

Gemtek Technology Co., Ltd.

2022 Annual Shareholders' Meeting

Minutes

Time: 9:00 a.m. on Thursday, June 09, 2022

Place: Chung Hwa Park Recreation Center Conference Room

(located at No.79, Ln. 1, Dazhi Rd., Hukou Township, Hsinchu County, Taiwan R.O.C.)

Shareholders Present: The total number of shares represented by shareholders attending the meeting in person or by proxy is 223,970,030 shares (including the 68,407,514 shares represented by shareholders exercising voting rights via electronic methods), accounting for 55.27% of the total number of issued shares, 405,158,977 shares, of the Company

Directors Present: Chairman of the Board of Directors – Hong Wen Chen

Cheng-ren Yang 、Jong-hui Hsu 、Yue-ji Chang 、

Yao-geng Zhao 、Zhu-san Wang 、Chih-Yang Chang

General Manager – Rong Chang Li

CFO – Chih Hong Lin

CPA – Ching-zen, Yang (Deloitte & Touch)

Chairman: Hong Wen Chen (Chairman of the Board of Directors)

Minutes Taker: Chih Hong Lin

I. Meeting Called to Order: The aggregate shareholding of the shareholders present in person or by proxy constitutes a quorum. The Chairman calls the shareholders' meeting to order.

II. Chairman's Address: (Omitted)

III. Report Items:

Report No. 1 : 2021 Business Reports

Explanation : The 2021 Business Report is attached as Attachment A.

Report No. 2 : Audit Committee's Review Report on the 2021 Financial Statements

Explanation: The 2021 Audit Committee's Review Report is attached as Attachment B.

Report No. 3 : To report 2021 employees' compensation and remuneration of board of directors.

Explanation :

- (1) According to the Articles of Incorporation Article 20, the Company shall, after deducting the employee bonuses and remuneration benefits of directors from the current year's pre-tax benefits, allocate 13.5% for employee profit sharing bonuses and 1.8% for the remuneration benefits of directors.
- (2) The 2021 distribution of employee bonuses and remuneration benefits of directors was

approved by the Company's Remuneration Committee. The Company shall allocate NT\$112,689,232 to employee profit sharing bonuses; and NT\$15,025,231 to the remuneration benefits of directors, all of which, are issued in cash.

- (3) There are no significant differences between the estimation and exact amount of employee profit sharing bonuses and remuneration benefits of directors paid for the year 2021.

Report No. 4 : To report on convertible bonds.

Explanation : The report on convertible bonds is attached in Attachment E.

Report No. 5 : To report on the drafting of Sustainable Development Best Practice Principles

Explanation : The report on the drafting of Sustainable Development Best Practice Principles is attached in Attachment F.

Report No. 6 : To report on the implementation of Share Buyback Program

Explanation : To report on the implementation of Share Buyback Program is attached in Attachment G.

IV. Proposed Resolutions

Proposal No. 1

Proposed by the Board

Ratification of the 2021 Business Report and Financial Statements.

Explanation:

- (1) The 2021 Financial Statements of Gemtek Technology Co., Ltd., including the balance sheet, income statement, statement of changes in shareholders' equity, and statement of cash flows were audited by independent auditors of Deloitte and Touche Taiwan. The 2021 Business Report and 2021 Financial Statements have been approved by the Board and inspected by the Audit Committee of Gemtek Technology Co., Ltd.
- (2) The 2021 Business Report, Independent Auditors' Review Report, and the above-mentioned Financial Statements are attached in Attachment [A&C].

Resolution:

The voting result of this item is as follows:

Shares represented at the time of voting: 222,577,981

Voting Results	% of the total represented shares present
Votes in favor: 183,373,221 (including votes casted electronically: 29,202,754)	82.38%
Votes against: 267,087 (including votes casted electronically: 267,087)	0.11%
Votes invalid: 0	0%
Votes abstained: 38,937,673 (including votes casted electronically: 38,937,673)	17.49%

Proposal No. 2**Proposed by the Board**

Ratification of the proposal for distribution of 2021 profits.

Explanation:

- (1) The Board has adopted the Proposal for Distribution of 2021 Profits in accordance with the Company Act and Articles of Incorporation.
- (2) The proposed aggregate amount of cash dividends is NT\$607,738,466; each common shareholder shall be entitled to receive a cash dividend of NT\$1.5 per share. Upon the approval of the Annual Meeting of Shareholders, it is proposed that the Board of Directors be authorized to resolve the ex-dividend date, ex-rights date, and other relevant issues. Cash dividends shall be distributed only to the minimal extent of the smallest integer. Any fractional amounts rendered below NT\$1 shall be transferred to the Employee Benefits Committee.
- (3) In the event that the proposed profit distribution plan is affected by the buyback of the Company's common stock, transfer, conversion or cancellation of the treasury shares, the exercise of the employee stock options or the conversion of convertible bonds, it is proposed that the Board of Directors be fully authorized by the Shareholder's Meeting to adjust the dividend ratio and handle relevant matters accordingly.
- (4) 2021 Profit Distribution Table is attached in Attachment [D]

Resolution:

The voting result of this item is as follows:

Shares represented at the time of voting: 222,577,981

Voting Results	% of the total represented shares present
Votes in favor: 183,720,676 (including votes casted electronically: 29,550,209)	82.54%
Votes against: 268,088 (including votes casted electronically: 268,088)	0.12%
Votes invalid: 0	0%
Votes abstained: 38,589,217 (including votes casted electronically : 38,589,217)	17.33%

V. Discussion Items

Proposal No. 1

Proposed by the Board

To amend the Articles of Incorporation.

Explanation:

- (1) In accordance with the provisions of Company Act Article 172-2, paragraph 1, it is proposed to revise provisions pertaining to the rules and procedures for convening shareholders' meetings described in the company's "Articles of Incorporation "
- (2) Amendments to the Articles of Incorporation and a comparison table is attached in Attachment [H]

Resolution:

The voting result of this item is as follows:

Shares represented at the time of voting: 222,577,981

Voting Results	% of the total represented shares present
Votes in favor: 183,644,639 (including votes casted electronically: 29,474,172)	82.50%
Votes against: 267,183 (including votes casted electronically: 267,183)	0.12%
Votes invalid: 0	0%
Votes abstained: 38,666,159 (including votes casted electronically : 38,666,159)	17.37%

Proposal No. 2**Proposed by the Board**

To amend the Procedures for Acquisition and Disposal of Assets.

Explanation:

- (1) Revised in accordance with the Financial Supervisory Commission's Letter
Financial-Supervisory-Securities-Corporate-Issue No. 1110380465 as of January 28, 2022.
- (2) Amendments to the Procedures for Acquisition and Disposal of Assets and a comparison
table is attached in Attachment [I]

Resolution:

The voting result of this item is as follows:

Shares represented at the time of voting: 222,577,981

Voting Results	% of the total represented shares present
Votes in favor: 183,716,815 (including votes casted electronically: 29,546,348)	82.54%
Votes against: 269,258 (including votes casted electronically: 269,258)	0.12%
Votes invalid: 0	0%
Votes abstained: 38,591,908 (including votes casted electronically : 38,591,908)	17.33%

Proposal No. 3

Proposed by the Board

To discuss issuance of common shares by raising capital through private placement.

Explanation:

- (1) The private placement is to strengthen the company's financial structure and facilitate future business development, such as the expansion of production capacity, supplementation of business funds, payment of loans, and engagement of strategic investors. The number of shares or bonds privately placed shall not exceed 40,000 thousand shares (inclusive). The private placement shall be conducted twice within one year after the date of resolution.
- (2) Pricing basis of private placement and its reasonableness:
 - (I) The private placement price of the Company shall be no less than 80% of the higher of the following two calculation basis prior to the price determination date:
 - a. The simple average closing price of the common shares of the company for either the 1, 3, or 5 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction.
 - b. The simple average closing price of the common shares of the company for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction.
 - (II) On the basis that the actual pricing date and the actual private placement price is not lower than 80% of the higher price based on the aforementioned calculation approach, the board of directors shall be authorized by the shareholders meeting to determine the price after weighing the effects of specific persons and market conditions.
 - (III) The pricing method of the private placement complies with the relevant regulations of the competent authority, and has taken the company's future prospects and stock market price into consideration, and therefore is deemed reasonable.
- (3) The method and objectives for selecting the private placement investor, the necessity for the selection, and the anticipated benefits:
 - (I) The private placement is conducted according to Securities and Exchange Act Article 43-6, and is limited to strategic investors.
 - (II) Method and objectives for selecting the private placement investor, the necessity for the selection, and the anticipated benefits: To strengthen relationships with strategic partners. To enhance the Company's competitiveness, improve operational efficiency and facilitate long-term business development. To secure shareholders' rights and interests.
 - (III) There are no selected investors at the moment.
- (4) The necessity for conducting the private placement
 - (I) Reasons for conducting non-public offering:

Taking the following into consideration, the company plans to issue new shares through private placement to raise capital instead of public offering: capital market conditions, cost of issuance, the timeliness and feasibility of private placement, and restrictions regarding private equity shares not being able to transfer freely within three years. As a result, the company concludes that conducting a private placement is more likely to help ensure and strengthen closer relationships with strategic partners.
 - (II) Use of the funds raised by the private placement, and the anticipated benefits:

The private placement shall be conducted twice within one year after the date of resolution. Anticipated number of closings, purpose, and the anticipated benefits are described as follows:

Anticipated Number of Closings	Private Placement of Common Shares (10,000shares)	Purpose	Anticipated Benefits
1	2,000	Expansion of production capacity, supplementation of business funds, and payment of loans to meet the capital needs of the company's business development	Strengthen the company's financial structure and facilitate future business development
2	2,000		
If there are to be multiple closings, the unfulfilled commitments made by investors at the current closing may be passed on to the subsequent closing. If commitments made by investors for the current closing exceeds the customary closing conditions, the issuer may opt to issue all common shares at once, or take up a part of the units from the subsequent closing.			

(5) Rights and obligations of these new shares privately placed:

The rights and obligations of private placement of new stocks are the same as the common stocks issued by the Company. According to Article 43-8 of the Exchange Act, private placements are not subject to the transfer objects and conditions stipulated in this article. Ordinary shares shall not be freely transferable within three years from the date of delivery. Subsequent to three years from the delivery date, the company intends to obtain a consent letter approved by the Taiwan Stock Exchange that meets the listing standards in accordance with the Securities and Exchange Act and other relevant regulations, and then report to the competent authority for the supplementary public offering of private ordinary shares and application for listing and trading.

