



Stock Code: 4906

Gemtek Technology Co., Ltd.

2024 Annual Shareholders' Meeting Handbook

Date: May 29, 2024 (Physical meeting)

Place: Chung Hwa Park Recreation Center Conference Room
(located at No.79, Ln. 1, Dazhi Rd., Hukou Township, Hsinchu
County, Taiwan R.O.C.)

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Gemtek Technology Co., Ltd.

Procedures for the 2024 Annual Meeting of Shareholders

I Call the Meeting to Order

II Chairperson Takes Chair

III Chairperson Remarks

IV Management Presentation (Company Reports)

V Ratification

VI Discussion

VII Extemporaneous Motions

VIII Adjournment

Gemtek Technology Co., Ltd.

2024 Agenda of Annual Shareholders' Meeting

Time: 9:00 a.m. on Monday, May 29, 2024

Place: Chung Hwa Park Recreation Center Conference Room

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

I. Call the Meeting to Order.

II. Chairperson Remarks

III. Management Presentations/ Report Items

- a. 2023 Business Report.
- b. Audit Committee's 2023 Review Report
- c. To report on 2023 employees' compensation and remuneration of board of directors
- d. To report on convertible bonds.
- e. To report on the subsidiary company 's capital improvement plan for loans and over-limit.

IV. Matters for Ratification

- a. To ratify 2023 Business Report and Financial Statements
- b. To ratify proposal for 2023 distribution of earnings

V. Matters for Discussion

- a. To discuss Raising Capital through Private Placement

VI. Extemporaneous Motion

VII. Adjournment

I. Management Presentations - Reports on Company Affairs

Report No. 1

2023 Business Reports

Explanation:

The 2023 Business Report is attached as Attachment A.

Resolution:

Report No. 2

Audit Committee's Review Report on the 2023 Financial Statements

Explanation:

The 2023 Audit Committee's Review Report is attached as Attachment B.

Resolution:

Report No. 3

To report 2023 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 2023 distribution of employee bonuses and remuneration benefits of directors was approved by the Company's Remuneration Committee. The Company shall allocate NT\$110,934,760 to employee profit sharing bonuses; and NT\$14,791,301 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 2023.

Resolution:

Report No. 4

To report on convertible bonds.

Explanation

The Convertible Bonds Report is attached as Attachment E.

Resolution:

Report No. 5

To report on the subsidiary company 's capital improvement plan for loans and over-limit.

Explanation

- (1) As of the end of the fiscal year 2024, there have been no business transactions between Subsidiary Gemtek Electronics (ChangShu) Co., Ltd. and Gemtek Technology Co., Ltd. Consequently, it was determined that the accounts receivable from Gemtek Technology Co., Ltd., which were held by Subsidiary Gemtek Electronics (ChangShu) Co., Ltd., is a capital loan, thereby exceeding the established limit. Therefore, an improvement plan must be formulated.
- (2) Gemtek Technology Co., Ltd. has passed a board resolution on March 13, 2024 to institute an improvement plan for loans exceeding limits. It is expected that all funds will be reimbursed to Gemtek Electronics (ChangShu) Co., Ltd by the first quarter of 2025.
- (3) The Company has issued an official announcement on the Taiwan Stock Exchange's Market Observation Post System on March 13, 2024 regarding the matter. Quarterly reports will be submitted to the Board of Directors until the improvement plan has been fully executed.

Resolution:

II. Matters for Ratification

Matter for Ratification No. 1

Proposed by the Board

Ratification of the 2023 Business Report and Financial Statements.

Explanation:

- (1) The 2023 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 2023 Business Report and 2023 Financial Statements have been approved by the Board and inspected by the Audit Committee of Gemtek Technology Co., Ltd.
- (2) The 2023 Business Report, Independent Auditors' Review Report, and the above-mentioned Financial Statements are attached in Attachment [A&C].

Resolution:

Matter for Ratification No. 2

Proposed by the Board

Ratification of the proposal for distribution of 2023 profits.

Explanation:

- (1) The Board has adopted the Proposal for Distribution of 2023 Profits in accordance with the Company Act and Articles of Incorporation.
- (2) The proposed aggregate amount of cash dividends is NT\$615,575,792; 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 to the minimal extent of the smallest integer. Any fractional amounts generated 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) 2023 Profit Distribution Table is attached in Attachment [D]

Resolution:

III. Matter for Discussion

Matter for Discussion No. 1

Proposed by the Board

To discuss Raising Capital through Private Placement.

Explanation:

1. To facilitate the company's expansion of production capacity, enhance working capital, and repay outstanding bank loans, the raised funds will be strategically directed towards fortifying the financial structure and improving the company's future operational performance. The total number of private placement common shares shall not exceed 80,000,000 shares, which will be issued in two installments within one year from the date of the resolution of the shareholders' meeting.
2. Basis and rationality for determining the price for private placement:
 - (1) The price per share of private placement common stock shall not be lower than 80% of the reference price. The reference price is determined based on the higher of the following two benchmarks:
 - (a) The average closing price of the common shares from either 1, 3, or 5 business days before the pricing date, minus dividends adjustment, plus price discount adjustment due to capital reduction
 - (b) The average closing price of the common shares for a period of 30 business days before the pricing date, minus dividends adjustment, plus price discount adjustment due to capital reduction.
 - (2) The shareholders' meeting quorum will grant the board of directors the authority to determine the actual pricing date and price, taking into account the circumstances of the negotiated pre-selected investors and the prevailing market conditions.
 - (3) The pricing method of the private placement common shares complies with the relevant regulations of the competent authority, takes into account the company's future prospects and the market's stock price conditions, and should be reasonable.
3. Selection method and purpose of pre-selected investors, necessity and anticipated benefits:
 - (1) Private placement shall be conducted in accordance with Article 43-8 of the Securities and Exchange Act, and limited to strategic investors.
 - (2) Selection method and purpose: The pre-selection of investors is based on the assumption that they can contribute to the company's management of diverse operations and financial resources. They are expected to provide management expertise, enhance financial management, and support business development and expansion initiatives, thereby augmenting the company's competitive advantage.
 - (3) Necessity: The Company proposed to engage with strategic investors through private placement to raise capital for the Company's long-term operating plan and future business development. It is expected that the private placement will strengthen future competitiveness, improve financial structure, enrich working capital and have advantage on the Company's long-term development. Cooperation with strategic investors may lead to broader business territory, which also has positive influence on shareholders' equity.

(4) Anticipated benefits: By leveraging capital injections from strategic investors, the company can alleviate the burden on working capital cost, expand operational scale, enhance financial structure and strengthen market competitiveness, and ultimately increase shareholders' interests.

(5) There are currently no confirmed applicants.

4. Reasons necessitating the private placement

(1) Reasons for not adopting public offering: Considering factors such as timeliness, convenience, and the cost of financing, along with the regulatory constraints of a three-year no-trading period for private placements, this fundraising plan through private placement is deemed optimal. It is expected to foster a long-term relationship between the Company and its strategic investors. Hence, we propose to proceed with private placement for fundraising purposes.

(2) The use of the funds raised by the private placement, and the anticipated benefits: The issuance shall be conducted twice within one year from the date of resolution of the shareholders' meeting. The use of the funds raised by the private placement, and the anticipated benefits are illustrated as follows:

Number of Installments	Private Placement Common Shares	Use of Funds	Anticipated Benefits
1 st	40,000,000 shares	Expand production capacity, enrich working capital, and repay bank loans.	To strengthen the financial structure and improve the company's future operating performance.
2 nd	40,000,000 shares		
This private placement capital increase plan allows unissued shares from the initial installment to be combined with the subsequent one. Furthermore, if the shares allocated for the initial installment exceed the anticipated amount, they may be supplemented with a portion or all of the shares from the next installment.			

5. Rights and obligations regarding the private placement of common shares: The rights and obligations of the common shares issued in this private placement are generally the same as those of the common shares previously issued by the Company. Pursuant to Article 43-8 of the Securities and Exchange Act, the common shares issued in this private placement may not be freely transferred within three years after delivery, except in specific circumstances stipulated by laws and regulations. After the expiration of three years from the delivery date, the Company intends to authorize the Board of Directors to apply for and obtain consent letters from the Taiwan Stock Exchange in accordance with relevant regulations, and subsequently apply for public offering and listing.

6. In the event of regulatory changes or shifts in the business environment, the private placement will be brought before the shareholders' meeting. This is to authorize the Board of Directors to take appropriate actions in accordance with relevant regulations. These

actions may involve adjusting issuance conditions, project plans, fund utilization progress, anticipated benefits, and other pertinent matters related to the ongoing private placement of common stock.

