



Stock Code: 4906

Gemtek Technology Co., Ltd.

2023 Annual Shareholders' Meeting Handbook

Date: May 29, 2023 (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 2023 Annual Meeting of Shareholders

I Call the Meeting to Order

II Chairperson Takes Chair

III Chairperson Remarks

IV Management Presentation (Company Reports)

V Proposals

VI Discussion

VII Extemporaneous Motions

VIII Adjournment

Gemtek Technology Co., Ltd.

2023 Agenda of Annual Shareholders' Meeting

Time: 9:00 a.m. on Monday, May 29, 2023

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. To report the business of 2022
- b. Audit Committee's 2022 review report
- c. To report 2022 employees' compensation and remuneration of board of directors.

IV. Proposed Resolutions

- a. To ratify 2022 Business Report and Financial Statements
- b. To ratify proposal for 2022 distribution of earnings

V. Discussion Items

- a. To discuss Issuance of Employee Restricted Stock Awards ("RSAs")

VI. Extemporaneous Motion

VII. Adjournment

I. Management Presentations - Reports on Company Affairs

Report No. 1

2022 Business Reports

Explanation:

The 2022 Business Report is attached as Attachment A.

Resolution:

Report No. 2

Audit Committee's Review Report on the 2022 Financial Statements

Explanation:

The 2022 Audit Committee's Review Report is attached as Attachment B.

Resolution:

Report No. 3

To report 2022 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 2022 distribution of employee bonuses and remuneration benefits of directors was approved by the Company's Remuneration Committee. The Company shall allocate NT\$123,628,868 to employee profit sharing bonuses; and NT\$16,483,849 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 2022.

Resolution:

II. Proposed Resolutions

Proposal No. 1

Proposed by the Board

Ratification of the 2022 Business Report and Financial Statements.

Explanation:

- (1) The 2022 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 2022 Business Report and 2022 Financial Statements have been approved by the Board and inspected by the Audit Committee of Gemtek Technology Co., Ltd.
- (2) The 2022 Business Report, Independent Auditors' Review Report, and the above-mentioned Financial Statements are attached in Attachment [A&C].

Resolution:

Proposal No. 2

Proposed by the Board

Ratification of the proposal for distribution of 2022 profits.

Explanation:

- (1) The Board has adopted the Proposal for Distribution of 2022 Profits in accordance with the Company Act and Articles of Incorporation.
- (2) The proposed aggregate amount of cash dividends is NT\$591,711,716; each common shareholder shall be entitled to receive a cash dividend of NT\$1.5 per share. Upon the approval of the Annual Meeting of Shareholders, it is proposed that the Board of Directors be authorized to resolve the ex-dividend date, ex-rights date, and other relevant issues. Cash dividends shall be distributed only to the minimal extent of the smallest integer. Any fractional amounts rendered below NT\$1 shall be transferred to the Employee Benefits Committee.
- (3) In the event that the proposed profit distribution plan is affected by the buyback of the Company's common stock, transfer, conversion or cancellation of the treasury shares, the exercise of the employee stock options or the conversion of convertible bonds, it is proposed that the Board of Directors be fully authorized by the Shareholder's Meeting to adjust the dividend ratio and handle relevant matters accordingly.
- (4) 2022 Profit Distribution Table is attached in Attachment [D]

Resolution:

III. Discussion Items

Proposal No. 1

Proposed by the Board

To discuss the issuance of Employee Restricted Stock Awards (“RSAs”).

Explanation:

I. In accordance with Article 267, Paragraph 9 of the Company Act for "Regulations Governing the Offering and Issuance of Securities by Securities Issuers " published by the Financial Supervisory Commission, as well as other related regulations, the Company intends to issue Employee Restricted Stock Awards (“RSAs”) for the year 2023. The purpose of this initiative is to attract and retain the professional talents required by the Company, increase employee loyalty and foster a sense of comradery that will benefit both the Company and shareholders.

II. The proposed plan for the issuance of Employee Restricted Stock Awards is as follows:

- (I) Total amount (shares) of issuance: The total number of restricted shares to be issued under this plan is 4,300,000 ordinary shares. Each share has a face value of NT\$10, in which the total value is NT\$43,000,000. The Company may, as deemed necessary, issue shares either in one or more tranches within two years from the date of receipt of the effective notification from the competent authority. The actual date of issuance shall be determined by the Chairman under the authorization of the Board of Directors.
- (II) Conditions for Issuance of Employee Restricted Stock Awards:
 - 1. Issue price: NT\$0 per share. Each Employee Restricted Stock will be issued without consideration.
 - 2. Vesting conditions:
 - (1) If an employee is still in service on the vesting date, the actual number of restricted stocks credited for that year will be determined based on the results of the employee's individual performance evaluation for the previous year.
 - (2) Individual performance indicators: Based on the actual results of the employee's performance evaluation during the most recent fiscal year, stocks will be awarded accordingly when the length of the vesting period is fulfilled:
 - A. Employees with an individual performance rating of 4 (inclusive) to 5 will be eligible to receive 100% of the restricted stocks vested for that fiscal year.
 - B. Employees with an individual performance rating of 3.5 (inclusive) to 4 will be eligible to receive 80% of the restricted stocks vested for that fiscal year.
 - C. Employees with an individual performance rating of 3 (inclusive) to 3.5 will be eligible to receive 60% of the restricted stocks vested for that fiscal year.
 - D. Employees with an individual performance rating below 3 (excluding 3) will

not be eligible to receive any vested stocks for that fiscal year, and will therefore lose their qualification to receive restricted stocks for that year.

(3) The proportions of the restricted stocks that employees are entitled to receive on each fiscal year's vesting date is as follows:

- A. Employees who are still in service after 1 year from the date of grant are eligible to receive up to 30% of the vested shares.
- B. Employees who are still in service after 2 years from the date of grant are eligible to receive up to 30% of the vested shares.
- C. Employees who are still in service after 3 years from the date of grant are eligible to receive up to 40% of the vested shares.

This policy applies only to employees who are still employed by the Company at the expiration of the Restricted Stock Awards subscription period and have not violated the Company's labor contract, work rules, or other company regulations. Additionally, eligible employees must have achieved their individual performance targets set by the Company in the preceding year to be eligible for vested stock options.

- 3. The type of shares that have been issued are the common stocks of the company.
- 4. Measures to be taken when employees fail to meet the vesting conditions or in the event of inheritance: If an employee does not meet the vesting conditions, the Company shall redeem the Restricted Stock Awards that have been granted to the employee without compensation and cancel them in accordance with the relevant regulations. In the event of inheritance, the handling shall be carried out in accordance with the relevant provisions of the issuance regulations for new restricted employee shares (RSA).