- (6) Due to the actual issuance conditions, plans, use of funds, possible benefits, and other unsettled matters, if there is any correction by competent authorities or due to objective changes of the environment, the Board of Directors will be authorized by the Shareholders' Meeting to handle such matters depending on the market status and in accordance with the laws.
- (7) The specific investor shall be a strategic investor who is able to directly or indirectly promote the Company's business. The Chairman of the Board shall be authorized to process the selection in full power. It is expected that the private placement will not result in any major changes in the Company's operation.
- (8) The Company's private placement of securities shall be conducted in accordance with the provisions of Article 43-6 of the Securities and Exchange Act. For more information, please refer to the Market Observation Post System for more details (Website: <https://mops.twse.com.tw/>).

Resolution:

The voting result of this item is as follows:

Shares represented at the time of voting: 222,577,981

Voting Results	% of the total represented shares present
Votes in favor: 183,401,416 (including votes casted electronically: 29,230,949)	82.39%
Votes against: 534,422 (including votes casted electronically: 534,422)	0.24%
Votes invalid: 0	0%
Votes abstained: 38,642,143 (including votes casted electronically : 38,642,143)	17.36%

VI. Election Matters

Proposal No. 1

Proposed by the Board

The 11th election of the board of directors (including independent directors).

Explanation:

- (1) The term of office for the current members of the Board of Directors expires on June 17, 2022. Accordingly, the company proposes to duly elect new board members which consists of 9 director seats and 3 independent director seats at this year's Annual Shareholder's Meeting.
- (2) The term of office for the newly elected members of the Board of Directors shall start from June 09, 2022 and conclude on June 08, 2025. The tenure of the board is set for three years; members may be eligible for re-election. Former members of the board shall cease to hold office immediately after the re-election results are finalized.
- (3) The election of the Board of Directors is subject to the provisions of Article 192-1 of the Company Act where the candidate nomination system shall be adopted, that such system shall be expressly stated in the Article 13 of the Articles of Incorporation of the company, and that shareholders shall elect directors from among the those listed in the slate of director candidates approved by the Board of Directors as of April 14, 2022. Please refer to Attachment [J]

Voting Results:

Election results:

Position	Shareholder's No. (ID No.)	Name	Votes Received
Director	1	Hong-wen Chen	214,112,445
Director	2	Cheng-ren Yang	199,796,264
Director	24547	Yue-ji Chang	167,273,064
Director	4	Fu-zan Tsai	166,884,427
Director	9	Jong-hui Hsu	166,363,451
Director	81982	Lee-heng Investment Limited	160,236,483
Independent Director	F1037*****	Chih-Yang Chang	197,470,545
Independent Director	H1212*****	Zhu-san Wang	197,442,115
Independent Director	F1221*****	Yao-geng Zhao	163,298,149

VII. Other Matters

Proposal No. 1

Proposed by the Board

To discuss matters on waiving the non-compete agreement for newly appointed directors

Explanation:

- (1) Pursuant to Article 209 of the Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
- (2) In order to promote innovation and allow directors to share their professional experience and knowledge for a broader business development, it is proposed that the non-compete clause for newly appointed directors should be removed.
- (3) For more information on non-compete agreement for directors and independent directors, please refer to Attachment [K]

Resolution:

The voting result of this item is as follows:

Shares represented at the time of voting: 222,577,981

Voting Results	% of the total represented shares present
Votes in favor: 183,307,784 (including votes casted electronically: 29,137,317)	82.35%
Votes against: 438,978 (including votes casted electronically: 438,978)	0.19%
Votes invalid: 0	0%
Votes abstained: 38,831,219 (including votes casted electronically : 38,831,219)	17.44%

VIII. Extempore Motion: None

IX. Meeting Adjourned: At 9:28 am on the same day.

The meeting minutes are recorded in accordance with the provisions of the Company Act. As far as the content and procedures of the meeting are concerned, the video and audio recordings of the meeting shall prevail.

Gemtek Technology Co., Ltd.

2021 Business Report

(Translation)

I. Foreword

2021 had been a year full of challenges and opportunities for Gemtek as the COVID-19 pandemic continues to take the world by storm. At the same time, political instability and economic fluctuation triggered by the 2021 US presidential election and the ongoing struggle between US-China Trade War had also sparked structural changes in the industry. As a result of the pandemic, the goal to coexist with the virus has prompted people to develop innovative lifestyles to cope with the crisis, and more enterprises are forced to rethink business operation through digital transformation and remote office solutions. Amid dramatic changes around the globe, Gemtek continuously sought avenues for optimization and improvement, and has inevitably achieved new heights in the field of research and development.

In 2021, wireless communications technology had continued to evolve as 5G infrastructure plans gradually accelerates. Ericsson had forecasted that the number of 5G subscriptions worldwide will surpass 4G to reach 1 billion by 2 years less of time. In addition, the deployment of fiber-optic broadband has also been listed as a priority by many governments. Low-orbit satellites and infrastructure projects are also in the pipeline. The integration of heterogeneous networks will continue to improve the quality and speed of future network communications. As a network communication technology company, Gemtek currently develops and manufactures products under three main technical frameworks-----Wi-Fi, Optical Fiber, and Wireless Network Broadband. Gemtek strives to broaden its market share in the European and American markets, and is doing well in maintaining gross profit and product quality while expanding business operations overseas.

Global supply chain disruption persisted throughout the year 2021, resulting in a whirlwind of unbalanced supply and demand. Due to mounting COVID-19 cases in the first half of the year, factories had to cease production which upended the entire industrial ecosystem. The Pandemic-stricken supply chain has caused the demand for terminal equipment to surge tremendously, giving rise to severe electronic component shortages around the world. In the face of the widespread crisis, Gemtek had made efforts to

optimize its procurement strategies to brace itself for more future turmoil. The use of exclusive components shall be taken into careful deliberation during the pivotal phases of product design as a means to mitigate the risk of material shortages that may adversely affect the company and its customers.

The 2021 Ericsson Mobility Report stated that mobile data traffic alone will increase by 300 times within 10 years, which goes to show that the internet is undoubtedly considered a rigid demand for consumers and enterprises. And according to Aruba's forecast, growing demands for IoT devices and machine-to-machine (M2M) communication driven by digital transformation continues to soar. Looking to 2022, Gemtek is eager to scale up its production capability to meet the high demands for advanced network communication solutions in the market, and is looking forward to investing more resources in R&D and product design. Being one of the leaders in the network communications industry, Gemtek's R&D team always stands at the forefront of the technology trend, serving as the backbone of our business operations to fulfill the expectations of our customers and shareholders.

II. 2021 Business Report

1. Business Results

In 2021, the total consolidated operating income was NT\$22,912,691 thousand. The combined operating costs and operating expenses was NT\$22,556,598 thousand. The consolidated non-operating income was NT\$398,163 thousand. The consolidated non-operating expenses was NT\$30,803 thousand. The pre-tax net profit was NT\$723,453 thousand; income tax expense was NT\$41,869 thousand. Therefore, the consolidated net profit after tax for this year is NT\$681,584 thousand. Earnings per share (after tax) is NT\$1.89.

2. Financial Status and Profitability

The Company has always adhered to the conservatism principle in its financial operations, laying out timely plans for the use of long and short-term funds. In 2021, the current ratio was 149.06% and the debt ratio was 41.06%, indicating that the composition of the company's financial structure was adequately sound and stable.

3. Research and Development

2021 R&D Achievements

- (1) Next-generation passive optical network/ ultra-wideband network and voice service integration systems
GPON/XGSPON /10GEPON/DPoE/NGPON2 product development.
- (2) xDSL /G.FAST Ultra-wideband product development.
- (3) Whole home WiFi with Easy Mesh development
- (4) Advanced WiFi 6/6e AP, Repeater, and Mesh development
- (5) Cost-effective and Advanced LTE client device development, including Cat 20, Cat 12, Cat6, Cat4, UER
- (6) 3GPP based CIOT client device and LGA module development (Cat 4, Cat 1, Cat-M1, NB-IOT)
- (7) 5G NR FR1/FR2 CPE development
- (8) mmwave smart antenna phasearray system platform development
- (9) Tern smart mesh WiFi 6/6e system development
- (10) 5G mmwave repeater system platform development
- (11) 5G smallcell and core network platform development
- (12) Low earth orbit satellite smart antenna CPE system research and development

III. 2021 Business Policies

1. Marketing Strategy

- (1) Strengthen existing customer relationships and develop new customers.
- (2) Launch new products according to market trends with new technical specifications.
- (3) Identify market demands and strengthen the ability to collect market information.
- (4) Satisfy market demands and expand business operations in emerging markets.
- (5) Build good rapport with new clients and seek new business opportunities.

2. Production Policy

- (1) Strictly control the production process and increase the utilization rate of production capacity.
- (2) Strictly select suppliers that meet cost effectiveness and integrate resources to pursue profitability.
- (3) Track the lead time and quality of key manufacturing components. Keenly identify changes in supply, demand and prices.
- (4) Adjust capital expenditures based on the condition of the industry.
- (5) Introduce automated and optimized production systems to increase production efficiency.

3. Industrial Development

Gemtek has long been dedicated to the development of wireless communications technology. Business development is centered on the following major operations:

- (1) Wireless network service products, which include broadband network related equipments that are built on top of telecommunications infrastructures (5G related technologies, LTE Small Cell, CPE), telecommunication network products (Wi-Fi AP/Router) and business-grade wireless AP/routers and Wi-Fi modules etc.
- (2) Fixed Broadband Network connection related products, which includes telecommunication integration (VoIP, VDSL, G.fast, GPON, Setup Box etc.) and fiber-optic network products.
- (3) Telecommunication modules and services.
- (4) Cloud software integration services, IoT products.

IV. Conclusion

The company's management team wishes to express their deepest gratitude to all shareholders for their unwavering support. We hope that our shareholders will continue to

provide us with encouragement and guidance in the forthcoming years.

Chairman: Hong-wen Chen

General Manager: Rong-chang Li

Accounting Supervisor: Zhi-hong Lin

Gemtek Technology Co., Ltd.
2021 Audit Committee's Review Report
(Translation)

To Shareholders of Gemtek Technology Co., Ltd.,

The Board of Directors is responsible for the issuance of the Company's 2021 Business Reports and Financial Statements.

The CPA firm of Deloitte & Touche was appointed to audit Gemtek's Financial Statements and has issued an audit report with reference to the Financial Statements. The Business Report and Financial Statements have been reviewed and confirmed to be correct and accurate by the Audit Committee members of Gemtek Technology Co., Ltd. Based on the applicable laws of the Securities and Exchange Act and the Company Law, we hereby submit this report.

Gemtek Technology Co., Ltd.

Chairman of the Audit Committee: Zhu-san Wang

Date: March 17, 2022

Auditor's Review Report

(Translation)

To Gemtek Technology Co., Ltd.,

Opinion

We have audited the accompanying individual financial statements of Gemtek Technologies Co., Ltd. (the "Company"), which comprise the individual balance sheets as of December 31, 2021 and 2020, and the individual statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the individual financial statements, including a summary of significant accounting policies (collectively referred to as the "individual financial statements").

