



Stock Code: 4906

Gemtek Technology Co., Ltd.

2021 Annual Shareholders' Meeting Handbook

Date: June 18, 2021 (Friday)

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 2021 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 Questions and Extemporaneous Motions

VIII Adjournment

Gemtek Technology Co., Ltd.

2021 Agenda of Annual Shareholders' Meeting

Time: 9:00 a.m. on Friday, June 18, 2021

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 2020.

b. Audit Committee's review report

c. To report 2020 employees' compensation and remuneration of board of directors.

d. To report on convertible bonds.

IV. Proposed Resolutions

a. To ratify 2020 Business Report and Financial Statements

b. To adopt the proposal for distribution of 2020 earnings

V. Discussion Items

a. To discuss the 2020 implementation of Cash Distribution derived from Capital Reserve

VI. Extemporaneous Motion

VII. Adjournment

I. Management Presentations - Reports on Company Affairs

Report No. 1

2020 Business Reports

Explanation:

The 2020 Business Report is attached as Attachment A.

Report No. 2

Audit Committee's Review Report on the 2020 Financial Statements

Explanation:

The 2020 Audit Committee's Review Report is attached as Attachment B.

Report No. 3

To report 2020 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 2020 distribution of employee bonuses and remuneration benefits of directors was approved by the Company's Remuneration Committee. The Company shall allocate NT\$232,646,248 to employee profit sharing bonuses; and NT\$31,019,499 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 2020.

Report No. 4

To report on convertible bonds.

Explanation

The report on convertible bonds is attached in Attachment E.

II. Proposed Resolutions

Proposal No. 1

Proposed by the Board

Ratification of the 2020 Business Report and Financial Statements.

Explanation:

- (1) The 2020 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 2020 Business Report and 2020 Financial Statements have been approved by the Board and inspected by the Audit Committee of Gemtek Technology Co., Ltd.
- (2) The 2020 Business Report, Independent Auditors' Review Report, and the above-mentioned Financial Statements are attached in Attachment [A&C].

Proposal No. 2

Proposed by the Board

Adoption of the proposal for distribution of 2020 profits.

Explanation:

- (1) The Board has adopted the Proposal for Distribution of 2020 Profits in accordance with the Company Act and Articles of Incorporation.
- (2) The proposed aggregate amount of cash dividends is NT\$357,666,541; each common shareholder shall be entitled to receive a cash dividend of NT\$1 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) 2020 Profit Distribution Table is attached in Attachment [D]

III. Discussion Items

Proposal No. 1

Proposed by the Board

To discuss the 2020 Implementation of Cash Distribution derived from Capital Reserve.

Explanation:

- (1) The proposed aggregate amount of NT\$357,666,541 derived from capital surplus shall be distributed proportionately to shareholders; each common shareholder shall be entitled to receive NT\$1 per share.
- (2) According to Company Act Article 165, it is proposed that the Board of Directors be authorized to resolve the base date, ex-rights date, and other relevant issues upon the approval of the Annual Meeting of Shareholders,
- (3) 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.
- (4) 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.

IV. Extemporary Motion

V. Adjournment

Gemtek Technology Co., Ltd.

2020 Business Report

(Translation)

I. Foreword

2020 is a year full of challenges and opportunities. In an effort to combat the COVID-19 pandemic, many countries have rolled out extreme policies to allow time and breathing space for their nations to recover from this unprecedented turmoil. Restriction orders such as lockdowns and work-from-home policies are virtually the mainstream approaches for governments across the globe, which had spurred an increase in demands for network communication products that are designed to help people cope with the day-to-day. Being confronted by this new wave of technological revolution, Gemtek is audaciously up to the task with its flexible sales strategies and business tactics amid the rise of the new market.

Looking back at 2020, Gemtek has continuously strived to expand its domestic and overseas production capacity to meet the exponential growth of customer demands. Furthermore, Gemtek has also sought to broaden its market scope by exploring new business opportunities and introducing new products to the global market. Among the plethora of trending technologies in recent years, the development of 5G and WiFi, by and large, are taking off with groundbreaking speed. Nevertheless, Gemtek has always poised itself to meet the height of every challenge, delving into R&D in particular, and has its eyes set on becoming the trailblazer of the telecommunication industry. As an integral part of its business philosophy, Gemtek aims to provide the best solutions for its customers, and undoubtedly, has earned profound recognition from its worldwide business partners in return.