(III) Qualification criteria for employees and Number of shares granted:

1. Qualification criteria for employees:

The granting of stocks is limited to full-time employees working within the formal organizational structure of the company. The actual number of shares to be granted to each employee, in addition to their eligibility, will be determined based on factors such as seniority, job level, job responsibilities, work performance, overall contributions, special achievements, and other management-related factors. The Chairman shall approve the allocation, which will then be submitted to the Board of Directors for approval. Approval requires the attendance of at least two-thirds of the directors and the agreement of more than one-half of the attending directors. However, for employees who hold managerial or directorial positions, approval must be granted by the Remuneration Committee. For non-managerial employees, approval must be

granted by the Audit Committee.

2. Number of shares granted:

As per Article 56-1, Paragraph 1 of the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers", the cumulative number of issued shares that can be subscribed by a single subscriber of employee stock options certificates along with the total number of restricted employee shares acquired by the option holder should not exceed 0.3% of the total outstanding shares. Furthermore, as per Article 56, Paragraph 1 of the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers" the cumulative number of issued shares that can be subscribed by a single subscriber of employee stock options certificates should not exceed 1% of the total outstanding shares.

(IV) The necessary reason of the current issuance of RSA:

To attract and retain the professional talents required by the Company, and to increase employees' loyalty and sense of comradery so as to benefit both the Company and shareholders.

(V) Calculated expense amount, Dilution of the Company's earnings per share (EPS), and Other matters affecting shareholder's equity:

1. Calculated expense amount:

The company shall measure the fair value of the stocks on the day they are granted and then recognize the relevant annual expenses over the vesting period. Based on the closing price of the company's common stock on March 10, 2023, which was NT\$28.5 per share, the estimated total expense that may be incurred when all vesting conditions are met is NT\$12.255 million. The estimated expenses from 2023 to 2026 are NT\$17.021 million, NT\$40.850 million, NT\$40.850 million, and NT\$23.829 million, respectively.

2. Dilution of the Company's earnings per share (EPS) and other matters affecting shareholder's equity:

Based on the current total number of issued shares of 394,530,477 shares, it is estimated that the earnings per share may decrease, after recognizing expenses from 2023 to 2026, by approximately NT\$0.04, NT\$0.10, NT\$0.10, and NT\$0.06, respectively. Based on the overall assessment mentioned above, the impact on the future earnings per share of the company is expected to be limited and there should be no material impact on the existing shareholder equity.

(VI) The Chairman is authorized to amend relevant provisions if any revisions regarding the

Employee Restricted Stock Awards Guidelines of the Company are required based on instructions by the competent authority during the review process. The issuance of the guidelines shall only proceed after obtaining subsequent ratification from the Board of Directors.

III. After approval by the shareholders' meeting, the Board of Directors will formulate the guidelines for issuing Employee Restricted Stock Awards in accordance with relevant laws and regulations. The stocks will be issued either in one or more tranches.

Resolution:

IV. Extemporaneous Motion

V. Adjournment

Gemtek Technology Co., Ltd.

2022 Business Report

(Translation)

I. Foreword

Reflecting on 2022, the gradual end of the Covid-19 pandemic resulted in the reopening of borders, allowing for the resumption of business and daily activities, marking the beginning of the first stage of global recovery. In the post-pandemic era, we adapted to a new way of life and worked to maintain the steady operation of our daily routines. However, the continuously evolving virus and the ongoing political turmoil resulting from the Russo-Ukrainian War have continued to present major challenges worldwide, testing the resilience of businesses and governments alike. Despite these setbacks, Gemtek Technology remained steadfast in adapting and solidifying our operational strategies while expanding our business capabilities. Our establishment of an efficient SMT line in our Vietnam factory was a testament to our success in staying ahead of the game. 2022 was a challenging year for Gemtek, but despite the severity of the overall environment, we continued to strive for progress in technology and operations, achieving a peak in revenue.

In the midst of global recovery, however, many businesses worldwide are still struggling in the aftermath of the pandemic. Despite the balance of supply and demand for electronic components gradually rebounding, policies implemented by governments around the world during the pandemic have had adverse consequences on factory operations. In the first half of the year, not only were Gemtek's production lines in Mainland China stifled, but suppliers in China also faced production stoppages, leading to a ripple effect on the supply of components. These uncontrollable factors posed a severe challenge to Gemtek, but with the efforts of our Chairman, General Manager, and colleagues, we managed to weather the storm and ride the wave. The pandemic provided an unforeseen opportunity for Gemtek Technology to learn and adjust our operational structure, including our procurement strategies, product design, coordination, and collaboration with customers. We made dynamic adjustments in these areas and put them into practice for the future. Throughout our journey, we have always upheld the principle of serving our customers first, with the hope of reducing the impact of structural factors on our company and customers in the future.

Despite the global pandemic and inflationary pressure brought on by the Russo-Ukrainian War, the demand for rapid deployment of broadband infrastructure equipment never wavered. Governments around the world are still eager to implement their plans to build fiber optic networks, and the deployment of 5G networks is also proceeding in full swing as customer demand remains

strong. According to the 2022 Ericsson Mobility Report, despite a weaker economy and geopolitical uncertainties, service providers continue to deploy 5G. As of November 2022, 228 service providers have already launched commercial 5G services globally. Deployment of 5G standalone (SA) networks also continues, with around 35 service providers having deployed or launched 5G SA in public networks. Ericsson predicts that the 5G subscription uptake will be faster than that of 4G following its launch in 2009, with 5G expected to reach 1 billion subscriptions 2 years sooner than 4G. It is expected that by the end of 2028, the number of 5G subscribers will reach approximately 9.2 billion. The number of smartphone users continues to grow as well, and it is expected to reach 6.6 billion by the end of 2022, accounting for 79% of all mobile phone users. By 2028, this number is predicted to increase to 7.8 billion, accounting for 84% of all mobile users. The demand for mobile networks will continue to strengthen, and it is predicted that FWA (Fixed Wireless Access) will grow at a strong rate of 19% per year by 2028.