7. The chairman will be authorized to select suitable investors who can directly or indirectly enhance the company's future operations. It is anticipated that the private placement plan will not result in significant changes to the company's management.
8. Based on Article 43-6 of the Securities and Exchange Act, with regards to the required information of the Company's private placement proposal, please refer to the website of MOPS (<https://mops.twse.com.tw/>). After entering the website, go to "Invest Zone", and then click "Private Placement Zone" (Gemtek Stock Code : 4906).

Resolution:

IV. Extemporary Motion

V. Adjournment

Gemtek Technology Co., Ltd.

2023 Business Report

(Translation)

I. Foreword

Looking back at 2023, the ongoing Russo-Ukrainian War and the conflict between Israel and Hamas exacerbated inflation and political turmoil in the post-pandemic era. These challenges significantly impacted the global economy, leading to material shortages and a supply-demand imbalance. Clients responded by placing excessive orders, depleting inventories in the latter half of 2023. As a result, clients adopted a more cautious approach in placing orders, requiring us to wait for inventory clearance. However, we anticipate a gradual improvement in these issues after the second quarter of 2024. The consistent demand fueled by new technologies and applications has contributed to the networking industry's relative stability amid these challenges.

In response to the current political and economic climate, we have made significant adjustments to our operational strategies. In the telecommunications market, we have shifted profits directly to end customers, a departure from previous practices involving system integrators. This strategic shift is aimed at enhancing profitability and gross margins. Additionally, with the increasing demand for telecom products requiring both hardware and software integration, we have utilized our technical expertise to effectively meet customer needs. This approach has enabled us to sustain steady growth and development.

Despite the effect of inflation on consumer spending, there's a consistent demand for networking products. Additionally, European and American countries are making substantial investments in Fiber Optic/5G broadband network infrastructure and furthering the adoption of 5G technology. Ericsson's Mobility Report in June 2023 estimated that the global 5G user base would reach approximately 1.5 billion by the end of the year. Despite ongoing geopolitical tensions leading to economic slowdowns in specific countries/regions, the momentum behind 5G development remains robust.

To tackle the challenges stemming from the US-China trade war, technology disputes, Clean Network Initiative, and geopolitical risks, we've taken proactive steps to plan ahead. Starting from 2018, we've been actively growing our factory operations in Vietnam. By 2022, we had already expanded to a second factory. Looking forward, we're gearing up to build a third factory in the latter half of 2024. This expansion aims to boost production capacity and further implement high-efficiency SMT lines.

Looking ahead to 2024, the International Monetary Fund (IMF) predicts a gradual trade recovery, while the Taiwan Institute of Economic Research (TIER) forecasts that new digital technologies will drive broader technological advancements. In an era where the aging global population is leading to declining global economic productivity and worsening ecological conditions due to climate change, and where the escalating rivalry between the United States and China is contributing to the decline of globalization, resulting in a surge of protectionism and localization, structural changes in the supply chain landscape are imperative. Therefore, "Digital Technology" is poised to play a pivotal role in industry transformation in this evolving landscape.

Digital technology encompasses a wide array of innovations, including Artificial Intelligence (AI), Edge Computing, Internet of Things (IoT), Cybersecurity, and more. The "network" acts as the foundation for realizing these technologies, making the deployment of network communication equipment crucial. Our R&D team continuously enhances their skills, contributing to the advancement of digital technology. Beyond offering hardware manufacturing and design services to customers, in 2024, we will allocate additional research and development resources to software services such as Security Operation Center (SOC), User platform integration, and Application development. This strategic shift will empower our end customers to manage their business models more flexibly, providing a broader spectrum of services such as IoT and cybersecurity to end users, thereby maximizing profitability.

In addition to keeping pace with technological developments, Gemtek has incorporated "Net Zero" as part of our new policies. As a world-class network communications company, we believe it is our responsibility to take care of the environment. Our R&D and management teams have always played a major role in advancing technology. In recent years, we have also made a conscious effort to prioritize sustainability by carefully selecting environmentally friendly components, processes, and packaging. As a result, sustainability has become one of our company's core strengths.

Although inflation has affected the overall economy in 2023, Gemtek remains committed to its original goal of providing "Wireless Broadband Anywhere", and is fully prepared to expand our production scale and capabilities despite the economic fluctuations. Furthermore, Gemtek plans to allocate more resources to research and design of software and hardware, with the aim of meeting the expectations of our customers and shareholders.

II. 2023 Business Report

1. Business Results

In 2023, the total consolidated operating income was NT\$26,136,349 thousand. The combined operating costs and operating expenses was NT\$25,672,724 thousand. The consolidated non-operating income was NT\$439,479 thousand. The consolidated non-operating expenses was NT\$114,436 thousand. The pre-tax net profit was NT\$788,668 thousand; income tax expense was NT\$243,123 thousand. Therefore, the consolidated net profit after tax for this year is NT\$545,545 thousand. Earnings per share (after tax) is NT\$1.55.

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 2023, the current ratio was 186.09% and the debt ratio was 39.94%, indicating that the composition of the company's financial structure was adequately sound and stable.

3. Research and Development

2023 R&D Achievements

- (1) 5G NR R16 Standard CPE
- (2) 5G Small Cell End-To-End System Development
- (3) Computer Vision - based SIP Wireless Module Multi-Scan Solution
- (4) Enterprise-grade WiFi Platform Development
- (5) GPON/XGSPON 2-in-1 Broadband Integration System Development Plan
- (6) High performance enterprise-grade xPON/g.fast integration universal platform development based on open software architecture
- (7) Easy installation and cost effective 5G NR FR1+ FR2 ODU CPE development
- (8) Cost effective 5G NR smallcell development for sharedband CBRS
- (9) Scalable Phased Array Antenna Development for LEO application ka/ku-band
- (10) High performance WiFi 7 AP platform development
- (11) Tiny compact WiFi 7 extender development
- (12) Cost effective WiFi 6/6e AP platform development
- (13) Cost effective switch platform development

III. 2024 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.
- (6) Adjust business mode and, increase the proportion of direct supply.

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.
- (6) Achieve Net Zero by incorporating Post-consumer recycled plastic (PCR) materials into our product design.
- (7) Transfer capacity to increase the proportion of production capacity in Vietnam

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, LTE, Small Cell, CPE), telecommunication network products (Wi-Fi AP/Router) and industrial-grade wireless AP/routers and Wi-Fi modules etc.
- (2) Fixed Broadband Network connection related products, which include telecommunication integration (XPON, VoIP, VDSL, G.fast, Switch, Setup Box etc.) and fiber-optic network products.
- (3) Telecommunication modules and services.
- (4) Cloud software integration services, IoT products.

IV. Conclusion

The management team extends their heartfelt gratitude to all shareholders for their steadfast support. We eagerly anticipate your ongoing encouragement and guidance in the years ahead

Chairman: Hong-wen Chen

General Manager: Rong-chang Li

Accounting Supervisor: Zhi-hong Lin

Gemtek Technology Co., Ltd.

2023 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 2023 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 13, 2024

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, 2023 and 2022, 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, 2023 and 2022, 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, 2023. 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 2023 Individual Financial Statements of the Company as follows:

Revenue Recognition

The 2023 operating income of Gemtek Technology Co., Ltd. is NT\$24,373,051 thousand, in

which NT\$7,647,327 thousand sales revenue is attributed to the sale of a major customer product, accounting for 31% of the operating income. Due to the fact that the sales revenue makes up a consequential part of the operating income, 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, 2022, 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, 2022 was NT\$1,268,866 thousand, accounting for 5% of the total assets of the individual. The recognized comprehensive income of investments by investee companies as of December 31, 2022 was NT\$316,125 thousand, accounting for 25% 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, 2023 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
Han-ni Fang

Deloitte & Touche Taiwan
Certified Public Accountant
Jing-ting Yang

Financial Supervisory Commission
Approved Document Number:
1090347472

Securities and Futures Commission
Approved Document Number:
6-0930128050

Date: March 13, 2024

GEMTEK TECHNOLOGY CO., LTD.
Parent Company Only Balance Sheets
December 31,2023 and 2022
(Expressed in thousands of New Taiwan Dollars)