In our opinion, the accompanying individual financial statements present fairly, in all material respects, the individual financial position of the Company as of December 31, 2021 and 2020, and its individual financial performance and its individual cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Audit Opinions

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Individual Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 individual financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the individual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We hereby summarize the Key Audit Matters of the 2021 Individual Financial Statements of the Company as follows:

Revenue Recognition

The 2021 operating income of Gemtek Technology Co., Ltd. is NT\$20,562,652 thousand, in which NT\$5,247,644 thousand sales revenue is attributed to the sale of a major customer product,

accounting for 26% of the operating income. Due to the fact that the sales revenue makes up a consequential part of the operating income in contrast to the year 2020, the operating income for the sale to the specific customer product is listed as a Key Audit Matter. For related accounting policies pertaining to revenue recognition, please refer to Note 4 and 21.

Main Audit Procedures conducted by the CPA are as follows:

1. Assess the quality of composition and implementation of the Company's Internal Control Policy that are related to sales income conjointly with the Company's Sales Revenue Recognition Policy.
2. Conduct inspections on selected materials acquired from income reports that are related to sales transactions and receivables, etc. to verify whether the origins of the operating income are documented truthfully.
3. Verify whether the customer has received any substantial sales return or discounts after the transaction.

Additional Matters:

As of December 31, 2021 and 2020, in relation to investee companies that have adopted the equity method for investments, due to the differences in the respective financial reporting structures, the audit engagement for the financial statements of Gemtek Vietnam Co., Ltd. was performed by a separate CPA firm other than us. The financial statements of Gemtek Vietnam Co., Ltd. was audited by a designated CPA in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Therefore, our opinion for the financial statements of Gemtek Vietnam Co., Ltd. derives from the audit report given by its designated CPA where the equity method had been applied to investments and recognized comprehensive income. The total amount of investments by investee companies that have adopted the equity method as of December 31, 2021 and 2020 was NT\$579,584 thousand and NT\$514,927 thousand respectively, accounting for 3% and 3% of the total assets of the individual. The recognized comprehensive income of investments by investee companies as of December 31, 2021 and 2020 was NT\$79,878 thousand and NT\$53,960 thousand respectively, accounting for 3% and 5% of the total comprehensive income of the individual.

Duties and Responsibilities of Management and Corporate Governance

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

In preparing the individual 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 the audit committees, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Individual Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the individual 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 individual 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 individual financial statements, including the disclosures, and whether the individual financial statements

represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the individual 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 individual financial statements for the year ended December 31, 2021 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.

Deloitte & Touche Taiwan
Certified Public Accountant
Ching-zen Yang

Deloitte & Touche Taiwan
Certified Public Accountant
Jing-ting Gung

Securities and Futures Commission
Approved Document Number:
6-0920123784

Securities and Futures Commission
Approved Document Number:
6-0930128050

Date: March 17, 2022

GEMTEK TECHNOLOGY CO., LTD.
Parent Company Only Balance Sheets
December 31, 2021 and 2020
(Expressed in thousands of New Taiwan Dollars)

ASSETS		December 31, 2021		December 31, 2020	
		AMOUNT	%	AMOUNT	%
CURRENT ASSETS					
1100	Cash and cash equivalents (note 4 and 6)	\$ 306,549	2	\$ 855,028	5
1110	Financial assets at fair value through profit or loss - current (note 4 and 7)	125,886	1	120,971	1
1160	Notes receivable from related parties, net (note 4、21 and 31)	-	-	11,250	-
1170	Accounts receivable, net (note 4、10 and 21)	5,443,505	29	5,468,334	32
1180	Accounts receivable from related parties (note 4、21 and 31)	1,045,699	6	1,327,557	8
1200	Other receivables	44,455	-	66,284	-
1210	Other receivables from related parties (note 4 and 31)	13,342	-	9,516	-
1220	Current tax assets (note 4 and 23)	-	-	1,236	-
130X	Inventories (note 4 and 11)	601,047	3	787,994	4
1470	Other current assets (note 4 and 15)	98,586	-	121,574	1
11XX	Total current assets	<u>7,679,069</u>	<u>41</u>	<u>8,769,744</u>	<u>51</u>
NON-CURRENT ASSETS					
1517	Financial assets at fair value through other comprehensive income - non-current (note 4 and 8)	171,508	1	206,283	1
1535	Financial assets at amortized cost - non-current (note 4、9 and 32)	20,000	-	40,000	-
1550	Investments accounted for using the equity method (note 4 and 12)	9,036,521	49	6,823,820	39
1600	Property, plant and equipment (note 4、13 and 31)	1,457,078	8	1,321,057	8
1755	Right-of-use assets (note 4 and 14)	13,873	-	7,705	-
1840	Deferred tax assets (note 4 and 23)	45,910	-	37,713	-
1990	Other non-current assets (note 4、15 and 19)	151,780	1	127,235	1
15XX	Total non-current assets	<u>10,896,670</u>	<u>59</u>	<u>8,563,813</u>	<u>49</u>
1XXX	Total assets	<u>\$ 18,575,739</u>	<u>100</u>	<u>\$ 17,333,557</u>	<u>100</u>
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
2100	Short-term borrowings (note 16)	\$ 2,108,520	11	\$ 1,082,240	6
2120	Financial liabilities at fair value through profit or loss - current (note 4 and 7)	-	-	7,278	-
2130	Contract liabilities - current (note 4 and 21)	155,147	1	191,941	1
2170	Accounts payable	1,081,326	6	1,714,603	10
2180	Accounts payable to related parties (note 31)	1,909,016	10	2,975,357	17
2219	Other payables (note 18 and 31)	452,864	3	474,098	3
2230	Current tax liabilities (note 4 and 23)	21,071	-	51,830	-
2280	Current lease liabilities (note 4 and 14)	5,425	-	2,746	-
2321	Current portion of bonds payable (note 17)	857,842	5	1,179,157	7
2399	Other current liabilities (note 18)	77,575	-	56,499	1
21XX	Total current liabilities	<u>6,668,786</u>	<u>36</u>	<u>7,735,749</u>	<u>45</u>
NON-CURRENT LIABILITIES					
2580	Non-current lease liabilities (note 4 and 14)	8,053	-	4,161	-
2570	Deferred tax liabilities (note 4 and 23)	208,258	1	208,820	1
2670	Other non-current liabilities (note 18)	815	-	824	-
25XX	Total non-current liabilities	<u>217,126</u>	<u>1</u>	<u>213,805</u>	<u>1</u>
2XXX	Total liabilities	<u>6,885,912</u>	<u>37</u>	<u>7,949,554</u>	<u>46</u>
EQUITY (note 4、17 and 20)					
Share capital					
3110	Ordinary shares	3,661,188	20	3,575,905	21
3140	Capital collected in advanced	44,798	-	-	-
3200	Capital surplus	4,441,626	24	4,606,007	26
Retained earnings					
3310	Legal reserve	878,269	4	750,939	4
3320	Special reserve	1,305,902	7	559,574	3
3350	Unappropriated earnings	696,971	4	1,273,304	8
3300	Total retained earnings	<u>2,881,142</u>	<u>15</u>	<u>2,583,817</u>	<u>15</u>
3490	Other equity	661,073	4	(1,381,726)	(8)
3XXX	Total equity	<u>11,689,827</u>	<u>63</u>	<u>9,384,003</u>	<u>54</u>
Total liabilities and equity		<u>\$ 18,575,739</u>	<u>100</u>	<u>\$ 17,333,557</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial statements.

Chairman: Hong-wen Chen General Manager: Rong-chang Li Accounting Supervisor: Zhi-hong Lin

GEMTEK TECHNOLOGY CO., LTD.

Parent Company Only Statements of Comprehensive Income

For the Years Ended December 31, 2021 and 2020

(Expressed in thousands of New Taiwan Dollars, Except Earnings Per Share)

代 碼		2021		2020	
		AMOUNT	%	AMOUNT	%
4000	Operating revenue (note 4、 21 and 31)	\$ 20,562,652	100	\$ 16,484,007	100
5000	Operating costs (note 11、19、 22 and 31)	(19,038,109)	(93)	(14,915,008)	(91)
5900	Gross profit	<u>1,524,543</u>	<u>7</u>	<u>1,568,999</u>	<u>9</u>
	Operating expenses (note 19、22 and 31)				
6100	Selling expenses	(343,402)	(2)	(305,084)	(2)
6200	General and administrative expenses	(277,481)	(1)	(267,323)	(1)
6300	Research and development expenses	(720,649)	(3)	(765,731)	(5)
6450	Expected credit losses reversed on receivables	<u>48</u>	<u>-</u>	<u>47</u>	<u>-</u>
6000	Total operating expenses	(<u>1,341,484</u>)	(<u>6</u>)	(<u>1,338,091</u>)	(<u>8</u>)
6900	Profit from operations	<u>183,059</u>	<u>1</u>	<u>230,908</u>	<u>1</u>
	Non-operating income and expenses				
7100	Interest income (note 22)	2,416	-	5,720	-
7010	Other income (note 22 and 31)	28,975	-	77,870	1
7020	Other gains and losses (note 22 and 31)	50,764	-	840,986	5
7050	Finance costs (note 22)	(30,586)	-	(30,356)	-
7070	Share of profit of subsidiaries and associates (note 4 and 12)	<u>472,392</u>	<u>2</u>	<u>334,512</u>	<u>2</u>
7000	Total non-operating income and expenses	<u>523,961</u>	<u>2</u>	<u>1,228,732</u>	<u>8</u>

(Continued)

(Brought Forward)

		2021		2020	
		AMOUNT	%	AMOUNT	%
7900	Profit before income tax	\$ 707,020	3	\$ 1,459,640	9
7950	Income tax (note 4 and 23)	(27,227)	-	(89,485)	(1)
8200	Net profit for the period	<u>679,793</u>	<u>3</u>	<u>1,370,155</u>	<u>8</u>
	Other comprehensive income /(loss)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plans (note 19)	(3,527)	-	(1,928)	-
8316	Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(29,987)	-	(143,312)	(1)
8330	Share of other comprehensive loss of subsidiaries and associates accounted for using the equity method	2,068,586	10	(16,531)	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of the financial statements of foreign operations	(63,871)	-	(21,747)	-
8370	Share of other comprehensive loss of subsidiaries and associates accounted for using the equity method	(3,032)	-	(32)	-
8300	Other comprehensive income/(loss)	<u>1,968,169</u>	<u>10</u>	<u>(183,550)</u>	<u>(1)</u>
8500	Total comprehensive income	<u>\$ 2,647,962</u>	<u>13</u>	<u>\$ 1,186,605</u>	<u>7</u>
	Earnings per share (note 24)				
9750	Basic earnings per share	<u>\$ 1.89</u>		<u>\$ 3.86</u>	
9850	Diluted earnings per share	<u>\$ 1.69</u>		<u>\$ 3.36</u>	

The accompanying notes are an integral part of the parent company only financial statements.