For the forthcoming year, Gemtek will continue to take on any challenges by embracing greater flexibility and prioritizing innovation in terms of business strategies and global deployment. In the midst of a pandemic crisis, Gemtek looks forward to identifying and seizing every business opportunity to expand and propel its operations to a whole different level.

II. 2020 Business Report

1. Business Results

In 2020, the total consolidated operating income was NT\$19,929,372 thousand. The combined operating costs and operating expenses was NT\$19,461,459 thousand. The consolidated non-operating income was NT\$1,136,102 thousand. The consolidated non-operating expenses was NT\$30,843 thousand. The pre-tax net profit was NT\$1,573,172 thousand; income tax expense was NT\$165,598 thousand. Therefore, the consolidated net profit after tax for this year is NT\$1,407,574 thousand. Earnings per share (after tax) is NT\$3.86.

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 2020, the current ratio was 140.14% and the debt ratio was 49.70%, indicating that the composition of the company's financial structure was adequately sound and stable.

3. Research and Development

2020 R&D Achievements

- (1) Next-generation passive optical network/ ultra-wideband network and voice service integration systems
GPON/XGSPON /10GEPON/DPoE/NGPON2 product development.
- (2) G.FAST equipment.
- (3) Whole home WiFi with Mesh development
- (4) Advanced WiFi 6 AP, Repeater, and Mesh development
- (5) Cost-effective and Advanced LTE client device development, including Cat 20, Cat 12, Cat6, Cat4, UER
- (6) 3GPP based CIOT client device and LGA module development (Cat 4, Cat 1, Cat-M1, NB-IOT)
- (7) 5G NR CPE development
- (8) 1W CBRS LTE Small Cell System development
- (9) mmwave smart antenna phase array system platform development
- (10) 5G mmwave repeater system platform development

III. 2021 Business Policies

1. Marketing Strategy

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

2. Production Policy

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

3. Industrial Development

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

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

IV. Conclusion

The company's management team wishes to express their deepest gratitude to all shareholders for their unwavering support. We hope that our shareholders will continue to provide us with encouragement and guidance in the forthcoming years.

Chairman: Hong-wen Chen

General Manager: Hong-wen Chen

Accounting Supervisor: Zhi-hong Lin

Gemtek Technology Co., Ltd.
2020 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 2020 Business Reports and Financial Statements.

The CPA firm of Deloitte & Touche was retained 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 25, 2021

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, 2020 and 2019, 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, 2020 and 2019, 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, 2020. 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 2020 Individual Financial Statements of the Company as follows:

Revenue Recognition

The 2020 operating income of Gemtek Technology Co., Ltd. is NT\$16,484,007 thousand, in which NT\$4,278,268 thousand sales revenue is attributed to the sale of a major customer product, accounting for 26% of the operating income. Due to the fact that the sales revenue makes up a consequential part of the operating income in contrast to the year 2019, 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, 2020, in relation to investee companies that have adopted the equity method for investments, due to the differences in the respective financial reporting structures, the audit engagement for the financial statements of Gemtek Vietnam Co., Ltd. was performed by a separate CPA firm other than us. The financial statements of Gemtek Vietnam Co., Ltd. was audited by a designated CPA in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Therefore, our opinion for the financial statements of Gemtek Vietnam Co., Ltd. derives from the audit report given by its designated CPA where the equity method had been applied to investments and recognized comprehensive income. The total amount of investments by investee companies that have adopted the equity method as of December 31, 2020 was NT\$514,927 thousand, accounting for 3% of the total assets of the individual. The recognized comprehensive income of investments by investee companies as of December 31, 2020 was NT\$53,960 thousand, accounting for 5% 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 committee and supervisors, 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, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche Taiwan
Certified Public Accountant
Ching-zen Yang

Deloitte & Touche Taiwan
Certified Public Accountant
Jing-ting Gung

Securities and Futures Commission
Approved Document Number:
6-0920123784

Securities and Futures Commission
Approved Document Number:
6-0930128050

Date: March 25, 2021

GEMTEK TECHNOLOGY CO., LTD.
Parent Company Only Balance Sheets
December 31, 2020 and 2019
(Expressed in thousands of New Taiwan Dollars)