Looking ahead to 2023, it is widely agreed that “digital technology” will continue to be a driving force behind technological development. In addition, in the post-pandemic era, we also need to be aware of other contemporary threats such as population ageing and climate change, which are the major contributors to the decline in economic productivity and environmental degradation around the world. Furthermore, geopolitical turbulence and the US-China competition have added momentum to the deglobalization trend and have led to a rise in calls for regional protectionism and industry localization. All these factors combined indicate that a substantial change in the current supply chain structure is unavoidable. Essentially, digital technology is the key to propelling industry transformation. Digital technology encompasses a variety of fields, such as Artificial Intelligence, Edge Computing, Internet of Things, Cybersecurity, and more. The internet serves as the cornerstone that enables these technologies to function, and as such, the deployment of network communication equipment is crucial. Our research and development team is continuously improving their skills to make help make a difference in the advancement of digital technology. In 2023, Gemtek Technology will continue to provide hardware manufacturing and design services to our customers, while also investing more resources in integrating software and hardware on SOC, user platforms, and application services. Our objective is to offer a broader spectrum of services, such as IoT and cybersecurity, to assist our end customers manage their business models more flexibly, which will ultimately lead to increased profitability. Gemtek will continue to optimize its research and development strategy to provide customers with the best possible products and services.

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 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 its 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. 2022 Business Report

1. Business Results

In 2022, the total consolidated operating income was NT\$27,899,990 thousand. The combined operating costs and operating expenses was NT\$27,171,633 thousand. The consolidated non-operating income was NT\$273,333 thousand. The consolidated non-operating expenses was NT\$82,357 thousand. The pre-tax net profit was NT\$919,333 thousand; income tax expense was NT\$173,283 thousand. Therefore, the consolidated net profit after tax for this year is NT\$746,050 thousand. Earnings per share (after tax) is NT\$1.70.

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 2022, the current ratio was 136.27% and the debt ratio was 46.12%, indicating that the composition of the company's financial structure was adequately sound and stable.

3. Research and Development

2022 R&D Achievements

- (1) Development of next-generation passive optical network/ ultra-wideband network and voice service integration systems GPON/XGSPON /10GEPON/DPoE/NGPON2 products and shared software platform. (High performance xPON integration platform development based on protobole openwrt)
- (2) Fixed broadband xDSL and G.FAST Ultra-wideband product development
- (3) Whole home WiFi with Easy Mesh development
- (4) Advanced WiFi 6/6e AP, Repeater,and Mesh development
- (5) Enterprise-grade WiFi platform development
- (6) WiFi 7 AP prototype development
- (7) Cost-effective and Advanced LTE client device development, including Cat 20, Cat 12, Cat6, Cat4, CBRS
- (8) 3GPP based CIOT client device and LGA module development (including Cat 1, Cat-M1, NB-IOT)
- (9) Cost effective 5G NR FR1 IDU/ODU CPE development
- (10) Easy installtion and cost effective 5G NR FR1+ FR2 ODU CPE development
- (11) 28/39G mmwave smart antenna phase array system platform development
- (12) 5G NR smallcell and core network platform development
- (13) Cost effective 5G NR smallcell development for sharedband CBRS
- (14) Scalable Phased Array Antenna Development for LEO application ka/ku-band

III. 2022 Business Policies

1. Marketing Strategy

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

2. Production Policy

- (1) Strictly control the production process and increase the utilization rate of production capacity.
- (2) Strictly select suppliers that meet cost effectiveness and integrate resources to pursue profitability.
- (3) Track the lead time and quality of key manufacturing components. Keenly identify changes in supply, demand and prices.
- (4) Adjust capital expenditures based on the condition of the industry.
- (5) Introduce automated and optimized production systems to increase production efficiency.
- (6) Achieve Net Zero by incorporating Post-consumer recycled plastic (PCR) materials into our product design.

3. Industrial Development

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

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

IV. Conclusion

The company's management team would like to express their sincere gratitude to all shareholders for their unwavering support. We look forward to your continued encouragement and guidance in the forthcoming years.

Chairman: Hong-wen Chen

General Manager: Rong-chang Li

Accounting Supervisor: Zhi-hong Lin

Gemtek Technology Co., Ltd.

2022 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 2022 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, 2023

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, 2022 and 2021, 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, 2022 and 2021, 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, 2022. 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 2022 Individual Financial Statements of the Company as follows:

Revenue Recognition

The 2022 operating income of Gemtek Technology Co., Ltd. is NT\$25,763,706 thousand, in

which NT\$8,383,971 thousand sales revenue is attributed to the sale of a major customer product, accounting for 33% of the operating income. Due to the fact that the sales revenue makes up a consequential part of the operating income in contrast to the year 2021, 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 and 2021, 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 and 2021 was NT\$1,268,866 thousand and NT\$579,584 thousand respectively, accounting for 5% and 3% of the total assets of the individual. The recognized comprehensive income of investments by investee companies as of December 31, 2022 and 2021 was NT\$316,125 thousand and NT\$79,878 thousand respectively, accounting for 25% and 3% 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, 2022 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 15, 2023

GEMTEK TECHNOLOGY CO., LTD.
Parent Company Only Balance Sheets
December 31, 2022 and 2021
(Expressed in thousands of New Taiwan Dollars)