Chairman: Hong-wen Chen General Manager: Rong-chang Li Accounting Supervisor: Zhi-hong Lin

Parent Company Only Statements of Changes in Equity
For the Years Ended December 31, 2021 and 2020
(Expressed in thousands of New Taiwan Dollars)

		Share Capital (note 17 and 20)							Retained Earnings (note 20)			Other Equity (note 4 and 20)			Total	Treasury Shares	Total Equity
		Shares	Common Stock	Advance Receipts	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated	Exchange	Unrealized	Unearned	Total	Employee	Compensation			
		(in thousands)		for Share Capital	(note 4, 17 and 20)			Earnings	Differences on	Valuation	Employee						
A1	BALANCE AT JANUARY 1, 2020	356,884	\$ 3,568,835	\$ -	\$ 4,761,281	\$ 730,820	\$ 375,960	\$ 203,733	(\$ 497,082)	(\$ 726,028)	\$ -	(\$ 1,223,110)	\$ -	\$ 8,417,519			
B1	Appropriation of 2019 earnings																
B3	Legal reserve	-	-	-	-	20,119	-	(20,119)	-	-	-	-	-	-			
B3	Special reserve	-	-	-	-	-	183,614	(183,614)	-	-	-	-	-	-			
	Total	-	-	-	-	20,119	183,614	(203,733)	-	-	-	-	-	-			
C15	Cash distribution from capital surplus	-	-	-	(177,911)	-	-	-	-	-	-	-	-	(177,911)			
D1	Net profit for the year ended December 31, 2020	-	-	-	-	-	-	1,370,155	-	-	-	-	-	1,370,155			
D3	Other comprehensive loss for the year ended December 31, 2020	-	-	-	-	-	-	(1,855)	(21,779)	(159,916)	-	(181,695)	-	(183,550)			
D5	Total comprehensive income/(loss) for the year ended December 31, 2020	-	-	-	-	-	-	1,368,300	(21,779)	(159,916)	-	(181,695)	-	1,186,605			
L1	Buy-back of ordinary shares	-	-	-	-	-	-	-	-	-	-	-	(68,767)	(68,767)			
L3	Cancellation of treasury shares	(3,293)	(32,930)	-	(35,837)	-	-	-	-	-	-	-	68,767	-			
M3	Disposals of subsidiaries	-	-	-	-	-	-	(4,636)	3,908	4,636	-	8,544	-	3,908			
N1	Issuance of restricted share plan for employees	4,000	40,000	-	58,474	-	-	-	-	-	(98,474)	(98,474)	-	-			
T1	Share-based payment expenses	-	-	-	-	-	-	-	-	-	22,649	22,649	-	22,649			
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	(90,360)	-	90,360	-	90,360	-	-			
Z1	BALANCE AT DECEMBER 31, 2020	357,591	3,575,905	-	4,606,007	750,939	559,574	1,273,304	(514,953)	(790,948)	(75,825)	(1,381,726)	-	9,384,003			
B1	Appropriation of 2020 earnings																
B1	Legal reserve	-	-	-	-	127,330	-	(127,330)	-	-	-	-	-	-			
B3	Special reserve	-	-	-	-	-	746,328	(746,328)	-	-	-	-	-	-			
B5	Cash dividends to shareholders	-	-	-	-	-	-	(357,666)	-	-	-	-	-	(357,666)			
	Total	-	-	-	-	127,330	746,328	(1,231,324)	-	-	-	-	-	(357,666)			
C15	Cash distribution from capital surplus	-	-	-	(357,666)	-	-	-	-	-	-	-	-	(357,666)			
D1	Net profit for the year ended December 31, 2021	-	-	-	-	-	-	679,793	-	-	-	-	-	679,793			
D3	Other comprehensive income/(loss) for the year ended December 31, 2021	-	-	-	-	-	-	(3,463)	(66,903)	2,038,535	-	1,971,632	-	1,968,169			
D5	Total comprehensive income/(loss) for the year ended December 31, 2021	-	-	-	-	-	-	676,330	(66,903)	2,038,535	-	1,971,632	-	2,647,962			
I1	Convertible bonds converted to ordinary shares	8,712	87,123	44,798	204,666	-	-	-	-	-	-	-	-	336,587			
N1	Cancellation of restricted share plan for employees	(184)	(1,840)	-	(2,690)	-	-	-	-	-	4,530	4,530	-	-			

M3	Disposals of subsidiaries	-	-	-	(8,691)	-	-	-	-	-	-	-	(8,691)
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	(21,339)	-	21,339	-	21,339	-	-
T1	Share-based payment expenses	-	-	-	-	-	-	-	-	45,298	45,298	-	45,298
Z1	BALANCE AT DECEMBER 31, 2021	<u>366,119</u>	<u>\$ 3,661,188</u>	<u>\$ 44,798</u>	<u>\$ 4,441,626</u>	<u>\$ 878,269</u>	<u>\$ 1,305,902</u>	<u>\$ 696,971</u>	<u>(\$ 581,856)</u>	<u>\$ 1,268,926</u>	<u>(\$ 25,997)</u>	<u>\$ 661,073</u>	<u>\$ 11,689,827</u>

The accompanying notes are an integral part of the parent company only financial statements.

Chairman: Hong-wen Chen General Manager: Rong-chang Li Accounting Supervisor: Zhi-hong Lin

GEMTEK TECHNOLOGY CO., LTD
Parent Company Only Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

(Expressed in thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
A00010	\$ 707,020	\$ 1,459,640
A20010	Adjustments for:	
A20100	105,137	85,173
A20200	52,287	51,308
A20300	Expected credit losses	
	reversed on receivables	(47)
A20400	Net (gain)/loss on fair value changes of financial [assets/liabilities] at fair value through profit or loss	
	(29,958)	9,201
A20900	30,586	30,356
A21200	(2,416)	(5,720)
A21300	(4,491)	(4,491)
A21900	45,298	22,649
A22400	Share of profit of subsidiaries and associates	
	(472,392)	(334,512)
A22500	Gain on disposal of property, plant and equipment	
	(83)	(113)
A23100	Disposal in subsidiaries and associates accounted for using the equity method	
	(105,631)	-
A23200	-	(833,061)
A23800	(Reversal of) write-down of inventories	
	6,434	(3,121)
A24100	Net (gain)/loss on foreign currency exchange	
	31,686	(2,772)
A30000	Changes in operating assets and liabilities	
A31115	financial assets at fair value through profit or loss	
	17,696	(17,967)
A31130	-	43,346
A31140	Notes receivable from related parties	
	11,250	(11,250)
A31150	(32,716)	(2,191,180)
A31160	Accounts receivable from related parties	
	272,547	(1,317,036)
A31180	18,007	(34,706)
A31200	180,513	(129,152)
A31240	22,730	(22,350)
A31990	(2,143)	(2,246)
A32125	(28,096)	(14,743)
A32130	-	(21,345)
A32150	(626,683)	1,388,758
A32160	Accounts payable to related parties	
	(1,053,977)	208,585

(Continued)

(Brought Forward)

		2021	2020
A32180	Other payables	(\$ 21,371)	\$ 187,965
A32230	Other current liabilities	<u>24,559</u>	<u>27,603</u>
A33000	Cash used in operations	(854,255)	(1,431,228)
A33100	Interest received	2,412	5,972
A33200	Dividends received	4,491	4,491
A33300	Interest paid	(14,966)	(13,437)
A33500	Income tax paid	(<u>65,509</u>)	(<u>8,443</u>)
AAAA	Net cash used in operating activities	(<u>927,827</u>)	(<u>1,442,645</u>)
CASH FLOWS FROM INVESTING ACTIVITIES			
B00010	Purchase of financial assets at fair value through other comprehensive income	(3,592)	(22,953)
B00020	Proceeds from sale of financial assets at fair value through other comprehensive income	8,380	7
B00040	Purchase of financial assets at amortized cost	-	(20,000)
B00050	Proceeds from disposal of financial assets at amortised cost	20,000	-
B01800	Acquisition of investments accounted for using the equity method	(153,000)	-
B02400	Capital reduction in subsidiary and refund to shareholders	300,000	-
B02700	Payments for property, plant and equipment	(243,271)	(278,072)
B02300	Net cash inflow on disposal of subsidiary	-	830,760
B02800	Proceeds from disposal of property, plant and equipment	5,674	6,381
B03700	Decrease (Increase) in refundable deposits	(2,198)	737
B05350	Payments for right-of-use assets	-	(943)
B06700	Increase in other non-current assets	(76,018)	(65,526)
B07600	Dividends received from subsidiaries	<u>211,314</u>	<u>151,422</u>
BBBB	Net cash generated from investing activities	<u>67,289</u>	<u>601,813</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
C00100	Increase short-term borrowings	1,030,475	786,370
C04020	Repayment of the principal portion of lease liabilities	(3,075)	(3,216)
C04300	Increase (Decrease) in other non-current liabilities	(9)	795
C04500	Cash dividends paid	(715,332)	(177,911)
C04900	Payments for buy-back of ordinary shares	<u>-</u>	<u>(68,767)</u>
CCCC	Net cash generated from financing activities	<u>312,059</u>	<u>537,271</u>
EEEE	NET DECREASE IN CASH AND CASH EQUIVALENTS	(548,479)	(303,561)
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>855,028</u>	<u>1,158,589</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 306,549</u>	<u>\$ 855,028</u>

The accompanying notes are an integral part of the parent company only financial statements.
Chairman: Hong-wen Chen General Manager: Rong-chang Li Accounting Supervisor: Zhi-hong Lin

Auditor's Review Report

(Translation)

To Gemtek Technology Co., Ltd.,

Opinion

We have audited the accompanying consolidated financial statements of Gemtek Technologies Co., Ltd. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 Group's consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We hereby summarize the Key Audit Matters of the 2021 Consolidated Financial Statements of the Group as follows:

Revenue Recognition

The 2021 operating income of Gemtek Technology Co., Ltd. and its subsidiaries is NT\$22,912,691 thousand, in which NT\$5,247,644 thousand sales revenue is attributed to the sale of a major customer product, accounting for 23% of the operating income. Due to the fact that the sales revenue makes up a consequential part of the operating income in contrast to the year 2020, the operating income for the sale to the specific customer product is listed as a Key Audit Matter. For related accounting policies pertaining to revenue recognition, please refer to Note 4 and 22.