ASSETS		December 31, 2020		December 31, 2019	
		AMOUNT	%	AMOUNT	%
CURRENT ASSETS					
1100	Cash and cash equivalents (note 4 and 6)	\$ 855,028	5	\$ 1,158,589	8
1110	Financial assets at fair value through profit or loss - current (note 4 and 7)	120,971	1	110,990	1
1150	Notes receivable (note 4、10 and 21)	-	-	43,346	-
1160	Notes receivable from related parties, net (note 4、21 and 30)	11,250	-	-	-
1170	Accounts receivable, net (note 4、10 and 21)	5,468,334	32	3,333,540	24
1180	Accounts receivable from related parties (note 4、21 and 30)	1,327,557	8	68,754	1
1200	Other receivables	66,284	-	20,567	-
1210	Other receivables from related parties (note 4 and 30)	9,516	-	20,779	-
1220	Current tax assets (note 4 and 23)	1,236	-	5,165	-
130X	Inventories (note 4 and 11)	787,994	4	655,721	5
1470	Other current assets (note 4 and 15)	121,574	1	99,423	1
11XX	Total current assets	<u>8,769,744</u>	<u>51</u>	<u>5,516,874</u>	<u>40</u>
NON-CURRENT ASSETS					
1517	Financial assets at fair value through other comprehensive income - non-current (note 4 and 8)	206,283	1	326,649	2
1535	Financial assets at amortized cost - non-current (note 4、9 and 31)	40,000	-	20,000	-
1550	Investments accounted for using the equity method (note 4 and 12)	6,823,820	39	6,672,832	48
1600	Property, plant and equipment (note 4、13 and 30)	1,321,057	8	1,131,078	8
1755	Right-of-use assets (note 4 and 14)	7,705	-	1,838	-
1840	Deferred tax assets (note 4 and 23)	37,713	-	62,638	1
1990	Other non-current assets (note 4、15 and 19)	127,235	1	113,436	1
15XX	Total non-current assets	<u>8,563,813</u>	<u>49</u>	<u>8,328,471</u>	<u>60</u>
1XXX	Total assets	<u>\$ 17,333,557</u>	<u>100</u>	<u>\$ 13,845,345</u>	<u>100</u>
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
2100	Short-term borrowings (note 16)	\$ 1,082,240	6	\$ 299,800	2
2120	Financial liabilities at fair value through profit or loss - current (note 4 and 7)	7,278	-	6,063	-
2130	Contract liabilities - current (note 4 and 21)	191,941	1	230,022	2
2150	Notes payable	-	-	21,345	-
2170	Accounts payable	1,714,603	10	352,776	3
2180	Accounts payable to related parties (note 30)	2,975,357	17	2,827,444	20
2219	Other payables (note 18 and 30)	474,098	3	286,661	2
2230	Current tax liabilities (note 4 and 23)	51,830	-	-	-
2280	Current lease liabilities (note 4 and 14)	2,746	-	1,851	-
2321	Current portion of bonds payable (note 17)	1,179,157	7	-	-
2399	Other current liabilities (note 18)	56,499	1	31,291	-
21XX	Total current liabilities	<u>7,735,749</u>	<u>45</u>	<u>4,057,253</u>	<u>29</u>
NON-CURRENT LIABILITIES					
2530	Bonds payable (note 17)	-	-	1,162,082	8
2580	Non-current lease liabilities (note 4 and 14)	4,161	-	-	-
2570	Deferred tax liabilities (note 4 and 23)	208,820	1	208,462	2
2670	Other non-current liabilities (note 18)	824	-	29	-
25XX	Total non-current liabilities	<u>213,805</u>	<u>1</u>	<u>1,370,573</u>	<u>10</u>
2XXX	Total liabilities	<u>7,949,554</u>	<u>46</u>	<u>5,427,826</u>	<u>39</u>
EQUITY (note 4、17 and 20)					
Share capital					
3110	Ordinary shares	3,575,905	21	3,568,835	26
3200	Capital surplus	4,606,007	26	4,761,281	34
Retained earnings					
3310	Legal reserve	750,939	4	730,820	5
3320	Special reserve	559,574	3	375,960	3
3350	Unappropriated earnings	1,273,304	8	203,733	2
3300	Total retained earnings	2,583,817	15	1,310,513	10
3490	Other equity	(1,381,726)	(8)	(1,223,110)	(9)
3XXX	Total equity	<u>9,384,003</u>	<u>54</u>	<u>8,417,519</u>	<u>61</u>
Total liabilities and equity		<u>\$ 17,333,557</u>	<u>100</u>	<u>\$ 13,845,345</u>	<u>100</u>

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

President : Howard Chen Manager : Howard Chen Accounting Supervisor : Charlin Lin

GEMTEK TECHNOLOGY CO., LTD.