CODE	ASSETS	December 31,2023		December 31,2022	
		AMOUNT	%	AMOUNT	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (note 4 and 6)	\$ 1,902,813	9	\$ 178,263	1
1170	Accounts receivable, net (note 4、10 and 21)	6,403,906	30	8,970,398	38
1180	Accounts receivable from related parties (note 4、21 and 29)	1,021,336	5	140,242	1
1200	Other receivables	24,137	-	18,433	-
1210	Other receivables from related parties (note 4 and 29)	26,957	-	1,343,122	6
1220	Current tax assets (note 4 and 23)	-	-	1,200	-
130X	Inventories (note 4 and 11)	272,930	1	577,810	3
1470	Other current assets (note 4 and 15)	49,370	-	96,045	-
11XX	Total current assets	<u>9,701,449</u>	<u>45</u>	<u>11,325,513</u>	<u>49</u>
	NON-CURRENT ASSETS				
1517	Financial assets at fair value through other comprehensive income - non-current (note 4 and 8)	785,603	4	133,414	1
1535	Financial assets at amortized cost - non-current (note 4, 9 and 30)	20,000	-	20,000	-
1550	Investments accounted for using the equity method (note 4, 12and 18)	9,453,558	44	10,231,972	44
1600	Property, plant and equipment (note 4、13 and 29)	1,358,858	6	1,431,892	6
1755	Right-of-use assets (note 4 and 14)	4,956	-	8,759	-
1840	Deferred tax assets (note 4 and 23)	48,356	-	49,498	-
1990	Other non-current assets (note 4、15 and 19)	110,116	1	129,212	-
15XX	Total non-current assets	<u>11,781,447</u>	<u>55</u>	<u>12,004,747</u>	<u>51</u>
1XXX	Total assets	<u>\$ 21,482,896</u>	<u>100</u>	<u>\$ 23,330,260</u>	<u>100</u>
	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term borrowings (note 16)	\$ 951,855	4	\$ 2,526,205	11
2120	Current financial liabilities at fair value through profit or loss (note 7)	1,806	-	-	-
2130	Contract liabilities - current (note 4 and 21)	378,590	2	287,666	1
2170	Accounts payable	1,767,763	8	2,120,099	9
2180	Accounts payable to related parties (note 30)	2,800,469	13	4,364,574	19
2219	Other payables (note 18 and 30)	1,102,787	5	560,978	2
2230	Current tax liabilities (note 4 and 23)	101,321	1	124,837	1
2280	Current lease liabilities (note 4 and 14)	3,234	-	3,633	-
2399	Other current liabilities (note 18)	54,799	-	55,111	-
21XX	Total current liabilities	<u>7,162,624</u>	<u>33</u>	<u>10,043,103</u>	<u>43</u>
	NON-CURRENT LIABILITIES				
2530	Bonds Payable (note 17)	1,226,783	6	-	-
2580	Non-current lease liabilities (note 4 and 14)	1,799	-	5,033	-
2570	Deferred tax liabilities (note 4 and 23)	249,854	1	208,038	1
2670	Other non-current liabilities (note 18)	2,440	-	1,044	-
25XX	Total non-current liabilities	<u>1,480,876</u>	<u>7</u>	<u>214,115</u>	<u>1</u>
2XXX	Total liabilities	<u>8,643,500</u>	<u>40</u>	<u>10,257,218</u>	<u>44</u>
	EQUITY (note 4, 12, 17, 20 and 25)				
	Share capital				
3110	Ordinary shares	4,001,211	19	3,946,465	17
3140	Capital collected in advanced	54,846	-	-	-
3200	Capital surplus	5,329,633	25	4,983,065	21
	Retained earnings				
3310	Legal reserve	1,003,186	5	943,768	4
3320	Special reserve	195,638	1	195,638	1
3350	Unappropriated earnings	1,591,682	7	1,728,176	7
3300	Total retained earnings	<u>2,790,506</u>	<u>13</u>	<u>2,867,582</u>	<u>12</u>
3490	Other equity	663,200	3	1,275,930	6
3XXX	Total equity	<u>12,839,396</u>	<u>60</u>	<u>13,073,042</u>	<u>56</u>
	Total liabilities and equity	<u>\$ 21,482,896</u>	<u>100</u>	<u>\$ 23,330,260</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, 2023 and 2022

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

Code		2022		2021	
		AMOUNT	%	AMOUNT	%
4000	Operating revenue (note 4, 21 and 29)	\$ 24,373,051	100	\$ 25,763,706	100
5000	Operating costs (note 11, 19, 22 and 29)	(22,185,975)	(91)	(24,121,632)	(94)
5900	Gross profit	<u>2,187,076</u>	<u>9</u>	<u>1,642,074</u>	<u>6</u>
	Operating expenses (note 10, 19, 22 and 29)				
	Operating revenue (note 4, 21 and 29)				
6100	Selling expenses	(412,335)	(2)	(405,951)	(2)
6200	General and administrative expenses	(328,127)	(1)	(323,295)	(1)
6300	Research and development expenses	(968,606)	(4)	(824,912)	(3)
6450	Expected credit losses reversed on receivables	(22,122)	-	(121)	-
6000	Total operating expenses	(1,731,190)	(7)	(1,554,279)	(6)
6900	Profit from operations	<u>455,886</u>	<u>2</u>	<u>87,795</u>	<u>-</u>
	Non-operating income and expenses				
	Profit from operations				
7100	Interest income (note 22 and 29)	25,024	-	15,500	-
7010	Other income (note 22 and 29)	24,719	-	42,592	-
7020	Other gains and losses (note 22 and 29)	169,291	1	104,184	1
7050	Finance costs (note 22)	(112,922)	(1)	(69,577)	-
7070	Share of profit of subsidiaries and associates (note 4 and 12)	<u>134,015</u>	<u>1</u>	<u>595,163</u>	<u>2</u>
7000	Total non-operating income and expenses	<u>240,127</u>	<u>1</u>	<u>687,862</u>	<u>3</u>

Code		2023		2022	
		AMOUNT	%	AMOUNT	%
7900	Profit before income tax	\$ 696,013	3	\$ 775,657	3
	Income tax (note 4 and 23)				
7950	Profit before income tax	(86,863)	-	(110,974)	-
8200	Net profit for the period	<u>609,150</u>	<u>3</u>	<u>664,683</u>	<u>3</u>
	Other comprehensive income/(loss) Items that will not be reclassified subsequently to profit or loss				
8310	Net profit for the period				
8311	Remeasurement of defined benefit plans (note 19)	2,043	-	8,337	-
8316	Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(157,146)	(1)	(38,094)	-
8330	Share of other comprehensive loss of subsidiaries and associates accounted for using the equity method	(375,256)	(1)	406,617	1
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of the financial statements of foreign operations	(80,924)	(1)	233,369	1
8370	Share of other comprehensive loss of subsidiaries and associates accounted for using the equity method	(161)	-	595	-
8300	Other comprehensive income/(loss)	(611,444)	(3)	610,824	2
8500	Total comprehensive income	(\$ 2,294)	-	\$ 1,275,507	5
	Earnings per share (note 24)				
9750	Basic earnings per share	\$ 1.55		\$ 1.70	
9850	Diluted earnings per share	\$ 1.37		\$ 1.59	

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

代 碼		Share Capital (Note 17 and 20)		Capital Reserve		Retained	
		Number of shares (thousands of shares)	Amount	Capital received in advance	(Note 4, 12, 17 and 20)	Legal Reserve	Sp
A1	Balance At January 1, 2022	366,119	\$ 3,661,188	\$ 44,798	\$ 4,441,626	\$ 878,269	\$
	Appropriation of 2021 earnings						
B1	Legal reserve	-	-	-	-	65,499	
B3	Special reserve	-	-	-	-	-	(
B5	Cash dividends of share holder	-	-	-	-	-	
	Subtotal	-	-	-	-	65,499	(
C7	Changes in subsidiaries and affiliated enterprises recognized using the equity method	-	-	-	131,860	-	
M7	Changes in ownership interests in subsidiaries	-	-	-	14,269	-	
D1	Net profit for the year ended December 31, 2022	-	-	-	-	-	
D3	Other comprehensive loss for the year ended December 31, 2022	-	-	-	-	-	
D5	Total comprehensive income/(loss) for the year ended December 31, 2022	-	-	-	-	-	
M3	Disposals of subsidiaries	-	-	-	-	-	
I1	Corporate bond converted to ordinary shares	39,040	390,402	(44,798)	510,856	-	
N1	Cancellation of restricted share plan for employees	(171)	(1,705)	-	4,367	-	
L1	Buy-back of treasury shares	-	-	-	-	-	
L3	Cancellation of treasury shares	(10,342)	(103,420)	-	(119,913)	-	
T1	Share-based payment expenses	-	-	-	-	-	
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	
Z1	BALANCE AT DECEMBER 31, 2022	394,646	3,946,465	-	4,983,065	943,768	
	Earnings distribution Of 2022						
B1	Legal reserve	-	-	-	-	59,418	
B5	Cash dividends of share holder Subtotal	-	-	-	-	-	
	Subtotal	-	-	-	-	59,418	
M7	Changes in ownership of the Equity of subsidiaries	-	-	-	3,072	-	
C5	The Company's issuance of convertible corporate bonds and recognition of equity portion	-	-	-	133,101	-	
D1	Net profit for the year ended December 31, 2022	-	-	-	-	-	
D3	Other comprehensive income/(loss) for the year ended December 31, 2022	-	-	-	-	-	
D5	Total comprehensive income/(loss) for the year ended December 31, 2022	-	-	-	-	-	
G1	Issuance of new shares with restrictions on employee rights	4,300	43,000	-	90,967	-	

