

# **Gemtek Technology Co., Ltd.**

## **2024 Annual Shareholders' Meeting**

### **Minutes**

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.)

Shareholders Present: The total number of shares represented by shareholders attending the meeting in person or by proxy is 229,245,002 shares (including the 66,064,993 shares represented by shareholders exercising voting rights via electronic methods), accounting for 55.64% of the total number of issued shares, 412,011,839 shares, of the Company

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

Cheng-ren Yang 、Jong-hui Hsu 、

Zhu-san Wang 、Chih-Yang Chang

General Manager – Rong Chang Li

CFO – Chih Hong Lin

CLO – HUNG,WEI-HUNG

CPA –Alice H. Fang ( Deloitte & Touch)

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

Minutes Taker: Chih Hong Lin

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

**II.Chairman's Address: (Omitted)**

**III. Management Presentations - Reports on Company Affairs**

**Report No. 1**

2023 Business Reports

**Explanation:**

The 2023 Business Report is attached as Attachment A.

**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.

**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.

**Report No. 4**

To report on convertible bonds.

**Explanation**

The Convertible Bonds Report is attached as Attachment E.

**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.

## IV. Proposed Resolutions

### Proposal 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:

The voting result of this item is as follows:

Shares represented at the time of voting: 225,230,001

Voting Results	% of the total represented shares present
Votes in favor: 207,153,032 (including votes casted electronically: 47,988,024)	91.97%
Votes against: 61,763 (including votes casted electronically: 61,763)	0.02%
Votes invalid: 0	0%
Votes abstained: 18,015,206 (including votes casted electronically: 18,015,206)	7.99%

**Proposal 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:**

The voting result of this item is as follows:

Shares represented at the time of voting: 214,832,389

Voting Results	% of the total represented shares present
Votes in favor: 208,086,870 (including votes casted electronically: 48,921,862)	92.38%
Votes against: 61,762 (including votes casted electronically: 61,762)	0.02%
Votes invalid: 0	0%
Votes abstained: 17,081,369 (including votes casted electronically: 17,081,369)	7.58%

## **V. Matter for Discussion**

### **Proposal 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 <sup>st</sup>	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 <sup>nd</sup>	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:**

The voting result of this item is as follows:

Shares represented at the time of voting: 214,832,389

Voting Results	% of the total represented shares present
Votes in favor: 200,310,631 (including votes casted electronically: 41,145,623)	88.93%
Votes against: 7,766,255 (including votes casted electronically: 7,766,255)	3.44%
Votes invalid: 0	0%
Votes abstained: 17,153,115 (including votes casted electronically: 17,153,115)	7.61%

**VI. Extempore Motion: None**

**VII. Meeting Adjourned: At 9:25 am on the same day.**

**There will be no questions from shareholders at this shareholders' meeting.**

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

# **Gemtek Technology Co., Ltd.**

## **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	%
	<b>CURRENT ASSETS</b>				
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	<b>Total current assets</b>	<u>9,701,449</u>	<u>45</u>	<u>11,325,513</u>	<u>49</u>
	<b>NON-CURRENT ASSETS</b>				
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	<b>Total non-current assets</b>	<u>11,781,447</u>	<u>55</u>	<u>12,004,747</u>	<u>51</u>
1XXX	<b>Total assets</b>	<u>\$ 21,482,896</u>	<u>100</u>	<u>\$ 23,330,260</u>	<u>100</u>
	<b>LIABILITIES AND EQUITY</b>				
	<b>CURRENT LIABILITIES</b>				
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	<b>Total current liabilities</b>	<u>7,162,624</u>	<u>33</u>	<u>10,043,103</u>	<u>43</u>
	<b>NON-CURRENT LIABILITIES</b>				
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	<b>Total non-current liabilities</b>	<u>1,480,876</u>	<u>7</u>	<u>214,115</u>	<u>1</u>
2XXX	<b>Total liabilities</b>	<u>8,643,500</u>	<u>40</u>	<u>10,257,218</u>	<u>44</u>
	<b>EQUITY (note 4, 12, 17, 20 and 25)</b>				
	<b>Share capital</b>				
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
	<b>Retained earnings</b>				
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	2,790,506	13	2,867,582	12
3490	Other equity	663,200	3	1,275,930	6
3XXX	<b>Total equity</b>	<u>12,839,396</u>	<u>60</u>	<u>13,073,042</u>	<u>56</u>
	<b>Total liabilities and equity</b>	<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

GEMTEK TECHNOLOGY CO., LTD  
Parent Company Only Statements of Changes in Equity  
For the Years Ended December 31,2023 and 2022  
(Expressed in thousands of New Taiwan Dollars)