Parent Company Only Statements of Comprehensive Income

For the Years Ended December 31, 2020 and 2019

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

	2020		2019	
	AMOUNT	%	AMOUNT	%
4000 Operating revenue (note 4、 21 and 30)	\$ 16,484,007	100	\$ 14,530,958	100
5000 Operating costs (note 11、19、 22 and 30)	(14,915,008)	(91)	(13,350,544)	(92)
5900 Gross profit	<u>1,568,999</u>	<u>9</u>	<u>1,180,414</u>	<u>8</u>
Operating expenses (note 19、22 and 30)				
6100 Selling expenses	(305,037)	(2)	(266,435)	(2)
6200 General and administrative expenses	(267,323)	(1)	(256,387)	(2)
6300 Research and development expenses	(765,731)	(5)	(724,072)	(5)
6000 Total operating expenses	(1,338,091)	(8)	(1,246,894)	(9)
6900 Profit/(Loss) from operations	<u>230,908</u>	<u>1</u>	(66,480)	(1)
Non-operating income and expenses				
7100 Interest income (note 22)	5,720	-	7,977	-
7010 Other income (note 22 and 30)	77,870	1	24,110	-
7020 Other gains and losses (note 22 and 30)	840,986	5	85,336	1
7050 Finance costs	(30,356)	-	(53,361)	-
7070 Share of profit of subsidiaries and associates (note 4 and 12)	<u>334,512</u>	<u>2</u>	<u>204,489</u>	<u>1</u>
7000 Total non-operating income and expenses	<u>1,228,732</u>	<u>8</u>	<u>268,551</u>	<u>2</u>

(Continued)

(Brought Forward)

		2020		2019	
		AMOUNT	%	AMOUNT	%
7900	Profit before income tax	\$ 1,459,640	9	\$ 202,071	1
7950	Income tax (note 4 and 23)	(89,485)	(1)	(878)	-
8200	Net profit for the period	<u>1,370,155</u>	<u>8</u>	<u>201,193</u>	<u>1</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)	(1,928)	-	(3,818)	-
8316	Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(143,312)	(1)	(10,967)	-
8330	Share of other comprehensive loss of subsidiaries and associates accounted for using the equity method	(16,531)	-	(315,587)	(2)
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of the financial statements of foreign operations	(21,747)	-	(142,959)	(1)
8370	Share of other comprehensive loss of subsidiaries and associates accounted for using the equity method	(32)	-	(838)	-
8300	Other comprehensive loss	(183,550)	(1)	(474,169)	(3)
8500	Total comprehensive income	<u>\$ 1,186,605</u>	<u>7</u>	<u>(\$ 272,976)</u>	<u>(2)</u>
Earnings per share (note 24)					
9750	Basic earnings per share	<u>\$ 3.86</u>		<u>\$ 0.57</u>	
9850	Diluted earnings per share	<u>\$ 3.36</u>		<u>\$ 0.53</u>	

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

President : Howard Chen Manager : Howard Chen Accounting Supervisor : Charlin Lin

GEMTEK TECHNOLOGY CO., LTD
Parent Company Only Statements of Changes in Equity
For the Years Ended December 31, 2020 and 2019
(Expressed in thousands of New Taiwan Dollars)