ASSETS		December 31, 2022		December 31, 2021	
		AMOUNT	%	AMOUNT	%
CURRENT ASSETS					
1100	Cash and cash equivalents (note 4 and 6)	\$ 178,263	1	\$ 306,549	2
1110	Financial assets at fair value through profit or loss - current (note 4 and 7)	-	-	125,886	1
1170	Accounts receivable, net (note 4、10 and 21)	8,970,398	38	5,443,505	29
1180	Accounts receivable from related parties (note 4、21 and 30)	140,242	1	1,045,699	6
1200	Other receivables	18,433	-	44,455	-
1210	Other receivables from related parties (note 4 and 30)	1,343,122	6	13,342	-
1220	Current tax assets (note 4 and 21)	1,200	-	-	-
130X	Inventories (note 4 and 11)	577,810	3	601,047	3
1470	Other current assets (note 4 and 15)	96,045	-	98,586	-
11XX	Total current assets	<u>11,325,513</u>	<u>49</u>	<u>7,679,069</u>	<u>41</u>
NON-CURRENT ASSETS					
1517	Financial assets at fair value through other comprehensive income - non-current (note 4 and 8)	133,414	1	171,508	1
1535	Financial assets at amortized cost - non-current (note 4、9 and 31)	20,000	-	20,000	-
1550	Investments accounted for using the equity method (note 4 and 12)	10,231,972	44	9,036,521	49
1600	Property, plant and equipment (note 4、13 and 30)	1,431,892	6	1,457,078	8
1755	Right-of-use assets (note 4 and 14)	8,759	-	13,873	-
1840	Deferred tax assets (note 4 and 23)	49,498	-	45,910	-
1990	Other non-current assets (note 4、15 and 19)	129,212	-	151,780	1
15XX	Total non-current assets	<u>12,004,747</u>	<u>51</u>	<u>10,896,670</u>	<u>59</u>
1XXX	Total assets	<u>\$ 23,330,260</u>	<u>100</u>	<u>\$ 18,575,739</u>	<u>100</u>
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
2100	Short-term borrowings (note 16)	\$ 2,526,205	11	\$ 2,108,520	11
2130	Contract liabilities - current (note 4 and 21)	287,666	1	155,147	1
2170	Accounts payable	2,120,099	9	1,081,326	6
2180	Accounts payable to related parties (note 30)	4,364,574	19	1,909,016	10
2219	Other payables (note 18 and 30)	560,978	2	452,864	3
2230	Current tax liabilities (note 4 and 23)	124,837	1	21,071	-
2280	Current lease liabilities (note 4 and 14)	3,633	-	5,425	-
2321	Current portion of bonds payable (note 17)	-	-	857,842	5
2399	Other current liabilities (note 18)	55,111	-	77,575	-
21XX	Total current liabilities	<u>10,043,103</u>	<u>43</u>	<u>6,668,786</u>	<u>36</u>
NON-CURRENT LIABILITIES					
2580	Non-current lease liabilities (note 4 and 14)	5,033	-	8,053	-
2570	Deferred tax liabilities (note 4 and 23)	208,038	1	208,258	1
2670	Other non-current liabilities (note 18)	1,044	-	815	-
25XX	Total non-current liabilities	<u>214,115</u>	<u>1</u>	<u>217,126</u>	<u>1</u>
2XXX	Total liabilities	<u>10,257,218</u>	<u>44</u>	<u>6,885,912</u>	<u>37</u>
EQUITY (note 4、12、17 and 20)					
Share capital					
3110	Ordinary shares	3,946,465	17	3,661,188	20
3140	Capital collected in advanced	-	-	44,798	-
3200	Capital surplus	4,983,065	21	4,441,626	24
Retained earnings					
3310	Legal reserve	943,768	4	878,269	4
3320	Special reserve	195,638	1	1,305,902	7
3350	Unappropriated earnings	1,728,176	7	696,971	4
3300	Total retained earnings	<u>2,867,582</u>	<u>12</u>	<u>2,881,142</u>	<u>15</u>
3490	Other equity	1,275,930	6	661,073	4
3XXX	Total equity	<u>13,073,042</u>	<u>56</u>	<u>11,689,827</u>	<u>63</u>
Total liabilities and equity		<u>\$ 23,330,260</u>	<u>100</u>	<u>\$ 18,575,739</u>	<u>100</u>

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

GEMTEK TECHNOLOGY CO., LTD.

Parent Company Only Statements of Comprehensive Income

For the Years Ended December 31, 2022 and 2021

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

代 碼		2022		2021	
		AMOUNT	%	AMOUNT	%
4000	Operating revenue (note 4 、 21 and 31)	\$ 25,763,706	100	\$ 20,562,652	100
5000	Operating costs (note 11 、 19 、 22 and 31)	(24,121,632)	(94)	(19,038,109)	(93)
5900	Gross profit	<u>1,642,074</u>	<u>6</u>	<u>1,524,543</u>	<u>7</u>
	Operating expenses (note 10 、 19 、 22 and 30)				
6100	Selling expenses	(405,951)	(2)	(343,402)	(2)
6200	General and administrative expenses	(323,295)	(1)	(277,481)	(1)
6300	Research and development expenses	(824,912)	(3)	(720,649)	(3)
6450	Expected credit losses reversed on receivables	(<u>121</u>)	<u>-</u>	<u>48</u>	<u>-</u>
6000	Total operating expenses	(<u>1,554,279</u>)	(<u>6</u>)	(<u>1,341,484</u>)	(<u>6</u>)
6900	Profit from operations	<u>87,795</u>	<u>-</u>	<u>183,059</u>	<u>1</u>
	Non-operating income and expenses				
7100	Interest income (note 22)	15,500	-	2,416	-
7010	Other income (note 22 and 31)	42,592	-	28,975	-
7020	Other gains and losses(note 22 and 31)	104,184	1	50,764	-
7050	Finance costs (note 22)	(69,577)	-	(30,586)	-
7070	Share of profit of subsidiaries and associates (note 4 and 12)	<u>595,163</u>	<u>2</u>	<u>472,392</u>	<u>2</u>
7000	Total non-operating income and expenses	<u>687,862</u>	<u>3</u>	<u>523,961</u>	<u>2</u>

(Continued)

(Brought Forward)

		2022		2021	
		AMOUNT	%	AMOUNT	%
7900	Profit before income tax	\$ 775,657	3	\$ 707,020	3
7950	Income tax (note 4 and 23)	(110,974)	-	(27,227)	-
8200	Net profit for the period	<u>664,683</u>	<u>3</u>	<u>679,793</u>	<u>3</u>
	Other comprehensive income (/loss)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plans (note 19)	8,337	-	(3,527)	-
8316	Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(38,094)	-	(29,987)	-
8330	Share of other comprehensive loss of subsidiaries and associates accounted for using the equity method	406,617	1	2,068,586	10
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of the financial statements of foreign operations	233,369	1	(63,871)	-
8370	Share of other comprehensive loss of subsidiaries and associates accounted for using the equity method	<u>595</u>	<u>-</u>	(<u>3,032</u>)	<u>-</u>
8300	Other comprehensive income/(loss)	<u>610,824</u>	<u>2</u>	<u>1,968,169</u>	<u>10</u>
8500	Total comprehensive income	<u>\$ 1,275,507</u>	<u>5</u>	<u>\$ 2,647,962</u>	<u>13</u>
	Earnings per share (note 24)				
9750	Basic earnings per share	<u>\$ 1.70</u>		<u>\$ 1.89</u>	
9850	Diluted earnings per share	<u>\$ 1.59</u>		<u>\$ 1.69</u>	

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

Parent Company Only Statements of Changes in Equity
For the Years Ended December 31, 2022 and 2021
(Expressed in thousands of New Taiwan Dollars)