II	Corporate bond converted to ordinary shares	<u>1,693</u>	<u>16,928</u>	<u>54,846</u>	<u>127,978</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>199,752</u>
NI	Cancelation of restricted share plan for employees	(<u>518</u>)	(<u>5,182</u>)	<u>-</u>	(<u>8,550</u>)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,732</u>	<u>13,732</u>	<u>-</u>	<u>-</u>
QI	Disposal of investments in equity instruments at fair value through other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	(<u>96,590</u>)	<u>-</u>	<u>96,590</u>	<u>-</u>	<u>96,590</u>	<u>-</u>	<u>-</u>
T1	Share-based payment expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,435</u>	<u>24,435</u>	<u>-</u>	<u>24,435</u>
Z1	Balance At December 31, 2023	<u><u>400,121</u></u>	<u><u>\$ 4,001,211</u></u>	<u><u>\$ 54,846</u></u>	<u><u>\$ 5,329,633</u></u>	<u><u>\$ 1,003,186</u></u>	<u><u>\$ 195,638</u></u>	<u><u>\$ 1,591,682</u></u>	(<u><u>\$ 428,972</u></u>)	<u><u>\$ 1,196,667</u></u>	(<u><u>\$ 104,495</u></u>)	<u><u>\$ 663,200</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 12,839,396</u></u>

Chairman: Hong-wen Chen

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

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, 2023
and 2022

		(Expressed in thousands of New Taiwan Dollars)	
Code		2023	2022
	CASH FLOWS FROM OPERATING ACTIVITIES		
A00010	Income before income tax	\$ 696,013	\$ 775,657
A20010	Adjustments for:		
A20100	Depreciation expense	117,256	117,235
A20200	Amortization expense	64,652	57,654
A20300	Expected credit losses reversed on receivables	22,122	121
A20400	Net (gain)/loss on fair value changes of financial [assets/liabilities] at fair value through profit or loss	(6,864)	14,820
A20900	Finance costs	112,922	69,577
A21200	Interest costs	(25,024)	(15,500)
A21300	Dividend income	(1,728)	(5,801)
A21900	Share-based payment expenses	24,435	19,964
A22400	Share of profit of subsidiaries and associates	(134,015)	(595,163)
A22500	Gain on disposal of property, plant and equipment	(1)	(384)
A23100	Disposal in subsidiaries and associates accounted for using the equity method	-	(3,140)
A23700	Inventory depreciation and sluggish losses (recovery profits)	5,109	(1,149)
A29900	Loss reduction on investments using the equity method	20,000	-
A24100	Net (gain)/loss on foreign currency exchange	60,396	131,131
A30000	Changes in operating assets and liabilities		
A31115	Financial assets at fair value through profit or loss	1	111,066
A31150	Accounts receivable	2,338,869	(3,763,377)
A31160	Accounts receivable Accounts receivable from related parties	(985,487)	823,789
A31180	Other receivables	1,311,088	(75,500)
A31200	Inventories	299,771	24,386
A31240	Other current assets	46,676	4,570
A31990	Prepaid pension	(2,212)	(2,076)
A32125	Contract liabilities	91,406	181,068
A32150	Accounts payable	(295,850)	1,070,723

Code		2023	2022
A32160	Accounts payable to related parties	(1,952,717)	2,551,864
A32180	Other payables	544,478	103,478
A32230	Other current liabilities	<u>44</u>	(<u>22,108</u>)
A33000	Cash generated from operations	2,351,340	1,572,905
A33100	Interest received	\$ 24,397	\$ 15,642
A33200	Dividends received	1,728	5,801
A33300	Interest paid	(99,727)	(63,529)
A33500	Income tax paid	(66,221)	(12,216)
AAAA	Net cash inflow from operating activities	2,211,517	1,518,603
	Cash flows from investing activities		
B00010	Purchase of financial assets at fair value	(56,200)	-
B01800	Acquisition of investments accounted for using the equity method	-	(9,000)
B01900	Proceeds from investments accounted for using equity method	-	9,571
B02400	Capital reduction in subsidiary and refund to shareholders	-	139,200
B02700	Payments for property, and plant and equipment	(96,515)	(111,472)
B02800	Proceeds from disposal of property, plant and equipment	58,012	35,055
B03700	Decrease(Increase) in refundable deposits	257	(241)
B05000	Cash inflow from merger of subsidiaries	28,957	-
B05900	Increase in other receivable – related parties	-	(1,228,400)
B06700	Increase in other non-current assets	(43,473)	(34,448)
B07600	Dividends received from subsidiaries	28,636	233,000
B09900	Acquisition of Dividend from affiliated company	130,004	109,142
BBBB	Net cash generated from investing activities	49,678	(857,593)
	CASH FLOW FROM FINANCING ACTIVITIES		
C00100	Increase short-term borrowings	(1,536,580)	425,883
C03700	Other payables - related parties	543,500	-
C01200	Issuance of corporate bonds	1,551,957	-
C01300	Redemption of bonds	-	(3,300)
C04020	Repayment of the principle portion of lease liabilities	(3,633)	(4,908)
C04300	Increase(Decrease) in other non-current liabilities	45	229
C04500	Cash dividends paid	(591,712)	(607,738)
C04900	Buy treasury stocks	-	(307,112)
C05400	Obtain equity in subsidiary	(500,222)	(292,350)
CCCC	Net cash generated from financing activities	(536,645)	(789,296)

<u>Code</u>		<u>2023</u>	<u>2022</u>
EEEE	Net decrease in cash and cash equivalents	1,724,550	(128,286)
E00100	Cash and cash equivalents at the beginning of the year	<u>178,263</u>	<u>306,549</u>
E00200	Cash and cash equivalents at the end pf the year	<u>\$ 1,902,813</u>	<u>\$ 178,263</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, 2023 and 2022, 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, 2023 and 2022, 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, 2023. 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 2023 Consolidated Financial Statements of the Group as follows:

Revenue Recognition

The 2023 operating income of Gemtek Technology Co., Ltd. and its subsidiaries is NT\$26,136,349 thousand, in which NT\$7,647,327 thousand sales revenue is attributed to the sale of a major customer product, accounting for 29% of the operating income. Due to the fact that the sales revenue makes up a consequential part of the operating income, 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, 2022 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, 2022 was NT\$4,998,116 thousand, accounting for 20% of the total consolidated assets. The net operating income from January 1 to December 31, 2022 was NT\$871 thousand, accounting for 0% of the consolidated net operating income.