								Other Equity (note 4 and 20)						
	Share Capital (note 17 and 20)			Capital Surplus (note 4, 17 and 20)	Retained Earnings (note 20)			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain/(Loss) on Financial Assets at Fair Value	Through Other Comprehensive Income	Unearned Employee Compensation	Total	Treasury Shares	Total Equity
	Shares (in thousands)	Common Stock	Advance Receipts for Share Capital		Legal Reserve	Special Reserve	Unappropriated Earnings							
A1	BALANCE AT JANUARY 1, 2019	351,162	\$ 3,511,620	\$ 53,920	\$ 4,669,276	\$ 730,820	\$ 195,278	\$ 180,682	(\$ 351,769)	(\$ 386,694)	\$ -	(\$ 738,463)	\$ -	\$ 8,603,133
	Appropriation of 2018 earnings													
B3	Legal reserve	-	-	-	-	-	180,682	(180,682)	-	-	-	-	-	-
C5	Equity component of convertible bonds issued by the Company	-	-	-	45,527	-	-	-	-	-	-	-	-	45,527
C7	Changes in equity of subsidiaries and associates accounted for using the equity method	-	-	-	(6,513)	-	-	(6,422)	833	-	-	833	-	(12,102)
D1	Net profit for the year ended December 31, 2019	-	-	-	-	-	-	201,193	-	-	-	-	-	201,193
D3	Other comprehensive loss for the year ended December 31, 2019	-	-	-	-	-	-	(4,088)	(143,797)	(326,284)	-	(470,081)	-	(474,169)
D5	Total comprehensive income/(loss) for the year ended December 31, 2019	-	-	-	-	-	-	197,105	(143,797)	(326,284)	-	(470,081)	-	(272,976)
I1	Convertible bonds converted to ordinary shares	5,722	57,215	(53,920)	2,475	-	-	-	-	-	-	-	-	5,770
M7	Changes in percentage of ownership interests in subsidiaries	-	-	-	50,516	-	-	-	(2,349)	-	-	(2,349)	-	48,167
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	13,050	-	(13,050)	-	(13,050)	-	-
Z1	BALANCE AT DECEMBER 31, 2019	356,884	3,568,835	-	4,761,281	730,820	375,960	203,733	(497,082)	(726,028)	-	(1,223,110)	-	8,417,519
	Appropriation of 2019 earnings													
B1	Legal reserve	-	-	-	-	20,119	-	(20,119)	-	-	-	-	-	-
B3	Special reserve	-	-	-	-	-	183,614	(183,614)	-	-	-	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	-	-	-	-	20,119	183,614	(203,733)	-	-	-	-	-	-
C1	Cash distribution from capital surplus	-	-	-	-	-	-	-	-	-	-	-	-	-
5		-	-	-	(177,911)	-	-	-	-	-	-	-	-	(177,911)
D1	Net profit for the year ended December 31, 2020	-	-	-	-	-	-	1,370,155	-	-	-	-	-	1,370,155
D3	Other comprehensive loss for the year ended December 31, 2020	-	-	-	-	-	-	(1,855)	(21,779)	(159,916)	-	(181,695)	-	(183,550)
D5	Total comprehensive income/(loss) for the year ended December 31, 2020	-	-	-	-	-	-	1,368,300	(21,779)	(159,916)	-	(181,695)	-	1,186,605
L1	Buy-back of ordinary shares	-	-	-	-	-	-	-	-	-	-	-	(68,767)	(68,767)
L3	Cancellation of treasury shares	(3,293)	(32,930)	-	(35,837)	-	-	-	-	-	-	-	68,767	-
M3	Disposals of subsidiaries	-	-	-	-	-	-	(4,636)	3,908	4,636	-	8,544	-	3,908
N1	Issuance of restricted share plan for employees	4,000	40,000	-	58,474	-	-	-	-	-	(98,474)	(98,474)	-	-
T1	Share-based payment expenses	-	-	-	-	-	-	-	-	-	22,649	22,649	-	22,649
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	(90,360)	-	90,360	-	90,360	-	-
Z1	BALANCE AT DECEMBER 31, 2020	357,591	\$ 3,575,905	\$ -	\$ 4,606,007	\$ 750,939	\$ 559,574	\$ 1,273,304	(\$ 514,953)	(\$ 790,948)	(\$ 75,825)	(\$ 1,381,726)	\$ -	\$ 9,384,003

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

President : Howard Chen

Manager : Howard Chen

Accounting Supervisor : Charlin Lin

GEMTEK TECHNOLOGY CO., LTD
Parent Company Only Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

(Expressed in thousands of New Taiwan Dollars)

		2020		2019
CASH FLOWS FROM OPERATING ACTIVITIES				
A00010	Income before income tax	\$ 1,459,640		\$ 202,071
A20010	Adjustments for:			
A20100	Depreciation expense	85,173		79,239
A20200	Amortization expense	51,308		48,091
A20400	Net (gain)/loss on fair value changes of financial [assets/liabilities] at fair value through profit or loss	9,201	(	127,483)
A20900	Finance costs	30,356		53,361
A21200	Interest income	(5,720)	(	7,977)
A21300	Dividend income	(4,491)	(	5,839)
A21900	Share-based payment expenses	22,649		-
A22400	Share of profit of subsidiaries and associates	(334,512)	(	204,489)
A22500	Gain on disposal of property, plant and equipment	(113)	(	242)
A23200	Gain on disposal of subsidiaries	(833,061)		-
A23800	(Reversal of) write-down of inventories	(3,121)		8,427
A24100	Net gain on foreign currency exchange	(2,772)	(	13,908)
A30000	Changes in operating assets and liabilities			
A31115	financial assets at fair value through profit or loss	(17,967)		105,365
A31130	Notes receivable	43,346		4,636
A31140	Notes receivable from related parties	(11,250)		-
A31150	Accounts receivable	(2,191,227)		1,965,066
A31160	Accounts receivable from related parties	(1,317,036)	(	56,539)
A31180	Other receivables	(34,706)		1,721
A31200	Inventories	(129,152)	(	470,903)
A31240	Other current assets	(22,350)	(	10,784)
A31990	Prepaid pension	(2,246)	(	2,278)
A32125	Contract liabilities	(14,743)		144,879
A32130	Notes payable	(21,345)	(	2,366)
A32150	Accounts payable	1,388,758		146,173
A32160	Accounts payable to related parties	208,585	(	64,018)
A32180	Other payables	187,965		42,127
A32230	Other current liabilities	27,603	(	16,764)