Main Audit Procedures conducted by the CPA are as follows:

1. Assess the quality of composition and implementation of the Company's Internal Control Policy that are related to sales income conjointly with the Company's Sales Revenue Recognition Policy.
2. Conduct inspections on selected materials acquired from income reports that are related to sales transactions and receivables, etc. to verify whether the origins of the operating income are documented truthfully.
3. Verify whether the customer has received any substantial sales return or discounts after the transaction.

Additional Matters:

The financial statements of Gemtek Vietnam Co., Ltd. for the years ended December 31, 2021 and 2020 have been incorporated in the consolidated financial statements of Gemtek Technologies Co., Ltd. and its subsidiaries. Due to the differences in the respective financial reporting structures, the audit engagement for the financial statements of Gemtek Vietnam Co.,

Ltd. was performed by a separate CPA firm other than us. The financial statements of Gemtek Vietnam Co., Ltd. was audited by the appointed CPA in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Therefore, when issuing our opinions for the consolidated financial statements, the opinions for the financial statements of Gemtek Vietnam Co., Ltd. is based on the audit report given by the appointed CPA. The total asset of Gemtek Vietnam Co., Ltd. as of December 31, 2021 and 2020 were NT\$2,091,260 thousand and NT\$2,232,563 thousand respectively, accounting for 10% and 12% of the total consolidated assets. The net operating income from January 1 to December 31, 2021 and 2020 were NT\$1,104 thousand and NT\$70 thousand respectively, accounting for 0% and 0% of the consolidated net operating income.

We have audited the individual financial statements of Gemtek Technologies Co., Ltd. as of and for the years December 31, 2021 and 2020 on which we have issued an unmodified opinion.

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, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, 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 the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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 and appropriate audit evidence regarding the financial information of 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, 2021 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.

Deloitte & Touche Taiwan
Certified Public Accountant
Ching-zen Yang

Deloitte & Touche Taiwan
Certified Public Accountant
Jing-ting Gung

Securities and Futures Commission
Approved Document Number:
6-0920123784

Securities and Futures Commission
Approved Document Number:
6-0930128050

Date: March 17, 2022

GEMTEK TECHNOLOGY CO., LTD.
Parent Company and Subsidiaries Balance Sheets
December 31, 2021 and 2020
(Expressed in thousands of New Taiwan Dollars)

code	ASSETS	December 31,2021		December 31,2020	
		AMOUNT	%	AMOUNT	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (note 4 and 6)	\$ 1,275,808	6	\$ 1,925,250	10
1110	Financial assets at fair value through profit or loss - current (note 4 and 7)	142,860	1	160,308	1
1136	Financial assets at amortized cost - current (note 4, 9 and 33)	137,291	1	3,274	-
1160	Notes receivable from related parties , net (note 32)	-	-	11,250	-
1170	Accounts receivable, net (note 4 、 10 and 22)	6,157,358	30	5,888,372	32
1180	Accounts receivable from related parties (note 4 、 22 and 32)	201,980	1	112,537	1
1200	Other receivables (note 4 、 32)	113,617	1	65,196	-
1220	Current tax assets (note 4 and 24)	324	-	1,236	-
130X	Inventories (note 4 and 11)	3,748,983	18	4,189,305	22
1470	Other current assets (note 4 and 16)	<u>231,273</u>	<u>1</u>	<u>316,917</u>	<u>2</u>
11XX	Total current assets	<u>12,009,494</u>	<u>59</u>	<u>12,673,645</u>	<u>68</u>
	NON-CURRENT ASSETS				
1517	Financial assets at fair value through other comprehensive income - non-current (note 4 and 8)	2,823,493	14	925,288	5
1535	Financial assets at amortized cost - non-current (note 4 、 9 and 33)	20,000	-	172,652	1
1550	Investments accounted for using the equity method (note 4 ,12 and 13)	1,109,983	6	1,111,163	6
1600	Property, plant and equipment (note 4 and 14)	3,471,538	17	3,325,158	18
1755	Right-of-use assets (note 4 and 15)	137,653	1	111,160	1
1805	Goodwill (note 4 and 27)	265,224	1	72,845	-
1821	Other intangible assets	83,817	1	6,918	-
1840	Deferred tax assets (note 4 and 24)	48,005	-	40,841	-
1990	Other non-current assets (note 4 、 16 and 20)	<u>247,823</u>	<u>1</u>	<u>216,706</u>	<u>1</u>
15XX	Total non-current assets	<u>8,207,536</u>	<u>41</u>	<u>5,982,731</u>	<u>32</u>
1XXX	Total assets	<u>\$ 20,217,030</u>	<u>100</u>	<u>\$ 18,656,376</u>	<u>100</u>
	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term borrowings (note 17)	\$ 2,108,520	10	\$ 1,082,240	6
2120	Financial liabilities at fair value through profit or loss - current (note 4 and 7)	-	-	7,278	-
2130	Contract liabilities - current (note 4 and 22)	307,167	2	218,433	1
2170	Accounts payable	3,944,962	20	5,697,231	31
2180	Accounts payable to related parties (note 32)	5,667	-	304	-
2219	Other payables (note 19 and 32)	713,200	4	713,758	4
2230	Current tax liabilities (note 4 and 24)	25,910	-	80,331	1
2280	Current lease liabilities (note 4 and 15)	14,918	-	3,012	-
2321	Current portion of bonds payable (note 18)	857,842	4	1,179,157	6
2399	Other current liabilities (note 19)	<u>78,522</u>	<u>-</u>	<u>61,869</u>	<u>-</u>
21XX	Total current liabilities	<u>8,056,708</u>	<u>40</u>	<u>9,043,613</u>	<u>49</u>
	NON-CURRENT LIABILITIES				
2570	Deferred tax liabilities (note 4 and 24)	218,933	1	222,621	1
2580	Non-current lease liabilities (note 4 and 15)	24,102	-	4,528	-
2670	Other non-current liabilities (note 19)	<u>1,466</u>	<u>-</u>	<u>1,479</u>	<u>-</u>
25XX	Total non-current liabilities	<u>244,501</u>	<u>1</u>	<u>228,628</u>	<u>1</u>
2XXX	Total liabilities	<u>8,301,209</u>	<u>41</u>	<u>9,272,241</u>	<u>50</u>
	EQUITY (note 4 、 18 、 21 and 26)				
	Share capital				
3110	Ordinary shares	<u>3,661,188</u>	<u>18</u>	<u>3,575,905</u>	<u>19</u>
3140	Capital collected in advance	<u>44,798</u>	<u>1</u>	<u>-</u>	<u>-</u>
3200	Capital surplus	<u>4,441,626</u>	<u>22</u>	<u>4,606,007</u>	<u>25</u>
	Retained earnings				
3310	Legal reserve	878,269	4	750,939	4
3320	Special reserve	1,305,902	7	559,574	3
3350	Unappropriated earnings	<u>696,971</u>	<u>3</u>	<u>1,273,304</u>	<u>7</u>
3300	Total retained earnings	<u>2,881,142</u>	<u>14</u>	<u>2,583,817</u>	<u>14</u>
3490	Other equity	<u>661,073</u>	<u>3</u>	<u>(1,381,726)</u>	<u>(8)</u>
31XX	Total equity attributable to owners of parent	11,689,827	58	9,384,003	50
36XX	Non-controlling interests (note 21)	<u>225,994</u>	<u>1</u>	<u>132</u>	<u>-</u>
3XXX	Total equity	<u>11,915,821</u>	<u>59</u>	<u>9,384,135</u>	<u>50</u>
	Total liabilities and equity	<u>\$ 20,217,030</u>	<u>100</u>	<u>\$ 18,656,376</u>	<u>100</u>

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

Chairman: Hong-wen Chen General Manager: Rong-chang Li Accounting Supervisor: Zhi-hong Lin

GEMTEK TECHNOLOGY CO., LTD.

Parent Company and Subsidiaries Statements of Comprehensive Income

For the Years Ended December 31, 2021 and 2020

(Expressed in thousands of New Taiwan Dollars, Except Earnings Per Share)

c o d e		2021		2020	
		Amount	%	Amount	%
4000	Operating revenue (note 4 、 22 and 32)	\$ 22,912,691	100	\$ 19,929,372	100
5000	Operating costs (note 11 、 20 、 23 and 32)	(20,852,099)	(91)	(17,663,796)	(89)
5900	Gross profit	<u>2,060,592</u>	<u>9</u>	<u>2,265,576</u>	<u>11</u>
	Operating expenses (note 20 、 23 and 32)				
6100	Selling expenses	(401,480)	(2)	(389,400)	(2)
6200	General and administrative expenses	(549,607)	(3)	(533,312)	(3)
6300	Research and development expenses	(753,460)	(3)	(874,998)	(4)
6450	Expected credit losses reversed on receivables	<u>48</u>	<u>-</u>	<u>47</u>	<u>-</u>
6000	Total operating expenses	(<u>1,704,499</u>)	(<u>8</u>)	(<u>1,797,663</u>)	(<u>9</u>)
6900	Profit from operations	<u>356,093</u>	<u>1</u>	<u>467,913</u>	<u>2</u>
	Non-operating income and expenses				
7100	Interest income (note 23)	21,290	-	27,033	-
7010	Other income (note 23 and 32)	65,953	-	117,205	1
7020	Other gains and losses (note 23 、 28 and 32)	129,803	1	960,490	5
7050	Finance costs (note 23)	(30,803)	-	(30,843)	-
7060	Share of profit of subsidiaries and associates (note 4 and 13)	<u>181,117</u>	<u>1</u>	<u>31,374</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>367,360</u>	<u>2</u>	<u>1,105,259</u>	<u>6</u>
7900	Profit before income tax	723,453	3	1,573,172	8
7950	Income tax (note 4 and 24)	(<u>41,869</u>)	<u>-</u>	(<u>165,598</u>)	(<u>1</u>)
8200	Net profit for the period	<u>681,584</u>	<u>3</u>	<u>1,407,574</u>	<u>7</u>

(Cont i nued)

(Brought forward)

c o d e	2021		2020		
	Amount	%	Amount	%	
	Other comprehensive income / (loss)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plans (note 20)	(\$ 3,527)	-	(\$ 1,928)	-
8316	Unrealized loss on investments in equity instruments at fair value through other comprehensive income				
		2,038,535	9	(160,503)	(1)
8330	Share of other comprehensive loss of subsidiaries and associates accounted for using the equity method				
		64	-	73	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of the financial statements of foreign operations				
		(63,871)	-	(21,747)	-
8370	Share of other comprehensive loss of subsidiaries and associates accounted for using the equity method				
		(3,032)	-	(85)	-
8300	Other comprehensive income / (loss)				
		<u>1,968,169</u>	<u>9</u>	<u>(184,190)</u>	<u>(1)</u>
8500	Total comprehensive income				
		<u>\$ 2,649,753</u>	<u>12</u>	<u>\$ 1,223,384</u>	<u>6</u>
	Profit, attributable to:				
8610	Profit, attributable to owners of parent				
		\$ 679,793	3	\$ 1,370,155	7
8620	Profit, attributable to non-controlling interests				
		<u>1,791</u>	<u>-</u>	<u>37,419</u>	<u>-</u>
8600					
		<u>\$ 681,584</u>	<u>3</u>	<u>\$ 1,407,574</u>	<u>7</u>
	Profit, attributable to:				
8710	Comprehensive income, attributable to owners of parent				
		\$ 2,647,962	12	\$ 1,186,605	6
8720	Comprehensive income, attributable to non-controlling interests				
		<u>1,791</u>	<u>-</u>	<u>36,779</u>	<u>-</u>
8700					
		<u>\$ 2,649,753</u>	<u>12</u>	<u>\$ 1,223,384</u>	<u>6</u>
	Earnings per share (note 25)				
9750	Basic earnings per share				
		<u>\$ 1.89</u>		<u>\$ 3.86</u>	

9850	Diluted earnings per share	\$ <u>1.69</u>	\$ <u>3.36</u>
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The accompanying notes are an integral part of the consolidated financial statements.