We have audited the individual financial statements of Gemtek Technologies Co., Ltd. as of December 31, 2023 and for the year 2022 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, 2023 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
Han-ni Fang

Deloitte & Touche Taiwan
Certified Public Accountant
Jing-ting Yang

Financial Supervisory Commission
Approved Document Number:
1090347472

Securities and Futures Commission
Approved Document Number:
6-0930128050

Date: March 13, 2024

GEMTEK TECHNOLOGY CO., LTD.
Parent Company and Subsidiaries Balance
Sheets December 31, 2023 and 2022
(Expressed in thousands of New Taiwan
Dollars)

code	ASSETS	December 31, 2023		December 31, 2022	
		AMOUNT	%	AMOUNT	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (note 4 and 6)	\$ 2,945,341	14	\$ 1,009,501	4
1110	Financial assets at fair value through profit or loss - current (note 4 and 7)	309,590	2	17,940	-
1136	Financial assets at amortized cost – current (note 4, 9 and 32)	273,271	1	3,307	-
1170	Accounts receivable, net (note 4, 10 and 24)	6,748,271	31	9,305,116	38
1180	Accounts receivable from related parties (note 4, 24 and 31)	80,086	-	63,000	-
1200	Other receivables (note 4, 31)	52,942	-	33,949	-
1220	Current tax assets (note 4 and 26)	6,886	-	1,281	-
130X	Inventories (note 4 and 11)	3,008,915	14	4,601,290	19
1460	Non-current Assets Held for Sale (note 12)	16,398	-	-	-
1470	Other current assets (note 4 and 18)	84,262	-	243,671	1
11XX	Total current assets	<u>13,525,962</u>	<u>62</u>	<u>15,279,055</u>	<u>62</u>
	NON-CURRENT ASSETS				
1517	Financial assets at fair value through other comprehensive income - non-current (note 4 and 8)	2,798,037	13	3,258,819	13
1535	Financial assets at amortized cost - non-current (note 4, 9 and 32)	28,252	-	20,000	-
1550	Investments accounted for using the equity method (note 4, 13, 14 and 21)	1,218,926	6	1,286,049	5
1600	Property, plant and equipment (note 4 and 15)	3,411,716	15	4,042,505	16
1755	Right-of-use assets (note 4 and 16)	335,961	2	384,883	2
1805	Goodwill (note 4 and 17)	245,224	1	265,224	1
1821	Other intangible assets	48,366	-	65,745	-
1840	Deferred tax assets (note 4 and 26)	86,400	-	61,716	-
1990	Other non-current assets (note 4, 18 and 22)	271,284	1	166,543	1
15XX	Total non-current assets	<u>8,444,166</u>	<u>38</u>	<u>9,551,484</u>	<u>38</u>
1XXX	Total assets	<u>\$ 21,970,128</u>	<u>100</u>	<u>\$ 24,830,539</u>	<u>100</u>
	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term borrowings (note 19)	\$ 951,855	4	\$ 2,526,205	10
2120	Current financial liabilities at fair value through profit or loss (note 7)	1,806	-	-	-
2130	Contract liabilities - current (note 4 and 24)	388,615	2	325,857	1
2170	Accounts payable	4,805,480	22	7,103,761	29
2219	Other payables (note 21 and 31)	778,239	4	971,249	4
2230	Current tax liabilities (note 4 and 26)	192,257	1	137,470	1
2280	Current lease liabilities (note 4 and 16)	94,742	-	91,168	-
2399	Other current liabilities (note 21)	55,540	-	56,977	-
21XX	Total current liabilities	<u>7,268,534</u>	<u>33</u>	<u>11,212,687</u>	<u>45</u>
	NON-CURRENT LIABILITIES				
2530	Current tax liabilities (note 20)	1,226,783	6	-	-
2570	Deferred tax liabilities (note 4 and 26)	261,668	1	224,596	1
2580	Non-current lease liabilities (note 4 and 16)	5,806	-	12,689	-
2670	Other non-current liabilities (note 21)	11,746	-	1,705	-
25XX	Total non-current liabilities	<u>1,506,003</u>	<u>7</u>	<u>238,990</u>	<u>1</u>
2XXX	Total liabilities	<u>8,774,537</u>	<u>40</u>	<u>11,451,677</u>	<u>46</u>
	EQUITY (note 4, 14, 20, 23 and 28)				
	Share capital				
3110	Ordinary shares	4,001,211	18	3,946,465	16
3140	Capital collected in advance	54,846	-	-	-
3200	Capital surplus	5,329,633	24	4,983,065	20
	Retained earnings				
3310	Legal reserve	1,003,186	5	943,768	4
3320	Special reserve	195,638	1	195,638	1
3350	Unappropriated earnings	1,591,682	7	1,728,176	7
3300	Total retained earnings	<u>2,790,506</u>	<u>13</u>	<u>2,867,582</u>	<u>12</u>
3490	Other equity	663,200	3	1,275,930	5
31XX	Total equity attributable to owners of parent	<u>12,839,396</u>	<u>58</u>	<u>13,073,042</u>	<u>53</u>

36XX	Non-controlling interests (note 23)	<u>356,195</u>	<u>2</u>	<u>305,820</u>	<u>1</u>
3XXX	Total equity	<u>13,195,591</u>	<u>60</u>	<u>13,378,862</u>	<u>54</u>
	Total liabilities and equity	<u>\$ 21,970,128</u>	<u>100</u>	<u>\$ 24,830,539</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, 2023 and 2022

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

code		2023		2022	
		AMOUNT	%	AMOUNT	%
4000	Operating revenue (note 4、 24 and 31)	\$ 26,136,349	100	\$ 27,899,990	100
5000	Operating costs (note 11、 22、 25 and 31)	(23,365,192)	(89)	(25,034,716)	(90)
5900	Gross profit	<u>2,771,157</u>	<u>11</u>	<u>2,865,274</u>	<u>10</u>
	Operating expenses (note 10、 22、 25 and 31)				
6100	Selling expenses	(524,312)	(2)	(517,931)	(2)
6200	General and administrative expenses	(663,386)	(3)	(695,521)	(3)
6300	Research and development expenses	(1,069,512)	(4)	(916,227)	(3)
6450	Expected credit losses reversed on receivables	(50,322)	-	(7,238)	-
6000	Total operating expenses	(2,307,532)	(9)	(2,136,917)	(8)
6900	Profit from operations	<u>463,625</u>	<u>2</u>	<u>728,357</u>	<u>2</u>
	Non-operating income and expenses				
7100	Interest income (note 25)	55,902	-	35,904	-
7010	Other income (note 25 and 31)	64,805	-	80,929	-
7020	Other gains and losses (note 25 and 31)	259,231	1	21,850	-
7050	Finance costs (note 25)	(114,436)	-	(82,357)	-
7060	Share of profit of subsidiaries and associates (note 4 and 14)	<u>59,541</u>	<u>-</u>	<u>134,650</u>	<u>1</u>
7000	Total non-operating income and expenses	<u>325,043</u>	<u>1</u>	<u>190,976</u>	<u>1</u>
7900	Profit before income tax	788,668	3	919,333	3

code		2023		2022	
		AMOUNT	%	AMOUNT	%
7950	Income tax (note 4 and 26)	(243,123)	(1)	(173,283)	-
8200	Net profit for the period	545,545	2	746,050	3
	Other comprehensive income				
	/(loss)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plans (note 22)	\$ 2,043	-	\$ 8,337	-
8316	Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(532,435)	(2)	368,248	1
8330	Share of other comprehensive loss of subsidiaries and associates accounted for using the equity method	33	-	275	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of the financial statements of foreign operations	(80,916)	-	233,369	1
8370	Share of other comprehensive loss of subsidiaries and associates accounted for using the equity method	(161)	-	595	-
8300	Other comprehensive income/(loss)	(611,436)	(2)	610,824	2

(Brought forward)

code		2023		2022	
		AMOUNT	%	AMOUNT	%
8500	Total comprehensive income	(\$ 65,891)	-	\$ 1,356,874	5
	Profit, attributable to:				
8610	Profit, attributable to owners of parent	\$ 609,150	2	\$ 664,683	3
8620	Profit, attributable to non-controlling interests	(63,605)	-	81,367	-
8600		\$ 545,545	2	\$ 746,050	3
	Profit, attributable to:				
8710	Comprehensive income, attributable to owners of parent	(\$ 2,286)	-	\$ 1,275,507	5
8720	Comprehensive income, attributable to	(63,605)	-	81,367	-
8700		(\$ 65,891)	-	\$ 1,356,874	5
	Earnings per share (note 27)				
9750	Basic earnings per share	\$ 1.55		\$ 1.70	
9850	Diluted earnings per share	\$ 1.37		\$ 1.59	

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
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31 ,2023 and 2022(Expressed in thousands of New Taiwan Dollars)