		Share Capital (note 21 and 26)				Retained Earnings (note21)			Other Equity (note 4and 21)							
		Shares (in thousand)	Common Stock	Advance Receipts for Share Capital	Capital Surplus (note 4 、 18 and 21)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operation	Unrealized Valuation Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Unearned Employee Compensation	Total	Treasury Shares	Non-controlling equity (note 21 and 27)	Total Equity	
code																
A1	BALANCE AT JANUARY 1, 2021	357,591	\$ 3,575,905	\$ -	\$ 4,606,007	\$ 750,939	\$ 559,574	\$ 1,273,304	(\$ 514,953)	(\$ 790,948)	(\$ 75,825)	(\$ 1,381,726)	\$ -	\$ 132	\$ 9,384,135	
	Appropriation of 2020 earnings															
B1	Legal reserve	-	-	-	-	20,119	-	(20,119)	-	-	-	-	-	-	-	
B3	Special reserve	-	-	-	-	-	183,614	(183,614)	-	-	-	-	-	-	-	
B5	Cash dividends of share holder															
	Subtotal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
D1	Net profit for the year ended December 31, 2021	-	-	-	-	-	-	679,793	-	-	-	-	-	1,791	681,584	
D3	Other comprehensive loss for the year ended December 31, 2021	-	-	-	-	-	-	(3,463)	(66,903)	2,038,535	-	1,971,632	-	-	1,968,169	
D5	Total comprehensive income/(loss) for the year ended December 31, 2021	-	-	-	-	-	-	676,330	(66,903)	2,038,535	-	1,971,632	-	1,791	2,649,753	
I1	corporate bond converted to ordinary shares	8,712	87,123	44,798	204,666	-	-	-	-	-	-	-	-	-	336,587	
M3	Disposals of subsidiaries				(8,691)	-	-	-	-	-	-	-	-	-	(8,691)	
N1	Issuance of restricted share plan for employees	(184)	(1,840)	-	(2,690)	-	-	-	-	-	4,530	4,530	-	-	-	
O1	Changes of non-controlling interest	-	-	-	-	-	-	(21,339)	-	21,339	-	21,339	-	-	-	
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	(21,339)	-	21,339	-	21,339	-	-	-	
T1	Share-based payment expenses	-	-	-	-	-	-	-	-	-	45,298	45,298	-	-	45,298	
Z1	BALANCE AT DECEMBER 31, 2021	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 to shareholders							(607,738)	-	-	-	-	-	-	(607,738)	
	Total	-	-	-	-	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	
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	-	-	
M3	Disposals of subsidiaries	-	-	-	-	-	-	(34)	1	34	-	35	-	-	1	
I1	Convertible bonds 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)	-	-	-	
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)	-	-	-	
T1	Share-based payment expenses	-	-	-	-	-	-	-	-	-	19,964	19,964	-	-	19,964	
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	

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

GEMTEK TECHNOLOGY CO., LTD
Parent Company Only Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

(Expressed in thousands of New Taiwan Dollars)

		2022	2021
	CASH FLOWS FROM OPERATING ACTIVITIES		
A00010	Income before income tax	\$ 775,657	\$ 707,020
A20010	Adjustments for:		
A20100	Depreciation expense	117,235	105,137
A20200	Amortization expense	57,654	52,287
A20300	Expected credit losses reversed on receivables	121	(48)
A20400	Net (gain)/loss on fair value changes of financial [assets/liabilities] at fair value through profit or loss	14,820	(29,958)
A20900	Finance costs	69,577	30,586
A21200	Interest income	(15,500)	(2,416)
A21300	Dividend income	(5,801)	(4,491)
A21900	Share-based payment expenses	19,964	45,298
A22400	Share of profit of subsidiaries and associates	(595,163)	(472,392)
A22500	Gain on disposal of property, plant and equipment	(384)	(83)
A23100	Disposal in subsidiaries and associates accounted for using the equity method	(3,140)	(105,631)
A23800	(Reversal of) write-down of inventories	(1,149)	6,434
A24100	Net (gain)/loss on foreign currency exchange	131,131	31,686
A30000	Changes in operating assets and liabilities		
A31115	financial assets at fair value through profit or loss	111,066	17,696
A31140	Notes receivable from related parties	-	11,250
A31150	Accounts receivable	(3,763,377)	(32,716)
A31160	Accounts receivable from related parties	823,789	272,547
A31180	Other receivables	(75,500)	18,007
A31200	Inventories	24,386	180,513
A31240	Other current assets	4,570	22,730
A31990	Prepaid pension	(2,076)	(2,143)
A32125	Contract liabilities	181,068	(28,096)
A32150	Accounts payable	1,070,723	(626,683)
A32160	Accounts payable to related parties	2,551,864	(1,053,977)
A32180	Other payables	103,478	(21,371)
A32230	Other current liabilities	(<u>22,108</u>)	<u>24,559</u>

(Continued)

(Brought Forward)

		2022	2021
A33000	Cash used in operations	1,572,905	(854,255)
A33100	Interest received	\$ 15,642	\$ 2,412
A33200	Dividends received	5,801	4,491
A33300	Interest paid	(63,529)	(14,966)
A33500	Income tax paid	(12,216)	(65,509)
AAAA	Net cash used in operating activities	<u>1,518,603</u>	<u>(927,827)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
B00010	Purchase of financial assets at fair value through other comprehensive income	-	(3,592)
B00020	Proceeds from sale of financial assets at fair value through other comprehensive income	-	8,380
B00050	Proceeds from disposal of financial assets at amortised cost	-	20,000
B01800	Acquisition of investments accounted for using the equity method	(301,350)	(153,000)
B01900	Proceeds from investments accounted for using equity method	9,571	-
B02400	Capital reduction in subsidiary and refund to shareholders	139,200	300,000
B02700	Payments for property, plant and equipment	(111,472)	(243,271)
B02800	Proceeds from disposal of property, plant and equipment	35,055	5,674
B03700	Decrease (Increase) in refundable deposits	(241)	(2,198)
B05900	Increase in other receivable- related parties	(1,228,400)	-
B06700	Increase in other non-current assets	(34,448)	(76,018)
B07600	Dividends received from subsidiaries	233,000	130,912
B0990	Acquisition of Dividend from affiliated company	<u>109,142</u>	<u>80,402</u>
BBBB	Net cash generated from investing activities	<u>(1,149,943)</u>	<u>67,289</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
C00100	Increase short-term borrowings	425,883	1,030,475
C01300	Redemption of Bonds	(3,300)	-
C04020	Repayment of the principal portion of lease liabilities	(4,908)	(3,075)
C04300	Increase(Decrease)in other non-current liabilities	229	(9)
C04500	Cash dividends paid	(607,738)	(715,332)
C04900	Payments for buy-back of ordinary shares	(307,112)	-
CCCC	Net cash generated from financing activities	<u>(496,946)</u>	<u>312,059</u>
EEEE	NET DECREASE IN CASH AND CASH EQUIVALENTS	(128,286)	(548,479)
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>306,549</u>	<u>855,028</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>178,263</u>	<u>306,549</u>

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

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, 2022 and 2021, 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, 2022 and 2021, 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, 2022. 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 2022 Consolidated Financial Statements of the Group as follows:

Revenue Recognition

The 2022 operating income of Gemtek Technology Co., Ltd. and its subsidiaries is NT\$27,899,990 thousand, in which NT\$8,383,981 thousand sales revenue is attributed to the sale of a major customer product, accounting for 30% of the operating income. Due to the fact that the sales revenue makes up a consequential part of the operating income in contrast to the year 2021, 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 and 2021 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 and 2021 were NT\$4,998,116 thousand and NT\$2,091,260 thousand respectively, accounting for 20% and 10% of the total consolidated assets. The net operating income from January 1 to December 31, 2022 and 2021 were NT\$871 thousand and NT\$1,104 thousand respectively, accounting for 0% and 0% of the consolidated net operating income.