Chairman: Hong-wen Chen

General Manager: Rong-chang Li

Accounting Supervisor: Zhi-hong Lin

M3	Disposals of subsidiaries	-	-	-	(8,691)	-	-	-	-	-	-	-	-	(8,691)	
N1	Cancellation of restricted share plan for employees	(184)	(1,840)	-	(2,690)	-	-	-	-	-	4,530	4,530	-	-	
O1	Changes of non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	224,071	224,071	
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	(21,339)	-	21,339	-	21,339	-	-	-	
T1	Share-based payment expenses	-	-	-	-	-	-	-	-	45,298	45,298	-	-	45,298	
Z1	BALANCE AT DECEMBER 31, 2021	<u>366,119</u>	<u>\$ 3,661,188</u>	<u>\$ 44,798</u>	<u>\$ 4,441,626</u>	<u>\$ 878,269</u>	<u>\$ 1,305,902</u>	<u>\$ 696,971</u>	<u>(\$ 581,856)</u>	<u>\$ 1,268,926</u>	<u>(\$ 25,997)</u>	<u>\$ 661,073</u>	<u>\$ -</u>	<u>\$ 225,994</u>	<u>\$ 11,915,821</u>

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

Chairman: Hong-wen Chen

General Manager: Rong-chang Li

Accounting Supervisor: Zhi-hong Lin

GEMTEK TECHNOLOGY CO., LTD

Parent Company and Subsidiaries Statements of Cash Flows

For the Years Ended December 31, 2021 and 2020

(Expressed in thousands of New Taiwan Dollars)

code		2021	2020
	CASH FLOWS FROM OPERATING		
	ACTIVITIES		
A00010	Income before income tax	\$ 723,453	\$ 1,573,172
A20010	Adjustments for:		
A20100	Depreciation expense	369,327	329,409
A20200	Amortization expense	105,618	89,720
A20300	Expected credit losses		
	reversed on receivables		
	expense	(48)	(47)
A20400	Net (gain)/loss on fair value		
	changes of financial		
	[assets/liabilities] at fair value		
	through profit or loss	(31,797)	7,786
A20900	Finance costs	30,803	30,843
A21200	Interest income	(21,290)	(27,033)
A21300	Dividend income	(4,812)	(6,552)
A21900	Share-based payment expenses	45,298	22,649
A22300	Share of profit of subsidiaries		
	and associates	(181,117)	(31,374)
A22500	Gain on disposal of property,		
	plant and equipment	4,601	2,480
A23100	Gain on disposal of associates	(187,819)	-
A23200	Gain on disposal of subsidiaries	-	(1,033,557)
A23700	Write-down of inventories	26,493	30,661
A24100	Net loss on foreign currency		
	exchange	29,091	78,756
A30000	Changes in operating assets and		
	liabilities		
A31115	financial assets at fair value		
	through profit or loss	41,312	(30,571)
A31130	Notes receivable	-	43,732
A31140	Notes receivable from related		
	parties	11,250	(11,250)
A31150	Accounts receivable	(534,077)	(2,548,429)
A31160	Accounts receivable from related		
	parties	(89,683)	(54,104)
A31180	Other receivables	(58,510)	(67,899)
A31200	Inventories	311,581	(2,180,699)
A31240	Other current assets	69,951	(122,204)
A31990	Prepaid pension	1,384	(2,246)
A32125	Contract liabilities	33,581	(20,735)
A32130	Notes payable	-	(21,345)
A32150	Accounts payable	(1,696,546)	2,708,434
A32160	Accounts payable to related		
	parties	197,502	44,481

(Continued)

(Brought Forward)

<u>c o d e</u>		<u>2021</u>	<u>2020</u>
A32180	Other payables	\$ 186,460	\$ 236,628
A32230	Other current liabilities	<u>132,598</u>	<u>69,310</u>
A33000	Cash used in operations	(485,396)	(889,984)
A33100	Interest received	29,156	37,771
A33200	Dividends received	4,812	6,552
A33300	Interest paid	(15,248)	(13,621)
A33500	Income tax paid	(<u>106,230</u>)	(<u>47,414</u>)
AAAA	Net cash used in operating activities	(<u>572,906</u>)	(<u>906,696</u>)
CASH FLOWS FROM INVESTING ACTIVITIES			
B00010	Purchase of financial assets at fair value through other comprehensive income	(25,593)	(27,336)
B00020	Proceeds from sale of financial assets at fair value through other comprehensive income	219,349	98,471
B00040	Purchase of financial assets at amortized cost	-	(20,016)
B00050	Proceeds from disposal of financial assets at amortized cost	20,000	-
B02200	Net cash inflow from acquisition of subsidiaries (note 27)	219,968	7,696
B02300	Net cash inflow on disposal of subsidiaries	-	477,364
B02700	Acquisition of property, plant and equipment	(550,512)	(823,641)
B02800	Proceeds from disposal of property, plant and equipment	13,872	32,317
B04500	Acquisition of intangible assets	(652)	(652)
B06700	Increase in other non-current assets	(<u>144,810</u>)	(<u>145,034</u>)
BBBB	Net cash used in investing activities	(<u>248,378</u>)	(<u>400,831</u>)
CASH FLOWS FROM FINANCING ACTIVITIES			
C00100	Increase short-term borrowings	1,026,280	745,360
C04020	Repayment of the principal portion of lease liabilities	(4,803)	(6,035)
C04300	Increase in other non-current liabilities	2,478	366
C04500	Cash dividends paid	(715,332)	(177,911)
C04900	Payments for buy-back of ordinary shares	<u>-</u>	(<u>68,767</u>)
CCCC	Net cash generated from financing activities	<u>308,623</u>	<u>493,013</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	(<u>136,781</u>)	<u>8,646</u>

EEEE	NET DECREASE IN CASH AND CASH EQUIVALENTS	(649,442)	(805,868)
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,925,250</u>	<u>2,731,118</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,275,808</u>	<u>\$ 1,925,250</u>

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

Chairman: Hong-wen Chen General Manager: Rong-chang Li Accounting Supervisor: Zhi-hong Lin

Gemtek Technology Co., Ltd. 2021 Profit Distribution Table

Unit: NT\$

Item	Amount
2020 Undistributed retained earnings	41,979,719
2021 Profit after tax	679,793,188
Less: Recognized retained earnings from remeasurement of Defined Benefit Plans	(3,462,374)
Less: Transfer accumulated profit or loss to retained earnings for the disposal of equity investment instruments measured at fair value through other comprehensive income	(21,339,474)
Adjusted unappropriated retained earnings from current profit after tax and extraordinary items	654,991,340
Less: Legal Capital Reserve (10%)	(65,499,134)
Add : Reverse Special Capital Reserve	1,110,263,068
Profit available for distribution for the current period	1,741,734,993
Shareholder dividend (NT\$1.5/share)	607,738,466
Undistributed retained earnings for the year end	1,133,996,527

Note 1: The payout ratio was calculated on the basis of 405,158,977 outstanding shares as of March 17, 2022. Each common shareholder shall be entitled to receive a cash dividend of NT\$1.5 per share. Cash dividends shall be distributed only to the minimal extent of the smallest integer. Any fractional amounts rendered below NT\$1 shall be transferred to the Employee Benefits Committee.

Note 2: In the event that the proposed profit distribution plan is affected by the buyback of the Company's common stock, transfer, conversion or cancellation of the treasury shares, the exercise of the employee stock options or the conversion of convertible bonds, it is proposed that the Board of Directors be fully authorized by the Shareholder's Meeting to adjust the dividend ratio and handle relevant matters accordingly.

Chairman: Hong-wen Chen

General Manager: Rong-chang Li

Accounting Supervisor: Zhi-hong Lin

Report on Convertible Bonds

The offering and issuance of unsecured convertible bonds for the 5th term is described as follows:

- (1) The offering and issuance of unsecured convertible bonds for the 5th term was listed in the market on March 15th, 2019.
- (2) The amount of unsecured convertible bonds offered and issued for the 5th term is NT\$1.2 billion.
- (3) The conversion price of the convertible bonds at the time of issuance is NT\$26.9. The conversion price was adjusted to NT\$24.8 on August 10, 2021.
- (4) As of March 15, 2022, the number of shares requested to be converted into ordinary shares by the bondholder per conversion procedure was 47,752,481 shares, the conversion amount was NT\$1,196,700 thousand.
- (5) As of April 15, 2022, the amount of unconverted bonds in total was NT\$3,300 thousand, traded at par.

Gemtek Technology Co., Ltd.

Sustainable Development Best Practice Principles

Chapter I General Principles

Article 1 Gemtek Technology Co., Ltd. (hereinafter referred to as the “Company”) is committed to fulfill its corporate social responsibility initiatives and to promote economic, environmental, and social advancement for the purpose of sustainable development, in consequence, has adopted its own corporate social responsibility practices (hereinafter referred to as the “ Principle”) by following the Sustainable Development Best Practice Principles and relevant regulations that had been jointly formulated by the Taiwan Stock Exchange Corporation ("TWSE") and GreTai Securities Market ("GTSM").

Article 2 The Company shall actively fulfill its corporate social responsibility in the course of its business operations so as to follow international development trends and to contribute to the economic development of the country, to improve the quality of life of employees, the community, and society by acting as responsible corporate citizens, and to enhance competitive edges built on corporate social responsibility.

Article 3 In fulfilling corporate social responsibility initiatives, the Company shall, within the scope of its corporate management guidelines and business operations, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance.