Other interests (Note 4 and 23)															
		Share Capital (Note 23 and 28)		Capital Reserve	Retained Earnings (Note 23)			Foreign operating organizations Exchange difference	Through other comprehensive Profit and loss measured at fair value	Non-controlling					
code		Number of shares (thousands of shares)	Amount	Capital received in advance	(Note 4, 14, 20 and 23)	Legal Reserve	Special Reserve	unappropriated surplus	On translation of financial statements	Unrealized gains and losses on financial assets	Employees are not paid	Subtotal	Treasury Share	(note 23)	Total equity
A1	BALANCE AT JANUARY 1, 2022	366,119	\$ 3,661,188	\$ 44,798	\$ 4,441,626	\$ 878,269	\$ 1,305,902	\$ 696,971	(\$ 581,856)	\$ 1,268,926	(\$ 25,997)	\$ 661,073	\$ -	\$ 225,994	\$ 11,915,821
	Appropriation of 2021 earnings														
B1	Legal reserve	-	-	-	-	65,499	-	(65,499)	-	-	-	-	-	-	-
B3	Special reserve	-	-	-	-	-	(1,110,264)	1,110,264	-	-	-	-	-	-	-
B5	Cash dividends of share holder	-	-	-	-	-	-	(607,738)	-	-	-	-	-	-	(607,738)
	Subtotal	-	-	-	-	65,499	(1,110,264)	437,027	-	-	-	-	-	-	(607,738)
C7	Changes in subsidiaries and associates recognized using the equity method	-	-	-	131,860	-	-	(216)	4	216	-	220	-	-	131,864
M7	Changes in ownership of the Equity of subsidiaries	-	-	-	14,269	-	-	-	-	-	-	-	-	-	14,269
D1	Net profit for the year ended December 31, 2022	-	-	-	-	-	-	664,683	-	-	-	-	-	81,367	746,050
D3	Other comprehensive loss for the year ended December 31, 2022	-	-	-	-	-	-	8,612	233,964	368,248	-	602,212	-	-	610,824
D5	Total comprehensive income/(loss) for the year ended December 31, 2022	-	-	-	-	-	-	673,295	233,964	368,248	-	602,212	-	81,367	1,356,874
M3	Disposals of subsidiaries	-	-	-	-	-	-	(34)	1	34	-	35	-	-	1
I1	Corporate bond converted to ordinary shares 股	39,040	390,402	(44,798)	510,856	-	-	-	-	-	-	-	-	-	856,460
N1	Cancellation of restricted share plan for employees	(171)	(1,705)	-	4,367	-	-	-	-	-	(2,662)	(2,662)	-	-	-
L1	Buy-back of treasury shares	-	-	-	-	-	-	-	-	-	-	-	(307,112)	-	(307,112)
L3	Cancellation of treasury shares	(10,342)	(103,420)	-	(119,913)	-	-	(83,779)	-	-	-	-	307,112	-	-
T1	Share-based payment expenses	-	-	-	-	-	-	-	-	-	19,964	19,964	-	-	19,964
O1	Changes of non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(1,541)	(1,541)
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	4,912	-	(4,912)	-	(4,912)	-	-	-
Z1	BALANCE AT DECEMBER 31, 2022	394,646	3,946,465	-	4,983,065	943,768	195,638	1,728,176	(347,887)	1,632,512	(8,695)	1,275,930	-	305,820	13,378,862
	Appropriation of 2022 earnings														
B1	Legal reserve	-	-	-	-	59,418	-	(59,418)	-	-	-	-	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	-	-	(591,712)	-	-	-	-	-	-	(591,712)
	subtotal	-	-	-	-	59,418	-	(651,130)	-	-	-	-	-	-	(591,712)
M7	Changes in ownership of the Equity of subsidiaries	-	-	-	3,072	-	-	-	-	-	-	-	-	-	3,072
C5	The Company's issuance of convertible corporate bonds and recognition of equity portion	-	-	-	133,101	-	-	-	-	-	-	-	-	-	133,101
D1	Net profit for the year ended December 31, 2023	-	-	-	-	-	-	609,150	-	-	-	-	-	(63,605)	545,545
D3	Other comprehensive loss for the year ended December 31, 2023	-	-	-	-	-	-	2,076	(81,085)	(532,435)	-	(613,520)	-	8	(611,436)
D5	Total comprehensive income/(loss) for the year ended December 31, 2023	-	-	-	-	-	-	611,226	(81,085)	(532,435)	-	(613,520)	-	(63,597)	(65,891)
G1	Issuance of new shares with restrictions on employee rights	4,300	43,000	-	90,967	-	-	-	-	-	(133,967)	(133,967)	-	-	-
I1	Corporate bond converted to ordinary shares	1,693	16,928	54,846	127,978	-	-	-	-	-	-	-	-	-	199,752
N1	Cancellation of restricted share plan for employees	(518)	(5,182)	-	(8,550)	-	-	-	-	-	13,732	13,732	-	-	-

O1	Changes of non-controlling interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>113,972</u>	<u>113,972</u>
Q1	Disposal of investments in equity instruments at fair value thro	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(96,590)</u>	<u>-</u>	<u>96,590</u>	<u>-</u>	<u>96,590</u>	<u>-</u>	<u>-</u>	<u>-</u>
T1	Share-based payment expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,435</u>	<u>24,435</u>	<u>-</u>	<u>-</u>	<u>24,435</u>
Z1	BALANCE AT DECEMBER 31, 2023	<u>400,121</u>	<u>\$ 4,001,211</u>	<u>\$ 54,846</u>	<u>\$ 5,329,633</u>	<u>\$ 1,003,186</u>	<u>\$ 195,638</u>	<u>\$ 1,591,682</u>	<u>(\$ 428,972)</u>	<u>\$ 1,196,667</u>	<u>(\$ 104,495)</u>	<u>\$ 663,200</u>	<u>\$ -</u>	<u>\$ 356,195</u>	<u>\$ 13,195,591</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, 2023 and
2022

(Expressed in thousands of New
Taiwan Dollars)

code		2023	2022
	CASH FLOWS FROM OPERATING ACTIVITIES		
A00010	Income before income tax	\$ 788,668	\$ 919,333
A20010	Adjustments for:		
A20100	Depreciation expense	489,066	433,725
A20200	Amortization expense	177,561	131,441
A20300	Expected credit losses reversed on receivables expense	50,322	7,238
A20400	Net (gain)/loss on fair value changes of financial [assets/liabilities] at fair value through profit or loss	(8,417)	15,715
A20900	Finance costs	114,436	82,357
A21200	Interest income	(55,902)	(35,904)
A21300	Dividend income	(1,728)	(5,801)
A21900	Share-based payment expenses	24,511	20,135
A22300	Share of profit of subsidiaries and associate	(59,541)	(134,650)
A22500	Loss on disposal of property, plant and equipment	39,416	6,313
A23000	Disposal of interests in non-current assets pending for sale	(255,219)	-
A23100	Gain on disposal of associates	-	(3,140)
A23700	Inventory depreciation and sluggish losses	63,121	15,092
A29900	Goodwill impairment loss	20,000	-
A24100	Net loss on foreign currency exchange	135,569	172,928
A30000	Changes in operating assets and liabilities		
A31115	Financial assets at fair value through profit or loss	(296,175)	248,608
A31150	Accounts receivable	2,298,098	(3,377,355)
A31160	Accounts receivable from related parties	(20,489)	137,618
A31180	Other receivables	(23,670)	79,362
A31200	Inventories	1,515,280	(724,958)
A31240	Other current assets	159,480	(8,424)
A31990	Prepaid pension	(4,256)	(10,412)
A32125	Contract liabilities	48,830	13,169
A32150	Accounts payable	(2,207,551)	3,069,041
A32160	Accounts payable to related parties	1,977	(4,896)

code		2023	2022
A32180	Other payables	(171,037)	24,991
A32230	Other current liabilities	<u>10,555</u>	(<u>21,638</u>)
A33000	Cash used in operations	2,832,905	1,049,888
A33100	Interest received	60,579	35,832
A33200	Dividends received	1,728	5,801
A33300	Interest paid	(\$ 104,494)	(\$ 64,373)
A33500	Income tax paid	(<u>181,520</u>)	(<u>70,728</u>)
AAAA	Net cash used in operating activities	<u>2,609,198</u>	<u>956,420</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
B00010	Purchase of financial assets at fair value through other comprehensive income	(56,200)	-
B00200	Proceeds from sale of financial assets at fair value through income	-	17,994
B01800	Acquisition of investments accounted for using equity method	-	(9,000)
B01900	Proceeds of investments accounted for using equity method	-	9,571
B00040	Acquiring financial assets measured at amortized cost	(281,523)	-
B00050	Disposal of financial assets measured at amortized cost	-	6,623
B02600	Price of disposal of non-current assets to be sold	701,910	-
B02700	Acquisition of property, plant and equipment	(810,696)	(824,845)
B02800	Proceeds from disposal of property, plant and equipment	190,266	72,648
B03700	Increase in refundable deposit	2,013	(622)
B04500	Acquisition of intangible assets	(694)	-
B06700	Increase in other non-current assets	41,530	(44,202)
B09900	Acquisition of dividend from affiliated company	<u>130,004</u>	<u>109,142</u>
BBBB	Net cash used in investing activities	(<u>83,390</u>)	(<u>662,691</u>)
CASH FLOWS FROM FINANCING ACTIVITIES			
C00100	Increase short-term borrowings	(1,574,350)	417,685
C01200	Issuance of corporate bonds	1,551,957	-
C01300	Redemption of Bonds	-	(3,300)
C04020	Repayment of the principal portion of lease liabilities	(19,311)	(196,641)
C04300	Decrease in other non-current liabilities	(953)	(5,375)
C04500	Cash dividends paid	(591,712)	(607,738)
C04900	Payments for buy-back of ordinary shares	-	(307,112)
C05800	Changes in non-controlling interests	<u>113,972</u>	(<u>1,625</u>)
CCCC	Net cash generated from financing activities	(<u>520,397</u>)	(<u>704,106</u>)