(Continued)

(Brought Forward)

		2020	2019
A33000	Cash generated from/(used in) operations	(\$ 1,431,228)	\$ 1,817,566
A33100	Interest received	5,972	7,663
A33200	Dividends received	4,491	5,839
A33300	Interest paid	(13,437)	(40,499)
A33500	Income tax paid	(8,443)	(4,009)
AAAA	Net cash generated from/(used in) operating activities	<u>(1,442,645)</u>	<u>1,786,560</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
B00010	Purchase of financial assets at fair value through other comprehensive income	(22,953)	-
B00020	Proceeds from sale of financial assets at fair value through other comprehensive income	7	8,484
B00040	Purchase of financial assets at amortized cost	(20,000)	-
B01800	Acquisition of investments accounted for using the equity method	-	(61,690)
B02400	Capital reduction in subsidiary and refund to shareholders	-	289,206
B02700	Payments for property, plant and equipment	(278,072)	(38,581)
B02300	Net cash inflow on disposal of subsidiary	830,760	-
B02800	Proceeds from disposal of property, plant and equipment	6,381	2,101
B03700	Decrease (Increase) in refundable deposits	737	(30)
B05350	Payments for right-of-use assets	(943)	-
B06700	Increase in other non-current assets	(65,526)	(106,572)
B07600	Dividends received from subsidiaries	<u>151,422</u>	<u>44,035</u>
BBBB	Net cash generated from investing activities	<u>601,813</u>	<u>136,953</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
C00100	Increase (Decrease) short-term borrowings	786,370	(2,352,300)
C01200	Proceeds from issuance of convertible bonds	-	1,197,316
C04020	Repayment of the principal portion of lease liabilities	(3,216)	(3,533)
C04300	Increase (Decrease) in other non-current liabilities	795	(1)
C04500	Cash dividends paid	(177,911)	-
C04900	Payments for buy-back of ordinary shares	(68,767)	-
CCCC	Net cash generated from/(used in) financing activities	<u>537,271</u>	<u>(1,158,518)</u>
EEEE	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(303,561)	764,995
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,158,589</u>	<u>393,594</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 855,028</u>	<u>\$ 1,158,589</u>

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

President : Howard Chen Manager : Howard Chen Accounting Supervisor : Charlin Lin

Auditor’s Review Report

(Translation)

To Gemtek Technology Co., Ltd.,

Opinion

We have audited the accompanying consolidated financial statements of Gemtek Technologies Co., Ltd. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, 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, 2020 and 2019, 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, 2020. 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 2020 Consolidated Financial Statements of the Group as follows:

Revenue Recognition

The 2020 operating income of Gemtek Technology Co., Ltd. and its subsidiaries is NT\$19,929,372 thousand, in which NT\$4,278,475 thousand sales revenue is attributed to the sale of a major customer product, accounting for 21% 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 2019, 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. has 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, 2020 was NT\$2,232,563 thousand, accounting for 12% of the total consolidated assets. The net operating income from January 1 to December 31, 2020 was NT\$70 thousand, accounting for 0% of consolidated net operating income.

We have audited the individual financial statements of Gemtek Technologies Co., Ltd. as of and for the years December 31, 2020 and 2019 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 and supervisors, 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, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche Taiwan
Certified Public Accountant
Ching-zen Yang

Deloitte & Touche Taiwan
Certified Public Accountant
Jing-ting Gung

Securities and Futures Commission
Approved Document Number:
6-0920123784

Securities and Futures Commission
Approved Document Number:
6-0930128050

Date: March 25, 2021

GEMTEK TECHNOLOGY CO.,LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019 (Unit: NT\$ thousand)