Article 4 To implement corporate social responsibility initiatives, the Company shall follow the principles below:

1. Exercise corporate governance.
2. Foster a sustainable environment.
3. Preserve public welfare.
4. Enhance disclosure of corporate social responsibility information.

Article 5 The Company shall establish corporate social responsibility policies, systems, or relevant management guidelines, which shall be approved by the board of directors and then reported to the shareholders meeting.

When a shareholder proposes a motion involving corporate social responsibility, the Company's board of directors is advised to review and consider including the motion in the shareholders meeting agenda.

Chapter 2 Exercising Corporate Governance

- Article 6 The Company shall establish effective corporate governance frameworks and relevant ethical standards in compliance with the following guidelines set forth by the TWSE/GTSM for Listed Companies: the Corporate Governance Best Practice Principles, the Ethical Corporate Management Best Practice Principles, and the Code of Ethical Conduct.
- Article 7 The directors of the Company shall exercise the due care of good administrators to urge the Company to perform its corporate social responsibility initiatives, examine the results of the implementation thereof from time to time and continually make adjustments so as to ensure the thorough implementation of its corporate social responsibility policies.
- Article 8 The Company shall, on a regular basis, organize education and training on the implementation of corporate social responsibility initiatives.
- Article 9 The Company shall, based on respect for the rights and interests of stakeholders, identify stakeholders of the Company, and establish a designated section for stakeholders on the Company website; understand the reasonable expectations and demands of stakeholders through proper communication with them, and adequately respond to the important corporate social responsibility issues which they are concerned about.

Chapter 3 Fostering a Sustainable Environment

- Article 10 The Company shall follow relevant environmental laws, regulations and international standards to properly protect the environment and shall endeavor to promote a sustainable environment when engaging in business operations and internal management.
- Article 11 The Company shall endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment to improve sustainability of natural resources.
- Article 12 The Company shall establish proper environment management systems based on the characteristics of its industries. Such systems shall include the following tasks:
1. Collecting sufficient and up-to-date information to evaluate the impact of the Company's business operations on the natural environment.
 2. Establishing measurable goals for environmental sustainability, and examining whether the development of such goals should be maintained and whether it is still relevant on a regular basis.
 3. Adopting enforcement measures such as concrete plans or action plans, and examining the results of its operation on a regular basis.

Article 13 The Company shall establish a dedicated unit or assign dedicated personnel for drafting, promoting, and maintaining relevant environment management systems and concrete action plans, and should hold environment education courses for its managerial officers and other employees on a periodic basis.

Article 14 The Company shall take into account the effect of business operations on ecological efficiency, promote and advocate the concept of sustainable consumption, and conduct research and development, procurement, production, operations, and services in accordance with the following principles to reduce the impact on the natural environment and human beings from its business operations:

1. Reduce resource and energy consumption of their products and services.
2. Reduce emission of pollutants, toxins and waste, and dispose of waste properly.
3. Improve recyclability and reusability of raw materials or products.
4. Maximize the sustainability of renewable resources.
5. Enhance the durability of products.
6. Improve efficiency of products and services.

Article 15 To improve water use efficiency, the Company shall properly and sustainably use water resources and establish relevant management measures.

The Company shall construct and improve environmental protection treatment facilities to avoid polluting water, air, and land, and use its best efforts to reduce adverse impact on human health and the environment by adopting the best practical pollution prevention and control measures.

Article 16 The Company shall assess the effects of climate change on its business operations. The Company shall adopt standards or guidelines generally used in Taiwan and abroad to enforce corporate greenhouse gas inventory. The Companies' carbon reduction strategies should be promoted accordingly to minimize the impact of its business operations as a result of climate change.

Chapter 4 Preserving Public Welfare

Article 17 The Company shall comply with relevant laws pertaining to labor, employee rights protection, and the internationally recognized human rights of labor, including the freedom of association, the right of collective bargaining, caring for vulnerable groups, prohibiting the use of child labor, eliminating all forms of forced labor, eliminating recruitment and employment discrimination, and shall ensure that their human resource policies do not contain differential treatments based on gender, race, socioeconomic status, age, or marital and family status, so as to achieve equality and fairness in employment, hiring conditions, remuneration, benefits, training, evaluation, and promotion opportunities.

The Company shall provide an effective and appropriate grievance mechanism with respect to matters adversely impacting the rights and interests of the labor force. In order to ensure equality and transparency of the grievance process, channels through which a grievance may be raised shall be clear, convenient,

and unobstructed. The Company shall respond to any employee's grievance in an appropriate manner.

Article 18 The Company shall provide information for its employees so that the employees have knowledge of the labor laws and the rights they enjoy in the countries where the Company conducts its business operations.

Article 19 The Company shall provide safe and healthful work environments for its employees, including necessary health and first-aid facilities and shall endeavor to curb dangers to employees' safety and health and to prevent occupational accidents. The Company shall organize training on safety and health for their employees on a regular basis.

Article 20 The Company shall create an environment conducive to the development of their employees' careers and establish effective training programs to foster career skills.

Article 21 The Company shall establish a platform to facilitate regular two-way communication between the management and the employees for the employees to obtain relevant information on and express their opinions on the Company's operations, management and decisions.

The Company shall respect the employee representatives' rights to bargain for the working conditions, and shall provide the employees with necessary information and hardware equipment, in order to improve the negotiation and cooperation among employers, employees and employee representatives.

The Company shall, by reasonable means, inform employees of operation changes that might have material impacts.

Article 22 The Company shall take responsibility for its products and services, and take marketing ethics seriously. The Company shall treat customers or consumers of its products or services in a fair and reasonable manner to prevent the products or services from adversely impacting the rights, interests, health, or safety of consumers.

Article 23 The Company shall ensure the quality of their products and services by following the laws and regulations of the government and relevant standards of their industries.

The Company shall follow relevant laws, regulations and international guidelines in regard to marketing and labeling of its products and services, and shall not deceive, mislead, commit fraud or engage in any other acts which would betray consumers' trust or damage consumers' rights or interests.

Article 24 The Company shall evaluate and manage all types of risks that could cause interruptions in operations, so as to reduce the impact on consumers and society.

The Company shall provide a clear and effective procedure for accepting consumer complaints to fairly and timely handle consumer complaints, and shall comply with laws and regulations related to the Personal Information Protection Act for respecting consumers' rights of privacy and shall protect personal data

provided by consumers.

Article 25 The Company shall assess the impact of its procurement procedures on the environment and social community that it is procuring from, and shall communicate with their suppliers to jointly support the corporate social responsibility initiative.

Article 26 The Company shall evaluate the impact of its business operations on the local community, and hire employees from the local community where the business operations are located to enhance community acceptance.

The Company shall, through commercial activities, endowments, volunteering services or other charitable professional services etc., participate in events held by civil society organizations, charities and local government agencies to promote community development.

Chapter 5 Enhancing Disclosure of Corporate Social Responsibility Information

Article 27 In the interest of enhancing information transparency, the Company shall, in compliance with relevant laws, regulations, and the Corporate Governance Best Practice Principles for TWSE/GTSM listed Companies, disclose information to its stakeholders with complete accuracy and fairness.

Article 28 The Company shall adopt internationally recognized standards or guidelines provided by the Global Reporting Initiative (GRI) when regularly producing corporate social responsibility reports to disclose the performance of its implementation of the corporate social responsibility policy, and shall obtain a third-party assurance or verification for reports.

Chapter 6 Supplementary Provisions

Article 29 The Company shall at all times monitor the development of domestic and foreign corporate social responsibility standards and the change of business environment so as to examine and improve their established corporate social responsibility framework and to obtain better results from the implementation of the corporate social responsibility policy.

Article 30 The Principles shall be implemented after an approval is made by the board of directors. The same procedure shall apply to any amendment thereto.

This Principle was established on March 17, 2022.

Share Repurchases Report

As of Date: May 9, 2022

Term of Repurchase	10th
Reason	Maintain Company Credibility and Shareholder Equity
Repurchase Period	April 21, 2022 – June 20, 2022
Repurchase Price Range	NT\$28.00~NT\$38.00
Type and Number of Shares Repurchased	3,734,000 Common Shares
Total Value of Repurchased Shares	NT\$111,243,782
Number of Cancelled and Transferred Shares	0 shares
Cumulative Number of Company Shares Held	0 shares
Percentage of Cumulative Shareholding (%)	0 shares

Gemtek Technology Co., Ltd.

Amendments to the Articles of Incorporation

Comparison Chart

After Amendment	Before Amendment	Reasons for Amendment
Section III - Shareholders' Meetings	Section III - Shareholders' Meetings	Title of Section Amended
<p><u>Article 9-1</u> <u>Shareholders' meeting can be held by means of visual communication network or other methods promulgated by the central competent authority.</u></p>	<u>(Insert provision)</u>	<p>On December 29, 2021, Article 172-2 of the Company Act was enacted stating that a public company may, according to Article 172-1, explicitly provide for in its Articles of Incorporation that its shareholders' meeting can be held by means of visual communication network or other methods promulgated by the competent authority, namely, the Ministry of Economic Affairs. While taking the government's latest policy into consideration and keeping up with demands for digitization, the company therefore decides to update its provisions in the Articles of Incorporation governing Shareholders' Meeting (Article 9-1). The purpose is to provide new options for shareholders to actively participate in the shareholders' meeting by means of video conference or other methods that are deemed appropriate by the competent authority.</p>

After Amendment	Before Amendment	Reasons for Amendment
Section III - Shareholders' Meetings	Section III - Shareholders' Meetings	Title of Section Amended
<p><u>Article 9-1</u> <u>Shareholders' meeting can be held by means of visual communication network or other methods promulgated by the central competent authority.</u></p>	<p><u>(Insert provision)</u></p>	<p>On December 29, 2021, Article 172-2 of the Company Act was enacted stating that a public company may, according to Article 172-1, explicitly provide for in its Articles of Incorporation that its shareholders' meeting can be held by means of visual communication network or other methods promulgated by the competent authority, namely, the Ministry of Economic Affairs. While taking the government's latest policy into consideration and keeping up with demands for digitization, the company therefore decides to update its provisions in the Articles of Incorporation governing Shareholders' Meeting (Article 9-1). The purpose is to provide new options for shareholders to actively participate in the shareholders' meeting by means of video conference or other methods that are deemed appropriate by the competent authority.</p>
<p>These Articles of Incorporation were entered into on..... The twentieth amendment was made on June 15, 2015 The twenty-first amendment was made on June 14, 2016 The twenty-second amendment was made on June 18, 2019 <u>The twenty-third amendment was made on June 09, 2019</u></p>	<p>These Articles of Incorporation were entered into on..... The twentieth amendment was made on June 15, 2015 The twenty-first amendment was made on June 14, 2016 The twenty-second amendment was made on June 18, 2019</p>	<p>Amendment date of the Articles of Incorporation.</p>

After Amendment	Before Amendment	Reasons for Amendment
Section III - Shareholders' Meetings	Section III - Shareholders' Meetings	Title of Section Amended
<p><u>Article 9-1</u> <u>Shareholders' meeting can be held by means of visual communication network or other methods promulgated by the central competent authority.</u></p>	<p><u>(Insert provision)</u></p>	<p>On December 29, 2021, Article 172-2 of the Company Act was enacted stating that a public company may, according to Article 172-1, explicitly provide for in its Articles of Incorporation that its shareholders' meeting can be held by means of visual communication network or other methods promulgated by the competent authority, namely, the Ministry of Economic Affairs. While taking the government's latest policy into consideration and keeping up with demands for digitization, the company therefore decides to update its provisions in the Articles of Incorporation governing Shareholders' Meeting (Article 9-1). The purpose is to provide new options for shareholders to actively participate in the shareholders' meeting by means of video conference or other methods that are deemed appropriate by the competent authority.</p>

Gemtek Technology Co., Ltd.