(Brought Forward)

<u>code</u>		<u>2023</u>	<u>2022</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	(<u>69,571</u>)	<u>144,070</u>
EEEE	Net decrease in cash and cash equivalents	1,935,840	(266,307)
E00100	Cash and cash equivalents at the beginning of the year	<u>1,009,501</u>	<u>1,275,808</u>
E00200	Cash and cash equivalents at the end pf the year	<u>\$ 2,945,341</u>	<u>\$ 1,009,501</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.
2023 Profit Distribution Table

Unit: NT\$

Item	Amount
2022 Undistributed retained earnings	1,077,045,208
2023 Profit after tax	609,150,379
Add: Adjusted retained earnings from Investments Accounted for Using Equity Method	31,823
Add: Recognized retained earnings from remeasurement of Defined Benefit Plans	2,043,294
Less: Transfer accumulated profit or loss to retained earnings for the disposal of equity investment instruments measured at fair value through other comprehensive income	96,590,000
Adjusted unappropriated retained earnings from current profit after tax and extraordinary items	514,635,496
Less: Legal Capital Reserve (10%)	51,463,550
Profit available for distribution for the current period	1,540,217,154
Shareholder dividend (NT\$1.5/share)	615,575,792
Undistributed retained earnings for the year end	924,641,362

Note 1: The dividend payout ratio was calculated based on 410,383,861 outstanding common shares of the company as of March 13, 2024.

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 6th term is described as follows:

1. The offering and issuance of unsecured convertible bonds for the 6th term was listed in the market on June 02, 2023.
2. The amount of unsecured convertible bonds offered and issued for the 6th term is NT\$1.5 billion.
3. The conversion price of the convertible bonds at the time of issuance is NT\$30.8. The conversion price was adjusted to NT\$29.3 on June 20, 2023.
4. As of March 31, 2024, the number of shares requested to be converted into ordinary shares by the bondholder per conversion procedure was 13,583,562 shares, the conversion amount was NT\$398,000 thousand.
5. As of March 31, 2024, the amount of unconverted bonds in total was NT\$1,102,000 thousand.

Notes on Shareholder Proposals

1. Pursuant to Company Act Article 172-1, shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may submit a proposal for discussion to the Company at a regular shareholders' meeting, provided that only one discussion matter shall be allowed in a single proposal. The proposed case is limited to 300 words.
2. Shareholder proposals are to be submitted between March 22, 2024 to April 01, 2024 according to the company-made public announcement on the Market Observatory Post System. Shareholder proposals that are not duly submitted within the specified period will not be discussed at the 2024 shareholders meeting.

**ARTICLES OF INCORPORATION
OF
GEMTEK TECHNOLOGY CO., LTD. (the "Company")**

Section I - General Provisions

- Article 1 The Company is incorporated in accordance with the Company Law of the Republic of China, and its name is Gemtek Technology Co., Ltd.
- Article 2 The scope of business of the Company shall be as follows:
1. Research, development, manufacture, purchase and sale of electronic components, semi-finished products and finished products;
 2. Research, development, manufacture, purchase and sale of computer software, hardware and peripheral equipment;
 3. Import-export trading business in relation of the foregoing products;
 4. CC01101 Restricted telecom radio frequency equipment and materials manufacturing;
 5. F401021 Restricted telecom radio frequency equipment and materials import;
 6. E701031 Restrained telecom radio frequency equipment and materials construction;
 7. F113070 Wholesale of telecom instruments; and
 8. F213060 Retail sale of telecom instruments.
- Article 2-1 The Company may provide guarantees to others when necessary for its business.
- Article 3 The Company shall have its headquarters in Hsinchu County, Taiwan and may, wherever and whenever the Company deems it necessary, set up branch offices or representative offices within and outside of the territory of Taiwan pursuant to a resolution adopted at a meeting of the board of directors and the approvals of government authorities.
- Article 4 The Company may act as other limited company's shareholder when necessary for its business. The total amount of the Company's reinvestment in other companies is not subject to the restriction stipulated in Article 13 of the Company Law.

Section II - Capital Stock

- Article 5 The total authorized capital of the Company shall be in the amount of NT\$5,000,000,000 divided into 500,000,000 shares, at a par value of NT\$10 each, and shall be issued in installments subject to the resolution of the board of

directors. Within the aforementioned share quota, 50,000,000 shares shall be reserved for use when any option attached to the Company's corporate bonds, preferred shares with stock options or warrants, if any, has been exercised.

Article 6 Deleted.

Article 7 The Company may issue shares without printing share certificate(s) and shall appoint a centralized securities custody enterprise/ institution to make recordation of the issue of such shares.

Article 8 Registration for share transfer shall be suspended for sixty days immediately before the date of any regular shareholders' meeting, and thirty days immediately before the date of any special shareholders' meeting, and five days before the day on which dividend, bonus, or any other benefit is scheduled to be paid by the Company.

Section III - Shareholders' Meetings

Article 9 There shall be two types of shareholders' meetings, namely: regular shareholders' and special shareholders' meetings. Regular shareholders' meetings shall be convened once a year, within 6 months of the end of each fiscal year. Special shareholders' meetings shall be held as necessary and organized according to the relevant laws, rules and regulations of the Republic of China.

Article 10 Pursuant to Company Act Article 177, if a shareholder is unable to attend a shareholders' meeting, such shareholder may appoint a proxy to attend the meeting by executing a power of attorney in the form as printed by the Company specifying therein the scope of power authorized to the proxy. According to regulatory requirements, shareholders may also vote via an electronic voting system, and those who do shall be deemed as attending the shareholders' meeting in person; electronic voting shall be conducted in accordance with the relevant laws and regulations.

Article 11 Shareholders shall be entitled to one vote for each share held except for those as provided in the Company Law of the Republic of China.

Article 12 Any resolutions at a shareholders' meeting shall, unless otherwise provided for in the relevant laws, rules and regulations of the Republic of China, be adopted if voted in favor of by the majority of shareholders present at a shareholders' meeting at which shareholders of more than one-half of the issued and outstanding shares are present.

Article 12-1 The resolutions of the shareholders' meeting shall be recorded in the minutes, and such minutes shall be signed by or sealed with the chop of the chairman of the meeting. Meeting minutes shall detail the date, venue, name of the chairman, and resolutions, and shall be distributed to shareholders within 20 days after the adjournment of the meeting. Such minutes, together with the attendance list and proxies, shall be filed and kept at the head office of the Corporation. The aforementioned minutes shall be compiled and distributed via electronic media or other means of announcements.

Section IV – Directors and Supervisors

- Article 13 The Company shall have nine directors and three supervisors to be elected at a shareholders' meeting from among persons of legal capacity, with a term of office of three (3) years each. The directors may be eligible for re-election.
- Article 13-1 The Company shall purchase liability insurance for its directors and supervisors, for their respective term lengths and within the scope of their duties.
- Article 13-2 The Company shall have at least two independent directors among the aforesaid number of directors, and the mandatory seats for independent directors should not be less than one-fifth of the total number of directors. Independent directors shall be elected based on the adoption of the candidates nomination system. Shareholders shall elect the independent directors from among the nominees listed in the roster of independent director candidates. The election of independent and non-independent directors shall be conjointly held, and the votes shall be calculated separately. The relevant regulations pertaining to the professional qualifications, restrictions on shareholding and concurrent positions held, nomination and election, and other compliance requirements of the independent directors as stipulated by the competent securities authority should be followed accordingly.
- Article 14 The board of directors shall be composed of the directors, who shall elect one Chairperson of the board from among themselves by a majority at a meeting attended by two thirds or more of the directors. The Chairperson of the board of directors shall externally represent the Company.
- Article 14-1 Each director shall attend the meeting of board of directors in person. In case a director is unable to attend the meeting in person, the director may designate one of the other directors to act for and on his/her behalf. A director may only act for one other director.
- Article 14-2 The notice for convening a meeting of the board of directors shall be in written form, E-mail, or facsimile.
- Article 15 In the event that the Chairperson is on leave or cannot exercise his powers and authority for any reason, Article 208 of the Company Law shall govern her/his agency.
- Article 16 The remuneration of the directors and the supervisors shall be determined by resolution of a shareholders' meeting, and shall conform to the standard generally adopted by other enterprises in the same industry, and shall be paid regardless whether the Company earns profits or suffers losses.