We have audited the individual financial statements of Gemtek Technologies Co., Ltd. as of and for the years December 31, 2022 and 2021 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, 2022 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
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Financial Supervisory Commission
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GEMTEK TECHNOLOGY CO., LTD.
Parent Company and Subsidiaries Balance Sheets
December 31, 2022 and 2021
(Expressed in thousands of New Taiwan Dollars)

code	ASSETS	December 31, 2022		December 31, 2021	
		AMOUNT	%	AMOUNT	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (note 4 and 6)	\$ 1,009,501	4	\$ 1,275,808	6
1110	Financial assets at fair value through profit or loss - current (note 4 and 7)	17,940		142,860	1
1136	Financial assets at amortized cost – current (note 4, 9 and 32)	3,307	1	137,291	1
1170	Accounts receivable, net (note 4、10 and 22)	9,305,116	38	6,157,358	30
1180	Accounts receivable from related parties (note 4、22 and 31)	63,000	-	201,980	1
1200	Other receivables (note 4、31)	33,949	-	113,617	1
1220	Current tax assets (note 4 and 24)	1,281	-	324	-
130X	Inventories (note 4 and 11)	4,601,290	19	3,748,983	18
1470	Other current assets (note 4 and 16)	<u>243,671</u>	<u>1</u>	<u>231,273</u>	<u>1</u>
11XX	Total current assets	<u>15,279,055</u>	<u>62</u>	<u>12,009,494</u>	<u>59</u>
	NON-CURRENT ASSETS				
1517	Financial assets at fair value through other comprehensive income - non-current (note 4 and 8)	3,258,819	13	2,823,493	14
1535	Financial assets at amortized cost - non-current (note 4、9 and 33)	20,000	-	20,000	-
1550	Investments accounted for using the equity method (note 4、12 and 13)	1,286,049	5	1,109,983	6
1600	Property, plant and equipment (note 4 and 14)	4,042,505	16	3,471,538	17
1755	Right-of-use assets (note 4 and 15)	384,883	2	137,653	1
1805	Goodwill (note 4 and 27)	265,224	1	265,224	1
1821	Other intangible assets	65,745	-	83,817	1
1840	Deferred tax assets (note 4 and 24)	61,716	-	48,005	-
1990	Other non-current assets (note 4、16 and 20)	<u>166,543</u>	<u>1</u>	<u>247,823</u>	<u>1</u>
15XX	Total non-current assets	<u>9,551,484</u>	<u>38</u>	<u>8,207,536</u>	<u>41</u>
1XXX	Total assets	<u>\$ 24,830,539</u>	<u>100</u>	<u>\$ 20,217,030</u>	<u>100</u>
	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term borrowings (note 17)	\$ 2,526,205	10	\$ 2,108,520	10
2130	Contract liabilities - current (note 4 and 22)	325,857	1	307,167	2
2170	Accounts payable	7,103,761	29	3,944,962	20
2180	Accounts payable to related parties (note 31)	-	-	5,667	-
2219	Other payables (note 19 and 31)	971,249	4	713,200	4
2230	Current tax liabilities (note 4 and 24)	137,470	1	25,910	-
2280	Current lease liabilities (note 4 and 15)	91,168	-	14,918	-
2321	Current portion of bonds payable (note 18)	-	-	857,842	4
2399	Other current liabilities (note 19)	<u>56,977</u>	<u>-</u>	<u>78,522</u>	<u>-</u>
21XX	Total current liabilities	<u>11,212,687</u>	<u>45</u>	<u>8,056,708</u>	<u>40</u>
	NON-CURRENT LIABILITIES				
2570	Deferred tax liabilities (note 4 and 24)	224,596	1	218,933	1
2580	Non-current lease liabilities (note 4 and 15)	12,689	-	24,102	-
2670	Other non-current liabilities (note 19)	<u>1,705</u>	<u>-</u>	<u>1,466</u>	<u>-</u>
25XX	Total non-current liabilities	<u>238,990</u>	<u>1</u>	<u>244,501</u>	<u>1</u>
2XXX	Total liabilities	<u>11,451,677</u>	<u>46</u>	<u>8,301,209</u>	<u>41</u>
	EQUITY (note 4、13、18、21 and 26)				
	Share capital				
3110	Ordinary shares	<u>3,946,465</u>	<u>16</u>	<u>3,661,188</u>	<u>18</u>
3140	Capital collected in advance	<u>-</u>	<u>-</u>	<u>44,798</u>	<u>1</u>
3200	Capital surplus	<u>4,983,065</u>	<u>20</u>	<u>4,441,626</u>	<u>22</u>
	Retained earnings				
3310	Legal reserve	943,768	4	878,269	4
3320	Special reserve	195,638	1	1,305,902	7
3350	Unappropriated earnings	<u>1,728,176</u>	<u>7</u>	<u>696,971</u>	<u>3</u>
3300	Total retained earnings	<u>2,867,582</u>	<u>12</u>	<u>2,881,142</u>	<u>14</u>
3490	Other equity	<u>1,275,930</u>	<u>5</u>	<u>661,073</u>	<u>3</u>
31XX	Total equity attributable to owners of parent	13,073,042	53	11,689,827	58
36XX	Non-controlling interests (note 21)	<u>305,820</u>	<u>1</u>	<u>225,994</u>	<u>1</u>
3XXX	Total equity	<u>13,378,862</u>	<u>54</u>	<u>11,915,821</u>	<u>59</u>
	Total liabilities and equity	<u>\$ 24,830,539</u>	<u>100</u>	<u>\$ 20,217,030</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, 2022 and 2021

