

The Company shall engage in derivative transactions for the purpose of hedging. The Company shall not engage in any speculative transaction. When engaging in foreign currency operations, the Company shall focus on squaring off the overall foreign exchange position (foreign exchange gains and expenditures) of the Company by itself to mitigate the overall foreign currency risk of the Company and save on the cost of foreign currency operations.

4. Authority and responsibility:

4.1 Department of Finance

Personnel who is able to carry out derivative transactions and confirmations shall be appointed by the section chief of finance. The transaction confirmation shall be performed by personnel who is not responsible for the transactions. The settlement personnel shall be personnel who is not responsible for the transactions or confirmations. The appointment and dismissal of trading and confirmation personnel shall be informed to the counterparty of the transaction before the effective day to protect the Company's interests.

4.2 The Department of Accounting shall be responsible for the articulation of the transaction confirmation and position balances.

5. Performance evaluation:

The Company performs the measurement and evaluation based on the hedging strategies.

6. The establishment of total transaction contracted amount and cap of loss:

6.1 Total contracted amount: The total limit for the transaction contracts shall not exceed 2/3 of the net foreign exchange position arising from the Company's operations.

6.2 The establishment of the cap of loss: The loss from an individual contract shall not exceed 10%

of the contracted amount; the cap of loss for all contracts shall be 20% of the contracted amount.

7. Operating procedures:

7.1 Hierarchy for the authorized limits: The table of authorized limit is established as follows according to the changes in the Company's turnover and net accumulated position:

Hierarchy	Daily Transaction
Chairperson	Over USD\$0.50 million
Section chief of finance	USD\$0.50 million

7.2 Operation description:

7.2.1 The trading personnel shall place orders to the counterparty of the transaction within the scope permitted by the authorized superior.

7.2.2 The confirmation personnel shall confirm the transaction alert from the bank, fill out relevant transaction notes, and submit them to the authorized superior for signing and approval.

7.2.3 Upon the expiry, the settlement personnel shall be responsible for the settlement of derivatives, and shall subsequently submit the settlement document to the superior for signing and approval, and submit it to the accounting personnel for confirmation articulation and account processing.

8. Procedures for announcement and declaration:

8.1 The Department of Finance shall announce and declare the content related to derivative transactions engaged by the Company as of the end of the previous month, together with its monthly operating status, according to the requirements of the competent authority on a monthly basis. Furthermore, for losses arising from engaging in derivative transactions reaching the cap of loss for all or individual contracts, the Company shall announce and declare relevant information in the stipulated format based on the nature on the website designated by the competent authority within two days from the date of occurrence.

8.2 The Company shall process according to the Financial Accounting Standards 14 and shall establish a logbook to set out the type, amount, passing day by the Board of Directors for the derivative transactions engaged, and matters requiring due evaluations according to the requirements in detail for reference.

9. Internal control system:

9.1 Risk management measures: When the Company engages in derivative transactions, the scope of risk management and risk management measures to be adopted are as follows:

9.1.1 Credit risk management: For counterparties of transactions, the Company shall base on the

principles of choosing financial institutions and futures commission merchants that deal with the Company, have good reputations, and are able to provide professional information.

9.1.2 Market risk management: The possible loss that may incur due to the volatility in the market price of derivatives in the future is uncertain; therefore, the Company shall strictly adhere to the stop-loss point set after the position is established.

9.1.3 Liquidity risk management: To ensure the liquidity of products, the trading institutions shall have sufficient equipment, information, and trading capacity, and shall be able to carry out transactions in any markets.

9.1.4 Operating risk management: The Company shall duly observe the authorized limits and operating procedures.

9.1.5 Legal risk management: any contractual documents signed with financial institutions shall use international standard documents to the extent possible to prevent legal risk.

9.1.6 Cash settlement risk management: The authorized trading personnel shall strictly comply with the requirements of authorized limits and shall be aware of the Company's cash flows generally to ensure sufficient cash for payment upon settlement.

9.2 Internal control:

9.2.1 The trading, confirmation, and settlement personnel shall not be the same person.

9.2.2 The confirmation personnel shall regularly verify with banks regarding the transaction statement and total amount.

9.2.3 The trading personnel shall be aware of whether the total transaction amount exceeds the total contracted amount stipulated in the Regulations.

9.2.4 Personnel for risk measurement, monitoring, and control shall be subordinated to different departments from that of the personnel stated under 9.2.1, and shall report to the Board of Directors or senior officers who are not responsible for the decision-making regarding the transactions or positions.