Code	ASSETS	2020/12/31		2019/12/31	
		Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents	\$ 1,925,250	10	\$ 2,731,118	19
1110	Financial assets at fair value through profit or loss - current	160,308	1	136,483	1
1136	Financial assets at amortised cost - current	3,274	-	55,921	-
1150	Notes receivables	-	-	43,732	-
1160	Notes receivable due from related parties, net	11,250	-	-	-
1170	Accounts receivable, net	5,888,372	32	3,978,648	27
1180	Accounts receivable due from related parties, net	112,537	1	60,969	1
1200	Other receivables	65,196	-	34,056	-
1220	Current tax assets	1,236	-	5,165	-
130X	Current inventories	4,189,305	22	2,302,166	16
1470	Other current assets	316,917	2	199,761	1
11XX	Total current assets	<u>12,673,645</u>	<u>68</u>	<u>9,548,019</u>	<u>65</u>
	NON-CURRENT ASSETS				
1517	Non-current financial assets at fair value through other comprehensive income	925,288	5	1,187,989	8
1535	Non-current financial assets at amortised cost	172,652	1	165,494	1
1550	Investments accounted for using equity method	1,111,163	6	74,313	-
1600	Property, plant and equipment	3,325,158	18	2,867,476	20
1755	Right-of-use assets	111,160	1	119,276	1
1805	Goodwill	72,845	-	417,835	3
1821	Other intangible assets	6,918	-	29,930	-
1840	Deferred tax assets	40,841	-	109,339	1
1990	Other non-current assets	216,706	1	180,065	1
15XX	Total non-current assets	<u>5,982,731</u>	<u>32</u>	<u>5,151,717</u>	<u>35</u>
1XXX	Total assets	<u>\$ 18,656,376</u>	<u>100</u>	<u>\$ 14,699,736</u>	<u>100</u>
	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Current borrowings	\$ 1,082,240	6	\$ 454,800	3
2120	Current financial liabilities at fair value through profit or loss	7,278	-	6,063	-
2130	Current contract liabilities	218,433	1	243,802	2
2150	Notes payable	-	-	21,345	-
2170	Accounts payable	5,697,231	31	3,273,027	22
2180	Accounts payable to related parties	304	-	-	-
2219	Other payables	713,758	4	510,129	4
2230	Current tax liabilities	80,331	1	58,055	-
2280	Current lease liabilities	3,012	-	6,533	-
2321	Current portion of corporate bonds payables	1,179,157	6	-	-
2399	Other current liabilities	61,869	-	40,018	-
21XX	Total current liabilities	<u>9,043,613</u>	<u>49</u>	<u>4,613,772</u>	<u>31</u>
	NON-CURRENT LIABILITIES				
2530	Bonds payable	-	-	1,162,082	8
2570	Deferred tax liabilities	222,621	1	221,697	2
2580	Non-current lease liabilities	4,528	-	5,126	-
2670	Other non-current liabilities	1,479	-	9,184	-
25XX	Total non-current liabilities	<u>228,628</u>	<u>1</u>	<u>1,398,089</u>	<u>10</u>
2XXX	Total liabilities	<u>9,272,241</u>	<u>50</u>	<u>6,011,861</u>	<u>41</u>
	EQUITY				
	Share capital				
3110	Ordinary share	3,575,905	19	3,568,835	24
3200	Capital surplus	4,606,007	25	4,761,281	32
	Retained earnings				
3310	Legal reserve	750,939	4	730,820	5
3320	Special reserve	559,574	3	375,960	3
3350	Unappropriated retained earnings (accumulated deficit)	1,273,304	7	203,733	1
3300	Total retained earnings	2,583,817	14	1,310,513	9
3490	Other equity interest	(1,381,726)	(8)	(1,223,110)	(8)
31XX	Total equity attributable to owners of parent	9,384,003	50	8,417,519	57
36XX	Non-controlling interests	132	-	270,356	2
3XXX	Total equity	<u>9,384,135</u>	<u>50</u>	<u>8,687,875</u>	<u>59</u>
	TOTAL LIABILITIES AND EQUITY	<u>\$ 18,656,376</u>	<u>100</u>	<u>\$ 14,699,736</u>	<u>100</u>

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

GEMTEK TECHNOLOGY CO.,LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except (Loss) Earnings Per Share)