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

c o d e		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue (note 4 、 22 and 31)	\$ 27,899,990	100	\$ 22,912,691	100
5000	Operating costs (note 12 、 20 、 23 and 31)	(25,034,716)	(90)	(20,852,099)	(91)
5900	Gross profit	2,865,274	10	2,060,592	9
	Operating expenses (note 10 、 20 、 23 and 31)				
6100	Selling expenses	(517,931)	(2)	(401,480)	(2)
6200	General and administrative expenses	(695,521)	(3)	(549,607)	(3)
6300	Research and development expenses	(916,227)	(3)	(753,460)	(3)
6450	Expected credit losses reversed on receivables	(7,238)	-	48	-
6000	Total operating expenses	(2,136,917)	(8)	(1,704,499)	(8)
6900	Profit from operations	728,357	2	356,093	1
	Non-operating income and expenses				
7100	Interest income (note 23)	35,904	-	21,290	-
7010	Other income (note 23 and 31)	80,929	-	65,953	-
7020	Other gains and losses (note 23 and 31)	21,850	-	129,803	1
7050	Finance costs (note 23)	(82,357)	-	(30,803)	-
7060	Share of profit of subsidiaries and associates (note 4 and 13)	134,650	1	181,117	1
7000	Total non-operating income and expenses	190,976	1	367,360	2
7900	Profit before income tax	919,333	3	723,453	3
7950	Income tax (note 4 and 24)	(173,283)	-	(41,869)	-
8200	Net profit for the period	746,050	3	681,584	3

(Continued)

(Brought forward)

c o d e		2022		2021	
		Amount	%	Amount	%
	Other comprehensive income /(loss)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plans (note 20)	\$ 8,337	-	(\$ 3,527)	-
8316	Unrealized loss on investments in equity instruments at fair value through other comprehensive income	368,248	1	2,038,535	9
8330	Share of other comprehensive loss of subsidiaries and associates accounted for using the equity method	275	-	64	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of the financial statements of foreign operations	233,369	1	(63,871)	-
8370	Share of other comprehensive loss of subsidiaries and associates accounted for using the equity method	595	-	(3,032)	-
8300	Other comprehensive income/(loss)	610,824	2	1,968,169	9
8500	Total comprehensive income	<u>\$ 1,356,874</u>	<u>5</u>	<u>\$ 2,649,753</u>	<u>12</u>
	Profit, attributable to:				
8610	Profit, attributable to owners of parent	\$ 664,683	3	\$ 679,793	3
8620	Profit, attributable to non-controlling interests	81,367	-	1,791	-
8600		<u>\$ 746,050</u>	<u>3</u>	<u>\$ 681,584</u>	<u>3</u>
	Profit, attributable to:				
8710	Comprehensive income, attributable to owners of parent	\$ 1,275,507	5	\$ 2,647,962	12
8720	Comprehensive income, attributable to non-controlling interests	81,367	-	1,791	-
8700		<u>\$ 1,356,874</u>	<u>5</u>	<u>\$ 2,649,753</u>	<u>12</u>
	Earnings per share (note 25)				
9750	Basic earnings per share	<u>\$ 1.70</u>		<u>\$ 1.89</u>	
9850	Diluted earnings per share	<u>\$ 1.59</u>		<u>\$ 1.69</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
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31,2022and 2021
(Expressed in thousands of New Taiwan Dollars)

		Share Capital (note 21 and 26)				Retained Earnings (note21)			Other Equity (note 4and 21)							
code		Shares (in thousand)	Common Stock	Advance Receipts for Share Capital	Capital Surplus (note 4 、 18 and 21)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operation	Unrealized Valuation Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Unearned Employee Compensation	Total	Treasury Shares	Non-controlling equity (note 21 and 27)	Total Equity	
A1	BALANCE AT JANUARY 1, 2021	357,591	\$ 3,575,905	\$ -	\$ 4,606,007	\$ 750,939	\$ 559,574	\$ 1,273,304	(\$ 514,953)	(\$ 790,948)	(\$ 75,825)	(\$ 1,381,726)	\$ -	\$ 132	\$ 9,384,135	
	Appropriation of 2020 earnings															
B1	Legal reserve	-	-	-	-	20,119	-	(20,119)	-	-	-	-	-	-	-	
B3	Special reserve	-	-	-	-	-	183,614	(183,614)	-	-	-	-	-	-	-	
B5	Cash dividends of share holder															
	Subtotal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		-	-	-	-	20,119	183,614	(203,733)	-	-	-	-	-	-	-	
D1	Net profit for the year ended December 31, 2021	-	-	-	-	-	-	679,793	-	-	-	-	-	1,791	681,584	
D3	Other comprehensive loss for the year ended December 31, 2021	-	-	-	-	-	-	(3,463)	(66,903)	2,038,535	-	1,971,632	-	-	1,968,169	
D5	Total comprehensive income/(loss) for the year ended December 31, 2021	-	-	-	-	-	-	676,330	(66,903)	2,038,535	-	1,971,632	-	1,791	2,649,753	
I1	corporate bond converted to ordinary shares	8,712	87,123	44,798	204,666	-	-	-	-	-	-	-	-	-	336,587	
M3	Disposals of subsidiaries	-	-	-	(8,691)	-	-	-	-	-	-	-	-	-	(8,691)	
N1	Issuance of restricted share plan for employees	(184)	(1,840)	-	(2,690)	-	-	-	-	-	4,530	4,530	-	-	-	
O1	Changes of non-controlling interest	-	-	-	-	-	-	(21,339)	-	21,339	-	21,339	-	-	-	
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	(21,339)	-	21,339	-	21,339	-	-	-	
T1	Share-based payment expenses	-	-	-	-	-	-	-	-	-	45,298	45,298	-	-	45,298	
Z1	BALANCE AT DECEMBER 31, 2021	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 to shareholders	-	-	-	-	-	-	(607,738)	-	-	-	-	-	-	(607,738)	
	Total	-	-	-	-	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	
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	-	-	
M3	Disposals of subsidiaries	-	-	-	-	-	-	(34)	1	34	-	35	-	-	1	
I1	Convertible bonds 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)	-	-	-	
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)	-	-	-
T1	Share-based payment expenses	-	-	-	-	-	-	-	-	-	19,964	19,964	-	-	19,964
Z1	BALANCE AT DECEMBER 31, 2022	<u>394,646</u>	<u>\$ 3,946,465</u>	<u>\$ -</u>	<u>\$ 4,983,065</u>	<u>\$ 943,768</u>	<u>\$ 195,638</u>	<u>\$ 1,728,176</u>	<u>(\$ 347,887)</u>	<u>\$ 1,632,512</u>	<u>(\$ 8,695)</u>	<u>\$ 1,275,930</u>	<u>\$ -</u>	<u>\$ 305,820</u>	<u>\$ 13,378,862</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, 2022 and 2021
(Expressed in thousands of New Taiwan Dollars)