		Share Capital (Note 17 and 20)				Capital Reserve			Retained Earnings (Note 20)				Other interests (Note 4 and 20)		Treasury Shares	Total equity
代 碼		Number of shares (thousands of shares)	Amount	Capital received in advance	(Note 4, 12, 17 and 20)	Legal Reserve	Special Reserve	unappropriated surplus	Foreign operating organizations exchange differences	Through other comprehensive Profit and loss measured at fair value Unrealized gains and losses on financial assets	Employees are not paid	Subtotal				
A1	Balance At January 1, 2022	366,119	\$ 3,661,188	\$ 44,798	\$ 4,441,626	\$ 878,269	\$ 1,305,902	\$ 696,971	on translation of financial statements ( \$ 581,856 )	\$ 1,268,926	( \$ 25,997 )	\$ 661,073	\$ -	\$ 11,689,827		
B1	Appropriation of 2021 earnings															
B3	Legal reserve	-	-	-	-	65,499	-	( 65,499 )	-	-	-	-	-	-	-	-
B5	Special reserve	-	-	-	-	-	( 1,110,264 )	1,110,264	-	-	-	-	-	-	-	-
	Cash dividends of share holder	-	-	-	-	-	-	( 607,738 )	-	-	-	-	-	( 607,738 )		
	Subtotal	-	-	-	-	65,499	( 1,110,264 )	437,027	-	-	-	-	-	( 607,738 )		
C7	Changes in subsidiaries and affiliated enterprises recognized using the equity method	-	-	-	131,860	-	-	( 216 )	4	216	-	220	-	131,864		
M7	Changes in ownership interests in subsidiaries	-	-	-	14,269	-	-	-	-	-	-	-	-	14,269		
D1	Net profit for the year ended December 31, 2022	-	-	-	-	-	-	664,683	-	-	-	-	-	664,683		
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	-	1,275,507		
M3	Disposals of subsidiaries	-	-	-	-	-	-	( 34 )	1	34	-	35	-	1		
I1	Corporate bond converted to ordinary shares	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		
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	-	13,073,042		
B1	Earnings distribution Of 2022															
B5	Legal reserve	-	-	-	-	59,418	-	( 59,418 )	-	-	-	-	-	-	-	-
	Cash dividends of share holder Subtotal	-	-	-	-	-	-	( 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, 2022	-	-	-	-	-	-	609,150	-	-	-	-	-	609,150		
D3	Other comprehensive income/(loss) for the year ended December 31, 2022	-	-	-	-	-	-	2,076	( 81,085 )	( 532,435 )	-	( 613,520 )	-	( 611,444 )		
D5	Total comprehensive income/(loss) for the year ended December 31, 2022	-	-	-	-	-	-	611,226	( 81,085 )	( 532,435 )	-	( 613,520 )	-	( 2,294 )		
G1	Issuance of new shares with restrictions on employee rights	4,300	43,000	-	90,967	-	-	-	-	-	( 133,967 )	( 133,967 )	-	-		

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	%
	<b>CURRENT ASSETS</b>				
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	<b>Total current assets</b>	<u>13,525,962</u>	<u>62</u>	<u>15,279,055</u>	<u>62</u>
	<b>NON-CURRENT ASSETS</b>				
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	<b>Total non-current assets</b>	<u>8,444,166</u>	<u>38</u>	<u>9,551,484</u>	<u>38</u>
1XXX	<b>Total assets</b>	<u>\$ 21,970,128</u>	<u>100</u>	<u>\$ 24,830,539</u>	<u>100</u>
	<b>LIABILITIES AND EQUITY</b>				
	<b>CURRENT LIABILITIES</b>				
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	<b>Total current liabilities</b>	<u>7,268,534</u>	<u>33</u>	<u>11,212,687</u>	<u>45</u>
	<b>NON-CURRENT LIABILITIES</b>				
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	<b>Total non-current liabilities</b>	<u>1,506,003</u>	<u>7</u>	<u>238,990</u>	<u>1</u>
2XXX	<b>Total liabilities</b>	<u>8,774,537</u>	<u>40</u>	<u>11,451,677</u>	<u>46</u>
	<b>EQUITY (note 4, 14, 20, 23 and 28)</b>				
	<b>Share capital</b>				
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
	<b>Retained earnings</b>				
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	<b>Total retained earnings</b>	<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	<b>Total equity attributable to owners of parent</b>	<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	<b>Total equity</b>	<u>13,195,591</u>	<u>60</u>	<u>13,378,862</u>	<u>54</u>
	<b>Total liabilities and equity</b>	<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	( <u>50,322</u> )	<u>-</u>	( <u>7,238</u> )	<u>-</u>
6000	Total operating expenses	( <u>2,307,532</u> )	( <u>9</u> )	( <u>2,136,917</u> )	( <u>8</u> )
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)

code		Share Capital (Note 23 and 28)		Capital Reserve	(Note 4, 14, 20 and 23)	Retained Earnings (Note 23)			Foreign operating organizations Exchange difference	Other interests (Note 4 and 23)		Subtotal	Treasury Share	Non-controlling (note 23)	Total equity
		Number of shares (thousands of shares)	Amount			Legal Reserve	Special Reserve	unappropriated surplus		Through other comprehensive Profit and loss measured at fair value	Employees are not paid				
				Capital received in advance					On translation of financial statements	Unrealized gains and losses on financial assets					
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.