Section V - Managerial Officers

- Article 17 The Company may have one president. The appointment, removal and remuneration of the president shall be determined and effected in accordance with Article 29 of the Company Law.

Section VI – Accounting

- Article 18 At the end of each fiscal year, the board of directors shall prepare and review: (1) operation reports (2) financial statements and (3) proposal for allocation of net profits or making up losses, and shall submit those reports and documents to the regular shareholders' meeting for ratification.

- Article 19 Deleted.
- Article 20 The Company shall, after deducting the employee bonuses and remuneration benefits of directors and supervisors 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 and supervisors. Employee profit sharing bonuses are to be granted in the form of securities or cash to qualified company employees, which the occurrences are to be mentioned and reported in the shareholders' meeting. The Company shall not distribute bonuses in the event of accumulated losses.
- Article 20-1 Upon the closing of the Company's annual financial accounts, if surplus profit is determined, the Company shall first pay taxes and make up for all past losses; then, set aside a 10% legal capital reserve and a special capital reserve in accordance with applicable laws, rules and regulations. The remainder of the profits after deducting the foregoing shall be allocated as shareholders' dividends, subject to proposal by the board of directors and approval by shareholders at a shareholders' meeting.
- Considering the current development status of the Company and the overall conditions of the industrial environment, other factors such as the Company's financial measures that might influence the financial structure and profit earnings are the key elements for determining the amount and type of surplus distributed. Bearing in mind the Company's capital requirements, long-term financial goals, and shareholders' demands for liquidity, the distribution of surplus profit shall be made preferably by way of cash and stock dividends. The distribution of cash dividends per year shall not be lower than 10% of the aggregate amount of the stock dividends and cash dividends distributed for that particular year.
- Article 21 If the Company plans to transfer shares to employees at less than the average actual repurchase price, the Company must pursuant to applicable laws, rules and regulations have obtained the consent of the most recent shareholders meeting.
- Article 22 In the event that the Company plans to issue employee stock warrants, at the exercise price lower than the closing price of the Company stocks as of the issue date, the Company must pursuant to applicable laws, rules and regulations have obtained the consent of the most recent shareholders meeting.
- Article 23 Matters not provided for in these Articles of Incorporation shall be governed by the Company Law of the Republic of China.
- Article 24 These Articles of Incorporation were entered into on June 17, 1988.
The first amendment was made on July 22, 1991;
The second amendment was made on October 21, 1994;
The third amendment was made on July 30, 1996;
The fourth amendment was made on July 10, 1997;
The fifth amendment was made on December 14, 1997;
The sixth amendment was made on January 8, 1998;
The seventh amendment was made on June 16, 1999;
The eighth amendment was made on November 26, 1999;
The ninth amendment was made on June 30, 2000;
The tenth amendment was made on April 18, 2001;

The eleventh amendment was made on May 13, 2002;
The twelfth amendment was made on May 13, 2002;
The thirteenth amendment was made on June 23, 2003;
The fourteenth amendment was made on April 29, 2004;
The fifteenth amendment was made on June 14, 2006.
The sixteenth amendment was made on April 26, 2007.
The seventeenth amendment was made on June 28, 2007
The eighteenth amendment was made on June 15, 2010
The nineteenth amendment was made on June 21, 2012
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
The twenty-third amendment was made on June 9, 2022

Gemtek Technology Co., Ltd.
Chairman of Board of Directors
Hong-wen Chen

Gemtek Technology Co., Ltd.

RULES AND PROCEDURES OF SHAREHOLDERS' MEETING

1. The Shareholders' Meeting of the Company (herein referred to as the "Meeting") shall be conducted in accordance with the Rules and Procedures delineated in the following articles.
2. Shareholders and their proxies (herein collectively referred to as "shareholders") shall be admitted to the Meeting by presenting the attendance card, sign-in card, or other certificates of attendance during registration. Attendance and voting shall be calculated based on the number of shares present at the Meeting, which is determined according to the shares indicated on the sign-in cards and proxy forms presented, plus the number of shares whose shareholder voting rights are exercised via written correspondence or electronic media.

A shareholder exercising voting rights via written correspondence or electronic media will be deemed to be attending the meeting in person, but to have waived his/her rights with respect to the extratemporary motions and amendments to original proposals of that meeting.

Resolutions shall be recorded in the meeting minutes.

3. The Chairperson shall call the Meeting to order at the time scheduled for the Meeting when the numbers of shares in attendance meets 1/2 of the outstanding common shares. If the number of shares represented by the shareholders present at the Meeting has not yet constituted the quorum at the time scheduled for the Meeting, the Chairperson may postpone the Meeting. The postponements shall be limited to no more than two times and the aggregate time postponed shall not exceed one hour. If no quorum can yet be constituted after two postponements but the shareholders present at the Meeting represent more than 1/3 of the total outstanding shares, tentative resolutions may be made in accordance with Company Act Article 175.

If during the process of the Meeting the number of outstanding shares represented by the shareholders present becomes sufficient to constitute the quorum, the Chairperson may submit the tentative resolutions to the Meeting for approval in accordance with Company Act Article 174.

4. The agenda of the Meeting shall be set by the Board of Directors if the Meeting is convened by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution from the Shareholders' Meeting.
5. When a shareholder present at the Meeting wishes to make a statement, a Speech Slip should be filled out, which include the subject and summary of the speech, the shareholder's account number (or the Attendance Card number), and the name of the shareholder. The order of speaking shall be arranged by the Chairperson.

6. The duration of each speech shall not exceed 5 minutes, unless permitted by the Chairperson, the speaker may gain the permission to prolong the speech once for 3 minutes maximum.
7. Each shareholder shall not, for each discussion item, speak more than two times.
8. In case the duration of the speech exceeds the limited time granted, or the content delivered is irrelevant to the discussion item, the Chairperson may request the speaker to discontinue the speech.
9. The Chairperson may promptly announce the end of a discussion if the Chairperson deems it appropriate.
10. The Chairperson may initiate a voting session upon the end of a discussion.
11. The Chairperson may call for an intermission during the Meeting at personal discretion. If a force majeure event occurs, the Meeting shall be reconvened within five days, subject to the schedule resolved by the Meeting, and is not obliged to provide further notice or public announcements to shareholders.
12. After an attending shareholder has spoken, the chair may respond to the statement in person or direct relevant personnel to respond
13. The Chairperson shall announce the end of a proposed discussion and proceed with the voting if he/she feels the remainder of the discussion will affect the smooth proceeding of the meeting, or sufficient discussion has been made and no further statements are required.
14. Any matters and circumstances not specified in the Rules and Procedures shall be carried out in accordance with relevant laws and regulations.
15. These Rules, and any amendments hereto, shall be implemented after adoption by Shareholders' Meetings

Gemtek Technology Co., Ltd.
Shareholdings of the Board of Directors
Book Closure Date: March 31, 2024

Position	Name	Shareholdings		Remark
		Number of Shares	Shareholding Ratio	
Chairperson of the Board	Hong-wen Chen	7,503,937	1.82 %	
Director	Lee-heng Investment Limited Representative: Wen-yi Luo	1,375,000	0.33 %	
Director	Cheng-ren Yang	1,528,269	0.37 %	
Director	Fu-zan Tsai	1,935,732	0.47 %	
Director	Rong-hui Hsu	1,432,127	0.35 %	
Director	Yue-ji Chang	3,000,715	0.73 %	
Director	Yao-geng Zhao	-	-	Independent Director
Director	Zhu-san Wang	-	-	Independent Director
Director	Chih-yang Chang	-	-	Independent Director
Total Shares Held by Directors		16,775,780	4.07 %	

Note: As of March 31, 2024, the total number of issued shares is 412,011,839 common shares.
The total number of statutory shares held by all directors is 13,184,378 shares.