code		2022	2021
	CASH FLOWS FROM OPERATING ACTIVITIES		
A00010	Income before income tax	\$ 919,333	\$ 723,453
A20010	Adjustments for:		
A20100	Depreciation expense	433,725	369,327
A20200	Amortization expense	131,441	105,618
A20300	Expected credit losses reversed on receivables expense	7,238	(48)
A20400	Net (gain)/loss on fair value changes of financial [assets/liabilities] at fair value through profit or loss	15,715	(31,797)
A20900	Finance costs	82,357	30,803
A21200	Interest income	(35,904)	(21,290)
A21300	Dividend income	(5,801)	(4,812)
A21900	Share-based payment expenses	20,135	45,298
A22300	Share of profit of subsidiaries and associates	(134,650)	(181,117)
A22500	Gain on disposal of property, plant and equipment	6,313	4,601
A23100	Gain on disposal of associates	(3,140)	(187,819)
A23700	Write-down of inventories	15,092	26,493
A24100	Net loss on foreign currency exchange	172,928	29,091
A30000	Changes in operating assets and liabilities		
A31115	financial assets at fair value through profit or loss	248,608	41,312
A31130	Notes receivable	-	43,732
A31140	Notes receivable from related parties	-	11,250
A31150	Accounts receivable	(3,377,355)	(534,077)
A31160	Accounts receivable from related parties	137,618	(89,683)
A31180	Other receivables	79,362	(58,510)
A31200	Inventories	(724,958)	311,581
A31240	Other current assets	(8,424)	69,951
A31990	Prepaid pension	(10,412)	1,384
A32125	Contract liabilities	13,169	33,581
A32150	Accounts payable	3,069,041	(1,696,546)
A32160	Accounts payable to related parties	(4,896)	197,502

(Continued)

(Brought Forward)

C o d e		2022	2021
A32180	Other payables	24,991	186,460
A32230	Other current liabilities	(21,638)	132,598
A33000	Cash used in operations	1,049,888	(485,396)
A33100	Interest received	35,832	29,156
A33200	Dividends received	5,801	4,812
A33300	Interest paid	(64,373)	(15,248)
A33500	Income tax paid	(70,728)	(106,230)
AAAA	Net cash used in operating activities	<u>956,420</u>	<u>(572,906)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
B00010	Purchase of financial assets at fair value through other comprehensive income	\$ -	(\$ 25,593)
B00020	Proceeds from sale of financial assets at fair value through other comprehensive income	17,994	-
B01800	Acquisition of investments accounted for using equity method	(9,000)	-
B01900	Proceeds from investments accounted for using equity method	9,571	-
B00050	Gain from Sale of Amortized Cost Financial Assets	6,623	20,000
B02200	Net cash inflow from acquisition of subsidiaries (note 27)	-	219,968
B02700	Acquisition of property, plant and equipment	(824,845)	(550,512)
B02800	Proceeds from disposal of property, plant and equipment	72,648	13,872
B03700	Increase in refundable deposit	(622)	(1,543)
B04500	Acquisition of intangible assets	-	(652)
B06700	Increase in other non-current assets	(44,202)	(143,267)
B09900	Acquisition of Dividend from affiliated company	<u>109,142</u>	<u>80,402</u>
BBBB	Net cash used in investing activities	<u>(662,691)</u>	<u>(167,976)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
C00100	Increase short-term borrowings	417,685	1,026,280
C01300	Redemption of Bonds	(3,300)	-
C04020	Repayment of the principal portion of lease liabilities	(196,641)	(4,803)
C04300	Increase in other non-current liabilities	(5,375)	2,478
C04500	Cash dividends paid	(607,738)	(715,332)
C04900	Payments for buy-back of ordinary shares	(307,112)	-
C05800	Changes in non-controlling interests	<u>(1,625)</u>	<u>-</u>
CCCC	Net cash generated from financing activities	<u>(704,106)</u>	<u>308,623</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>144,070</u>	<u>(217,183)</u>

EEEE	NET DECREASE IN CASH AND CASH EQUIVALENTS	(266,307)	(649,442)
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,275,808</u>	<u>1,925,250</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,009,501</u>	<u>\$ 1,275,808</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. 2022 Profit Distribution Table

Unit: NT\$

Item	Amount
2021 Undistributed retained earnings	1,133,996,527
2022 Profit after tax	664,682,709
Less: Adjusted retained earnings from Investments Accounted for Using Equity Method	250,318
Less: Debit retained earnings for Canceled Treasury Stock	83,779,279
Add: Recognized retained earnings from remeasurement of Defined Benefit Plans	8,612,150
Add: Transfer accumulated profit or loss to retained earnings for the disposal of equity investment instruments measured at fair value through other comprehensive income	4,912,957
Adjusted unappropriated retained earnings from current profit after tax and extraordinary items	594,178,219
Less: Legal Capital Reserve (10%)	59,417,822
Profit available for distribution for the current period	1,668,756,924
Shareholder dividend (NT\$1.5/share)	591,711,716
Undistributed retained earnings for the year end	1,077,045,208

Note 1: The dividend payout ratio was calculated based on 394,530,477 outstanding common shares of the company as of March 13, 2023, excluding 56,000 shares of restricted employee stock that were redeemed due to capital reduction. The total number of common shares participating in this dividend distribution is 394,474,477.

Chairman: Hong-wen Chen

General Manager: Rong-chang Li

Accounting Supervisor: Zhi-hong Lin

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 each single proposal. The proposed case is limited to 300 words.
2. Shareholder proposals are to be submitted between March 24, 2023 to April 03, 2023 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 2023 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, 2023

Position	Name	Shareholdings		Remark
		Number of Shares	Shareholding Ratio	
Chairperson of the Board	Hong-wen Chen	7,391,937	1.87 %	
Director	Lee-heng Investment Limited Representative: Wen-yi Luo	1,375,000	0.35 %	
Director	Cheng-ren Yang	1,464,269	0.37 %	
Director	Fu-zan Tsai	1,935,732	0.49 %	
Director	Rong-hui Hsu	1,372,127	0.35 %	
Director	Yue-ji Chang	3,000,715	0.76 %	
Director	Yao-geng Zhao	-	-	Independent Director
Director	Zhu-san Wang	-	-	Independent Director
Director	Chih-yang Chang	-	-	Independent Director
Total Shares Held by Directors		16,539,780	4.19 %	

Note: As of March 31, 2023, the total number of issued shares is 394,474,477 common shares.

The total number of statutory shares held by all directors is 15,778,979 shares.