Amendments to the Procedures Governing Acquisition and Disposal of Assets

Comparison Chart

Before Amendment	After Amendment	Reasons for Amendment
<p>Article 4 Evaluation and Operating Procedures for Acquisition or Disposal of Assets</p> <p>1.Unamended 2.Unamended 3. (1) Unamended 3. (2) The acquired or disposed amount of securities by the company reaches the threshold as articulated in Article 7 of this procedure shall undergo public announcement and filing. Except for the following mentioned securities, the company shall obtain the latest financial statements that have been audited and reviewed by the CPA as reference for the evaluation of the price prior to the transaction date. If the difference between the net value per share and the transaction price is more than 20%, a CPA is required to <u>comply with the provisions of Auditing Standards No. 20-13 issued by the Accounting Research and Development Foundation and</u> express concrete opinions regarding the difference and the validity of the transaction price.</p> <p>i. Securities trading in the Stock Exchange Market or in the Taipei Exchange Market (hereinafter referred to as the TPEX). ii. Buying and selling domestic beneficiary certificates or overseas mutual funds. iii. Original subscription (including initial offerings and cash increase subscriptions). iv. The securities acquired or disposed from the target company comply with the handling rules to publicly trade securities for the purpose of decentralizing shares before listing. v. Buying and selling bonds.</p> <p>4.Unamended</p>	<p>Article 4 Evaluation and Operating Procedures for Acquisition or Disposal of Assets</p> <p>1.Unamended 2.Unamended 3. (1) Unamended 3. (2) The acquired or disposed amount of securities by the company reaches the threshold as articulated in Article 7 of this procedure shall undergo public announcement and filing. Except for the following mentioned securities, the company shall obtain the latest financial statements that have been audited and reviewed by an accountant as reference for the evaluation of the price prior to the transaction date. If the difference between the net value per share and the transaction price is more than 20%, the accountant is required to express concrete opinions regarding the difference and the validity of the transaction price.</p> <p>i. Securities trading in the Stock Exchange Market or in the Taipei Exchange Market (hereinafter referred to as the TPEX). ii. Buying and selling domestic beneficiary certificates or overseas mutual funds. iii. Original subscription (including initial offerings and cash increase subscriptions). iv. The securities acquired or disposed from the target company comply with the handling rules to publicly trade securities for the purpose of decentralizing shares before listing. v. Buying and selling bonds.</p> <p>4.Unamended</p>	<p>In accordance with the order issued by the Financial Supervisory Commission as of January 28, 2022 regarding Regulations Governing the Acquisition and Disposal of Assets by Public Companies (Issue no. Financial-Supervisory-Securities-Corporate-1110380465)</p>

<p>Article 5 1.Unamended 2.Authorization (1) Unamended (2) Unamended (3) Unamended</p> <p>When a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p>	<p>Article 5 1.Unamended 2.Authorization (1) Unamended (2) Unamended (3) Unamended</p> <p>When a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p><u>Where an audit committee has been established in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are adopted or amended they shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution.</u></p> <p><u>If a public company or a subsidiary thereof that is not a domestic public company will have such transaction and the transaction amount will reach 10 percent or more of the public company's total assets, the public company shall</u></p>	<p>In accordance with the order issued by the Financial Supervisory Commission as of January 28, 2022 regarding Regulations Governing the Acquisition and Disposal of Assets by Public Companies (Issue no. Financial-Supervisory-Securities-Corporate-1110380465)</p>
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	<p><u>submit the materials to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the public company and its parent company or subsidiaries or between its subsidiaries.</u></p> <p><u>The calculation of the transaction amounts shall be made in accordance with Article 31, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the shareholders meeting or board of directors and recognized by the audit committee need not be counted toward the transaction amount.</u></p>	
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Gemtek Technology Co., Ltd.

List of Candidates for Directors (including Independent Directors)

Position	Name of Candidate	Educational Background	Career Experience	Current Position	Shareholding (Note 1)
Director	Hong-wen Chen	Master of Electrical Engineering, National Tsinghua University	Taiwan Semiconductor Manufacturing Company Limited Syntek Semiconductor Co., Ltd.	Chairman, Gemtek Investment Co., Ltd. Chairman, Browan Communications Chairman, Antek Networks Inc. Chairman, Polaris Group Director, G-Technology Investment Co., Ltd Director, Witek Investment Co., Ltd Director, Ampak International Holdings Ltd Director, Primax Communication (B.V.I.) Inc. Director, Free PPWorldwide Co., Ltd Director, Yield Microelectronics Corporation	7,307,937
Director	Fu-zan Tsai	Master of Photoelectric Engineering, National Chiao Tung University	Associate Research Fellow, National Chung-Shan Institute of Science & Technology Chairman, Ampak Technology Inc.	Senior Deputy General Manager, Gemtek Technology Co., Ltd. Chairman, Gemtek Electronics (Kunshan) Co., Ltd. Chairman, Gemtek Electronics (Suzhou) Co., Ltd Director, BRIGHTTECH Co.	1,887,732
Director	Cheng-ren Yang	PhD of Electrical Engineering, National Tsinghua University	General Manager, Browan Communications Inc.	Executive Director, Gemtek Technology Co., Ltd. Representative Director, Gemtek Investment Co., Ltd. Representative Director, Antek Networks Inc. Professor, Yuan Ze University	1,421,269

Position	Name of Candidate	Educational Background	Career Experience	Current Position	Shareholding (Note 1)
Director	Jong-hui Hsu	Bachelor of Electrical Engineering Tatung Institute of Technology	Engineer, National Chung-Shan Institute of Science & Technology	Senior Deputy General Manager, Gemtek Technology Co., Ltd. Representative Director, Gemtek Investment Co., Ltd. Chairman, BandRich Inc.	1,304,927
Director	Yue-ji Chang	Master of Business Administration National University of Kaohsiung	General Manager, BRILLIANT FOOTWEAR CORPORATION	Director, Gemtek Technology Co., Ltd.	3,000,715
Director	Lee-heng Investment Limited	N/A	Director, AMPAK Technology Inc.	Director, Gemtek Technology Co., Ltd. Supervisor, REC Technology Corporation	1,375,000
Independent Director	Yao-geng Zhao (Note 2)	PhD, Electrical Engineering University of Maryland, USA	Director, ASANLITE CO., LTD. Vice Chairman, Republic of China Radio Association	Independent Director, Favite Inc. Director, Harbinger VII Venture Capital Corp. Dean, College of Electrical and Communication Engineering, Yuan Ze University	0
Independent Director	Zhu-san Wang	PhD, Finance University of Tennessee, USA Master of Business Administration, Cleveland State University, USA Master of Polymers, Case Western Reserve University, USA Bachelor of Chemistry, National Tsinghua University	Certificate Program Convenor, National Taipei University Bachelor of Finance Consultant for Promoting Financial Intellectual Property of small and medium-sized enterprises, Small and Medium Enterprise Administration, MOEA CEO, IEMBA, National Taipei University	Professor, Department of Business Administration, National Taipei University Director, The Association of Crowdfunding and Financial Technology Service Director, Association of Business Administration, National Taipei University Member of Investments Review Board, MOEA	0

Position	Name of Candidate	Educational Background	Career Experience	Current Position	Shareholding (Note 1)
Independent Director	Chih-Yang Chang	<p>Bachelor of Physics, National Taiwan University</p> <p>Master of Electrical Engineering, National Taiwan University</p> <p>PhD, Department of Electrical Engineering, University of Texas at Austin, USA</p>	<p>Assistant Researcher, National Chung-Shan Institute of Science & Technology</p> <p>Associate Research Fellow, National Chung-Shan Institute of Science & Technology</p> <p>Associate Professor, Department of Electrical Engineering, National Chiao Tung University</p> <p>Independent Director, Ampak Technology Inc.</p>	<p>Professor, Department of Electrical Engineering, National Chiao Tung University</p> <p>Independent Director/Member of Compensation committee, Alpha Microelectronics Corp.</p>	0

Note 1: The number of shares as of April 11, 2022.

Note 2: Reasons for nominating candidates who have served as independent directors for three consecutive terms – The Company has benefited much due to their professional background and relevant experiences in corporate governance, therefore it is considered that their insights and supervision as independent director are needed to facilitate the board.

Gemtek Technology Co., Ltd.

Waiver of Non-compete Agreement for Newly Appointed Directors and Independent Directors

Position	Name	Current Position at Other Companies
Director	Hong-wen Chen	Chairman, Gemtek Investment Co., Ltd. Chairman, Browan Communications Chairman, Antek Networks Inc. Chairman, Polaris Group Director, G-Technology Investment Co., Ltd Director, Witek Investment Co., Ltd Director, Ampak International Holdings Ltd Director, Primax Communication (B.V.I.) Inc. Director, Free PPWorldwide Co., Ltd Director, Yield Microelectronics Corporation
Director	Fu-zan Tsai	Senior Deputy General Manager, Gemtek Technology Co., Ltd. Chairman, Gemtek Electronics (Kunshan) Co., Ltd. Chairman, Gemtek Electronics (Suzhou) Co., Ltd Director, BRIGHTTECH Co.
Director	Cheng-ren Yang	Representative Director, Gemtek Investment Co., Ltd. Representative Director, Antek Networks Inc.
Director	Jong-hui Hsu	Director, Gemtek Investment Co., Ltd. Chairman, BandRich Inc.
Independent Director	Yao-geng Zhao	Independent Director, Favite Inc. Director, Harbinger VII Venture Capital Corp.
Independent Director	Chih-Yang Chang	Independent Director, Alpha Microelectronics Corp.