9.3 Method for regular evaluation:

9.3.1 The position held for the derivatives shall be evaluated at least once a week; however, hedging transactions due to business requirements shall be evaluated twice a month, and its evaluation report shall be submitted to senior officers authorized by the Board of Directors.

9.3.2 Senior officers authorized by the Board of Directors shall be aware of the monitoring and control of risks related to derivative transactions at any time, regularly evaluate whether the performance of derivative transactions complies with the existing operating strategies, and whether the risk assumed is within the scope of tolerance permitted by the Company. Senior officers shall also regularly evaluate whether the risk management measures currently adopted are appropriate and duly implemented according to relevant requirements under the Procedures, and report the evaluation results subsequently to the upcoming meeting of the Board of Directors. Senior officers shall monitor the status of profit or loss; shall there be any anomaly, necessary responding measures shall be adopted, and it shall be reported to the Board of Directors. For those with Independent Directors in place, Independent Directors shall present at the meeting of the Board of Directors to express their opinions.

10. Internal audit system:

Internal audit personnel shall regularly examine the appropriateness of the internal control for derivative transactions and review the trading department's compliance with the Procedures monthly, and analyze the transaction cycle to prepare its audit report. For any significant violation, the personnel shall notify the Audit Committee in writing.

11. The Company's subsidiaries shall establish and execute their procedures for engaging in derivative transactions according to their operational requirements.

12. The establishment of and amendment to the Procedures shall be agreed by the Audit Committee,

passed by the Board of Directors as a resolution, and submitted to the shareholders' meeting for consent. Where any Directors expressed dissenting opinions that are recorded or with written declarations, the Company shall submit the information related to the dissenting opinions of the Directors to the Audit Committee. When submitting the Procedures to the Board of Directors for discussion, opinions from Independent Directors shall be fully considered. Any dissenting opinion or qualified opinion from Independent Directors shall be set out in the meeting minutes of the Board of Directors.

Where the matter in the previous paragraph without consent from the majority of all members of the Audit Committee may be implemented with consent from two-thirds of all Directors, and the decision of the Audit Committee shall be set out in the meeting minutes of the Board of Directors.

All members of the Audit Committee and all Directors mentioned above shall be calculated based on those who are currently holding the positions.

13. Reference:

13.1 List of Position Authorization (Document Ref.: OMG00002)

14. Forms and records:

None.

15. The Procedures referred to the following as its basis:

15.1 "Regulations Governing the Acquisition and Disposal of Assets by Public Companies"

15.2 Regulations Governing the Preparation of Financial Reports by Securities Issuers

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
12. D101060 Self-usage Power Generation Equipment Utilizing Renewable Energy Industry
13. E601010 Electric Appliance Construction
14. E601020 Electric Appliance Installation
15. EZ05010 Instrument and Meters Installation Engineering

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

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

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

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

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

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

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

Chapter 2 Shares

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

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

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

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

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

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

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

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

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

Chapter 3 Shareholders' Meeting

Article 13: The shareholders' 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Chapter 5 Managers

Article 27: The Company shall appoint one chief Executive Officer, one Executive Director, Deputy Chief Executive Officer(s), President(s) and Vice Executive President(s) whose appointment, removal and remuneration shall be governed by Article 29 of the Company Act.

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

Chapter 6 Accounting

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

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

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

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

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

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

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

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

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

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

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.
The 34rd amendment was made on June 16, 2017.
The 35rd amendment was made on June 25, 2019.
The 36rd amendment was made on June 17, 2020.

Appendix 3

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

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

Appendix 4

Gallant Precision Machining Co., Ltd. Shareholding of Directors

Book-close date: April 12, 2021

Title	Name	Current shareholding		Remarks
		Shares	% of the current shares issued	
Chairman	Jason Chen	888,535	0.54%	
Vice Chairman	You-Wen Liang	0	0.00%	
Director	Hsu, Hung-Ming	1,000	0.00%	
Director	C Sun MFG. Ltd. Representative: Ronald H. Chen	39,537,827	23.94%	
Independent Director	Jia-Ching Tung	0	0.00%	
Independent Director	Lo, Wei	0	0.00%	
Independent Director	Chen, Yi-Mei	0	0.00%	

Note 1: Total number of shares issued as of April 12, 2021 (book-close date): 165,136,144 shares.

Note 2: Total shareholding legally required of all the directors of the Company: 9,908,168 shares; total shareholding as at April 12, 2021: 40,427,362 shares, the total shareholding of all the directors has reached the required level.

MEMO