Code		2020		2019	
		Amount	%	Amount	%
4000	Total operating revenue	\$ 19,929,372	100	\$ 18,057,131	100
5000	Total operating costs	(17,663,796)	(89)	(16,284,640)	(90)
5900	Gross profit (loss) from operations	2,265,576	11	1,772,491	10
	OPERATING EXPENSES				
6100	Selling expenses	(389,353)	(2)	(372,352)	(2)
6200	Administrative expenses	(533,312)	(3)	(510,973)	(3)
6300	Research and development expenses	(874,998)	(4)	(837,667)	(5)
6000	Total operating expenses	(1,797,663)	(9)	(1,720,992)	(10)
6900	Net operating income (loss)	467,913	2	51,499	-
	NON-OPERATING INCOME AND EXPENSES				
7100	Total interest income	27,033	-	43,839	-
7010	Total other income	117,205	1	54,105	-
7020	Other gains and losses, net	960,490	5	219,506	1
7050	Finance costs, net	(30,843)	-	(54,964)	-
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method, net	31,374	-	(31,430)	-
7000	Total non-operating income and expenses	1,105,259	6	231,056	1
7900	Profit (loss) from continuing operations before tax	1,573,172	8	282,555	1
7950	Total tax expense (income)	(165,598)	(1)	(72,582)	-
8200	Profit (loss) from continuing operations	1,407,574	7	209,973	1
	OTHER COMPREHENSIVE INCOME (LOSS)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Gains (losses) on remeasurements of defined benefit plans	(\$ 1,928)	-	(\$ 4,179)	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(160,503)	(1)	(327,252)	(2)

(Continued)

(Brought Forward)

Code		2020		2019	
		Amount	%	Amount	%
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	73	-	-	-
8360	Components of other comprehensive income that will not be reclassified to profit or loss				
8361	Exchange differences on translation	(21,747)	-	(142,959)	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(85)	-	(968)	-
8300	Components of other comprehensive income that will be reclassified to profit or loss	(184,190)	(1)	(475,358)	(2)
8500	TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	\$ 1,223,384	6	(\$ 265,385)	(1)
	Profit (loss), attributable to:				
8610	Profit (loss), attributable to owners of parent	\$ 1,370,155	7	\$ 201,193	1
8620	Profit (loss), attributable to non-controlling interests	37,419	-	8,780	-
8600		\$ 1,407,574	7	\$ 209,973	1
	Profit (loss), attributable to:				
8710	Comprehensive income, attributable to owners of parent	\$ 1,186,605	6	(\$ 272,976)	(1)
8720	Comprehensive income, attributable to non-controlling interests	36,779	-	7,591	-
8700		\$ 1,223,384	6	(\$ 265,385)	(1)
	earnings per share				
9750	Total basic earnings per share	\$ 3.86		\$ 0.57	
9850	Total diluted earnings per share	\$ 3.36		\$ 0.53	

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

GEMTEK TECHNOLOGY CO.,LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

單位：新台幣仟元

C o d e	Other Equity														
	Share capital			Capital Surplus				Exchange Differences on Translating the Financial Statements of Foreign Operations		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		Unearned employee salary		Non-controlling equity	
	Number Of Shares (in thousand)	Amount	Capital Collected In Advance	Retained Earnings			Total		Total		Treasury stock	Total Equity			
				Legal Reserve	Special Reserve	Undistributed surplus									
A1	BALANCE, JANUARY 1, 2019	351,162	\$ 3,511,620	\$ 53,920	\$ 4,669,276	\$ 730,820	\$ 195,278	\$ 180,682	(\$ 351,769)	(\$ 386,694)	\$ -	(\$ 738,463)	\$ -	\$ 39,586	\$ 8,642,719
B3	Appropriation and distribution of retained earnings, 2018														
	Appropriated special reserve	-	-	-	-	-	180,682	(180,682)	-	-	-	-	-	-	-
C5	Recognized equity component of convertible corporate bonds issued by the company	-	-	-	45,527	-	-	-	-	-	-	-	-	-	45,527
C7	Changes of additional paid-in capital of Associates Accounted for Using Equity Method	-	-	-	(6,513)	-	-	(6,422)	833	-	-	833	-	-	(12,102)
D1	Net profit (loss) for the year ended December 31, 2019	-	-	-	-	-	-	201,193	-	-	-	-	-	8,780	209,973
D3	Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	-	(4,088)	(143,797)	(326,284)	-	(470,081)	-	(1,189)	(475,358)
D5	Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	197,105	(143,797)	(326,284)	-	(470,081)	-	7,591	(265,385)
I1	Corporate bond transfer to ordinary shares	5,722	57,215	(53,920)	2,475	-	-	-	-	-	-	-	-	-	5,770
M7	Changes in ownership interest in subsidiaries	-	-	-	49,265	-	-	-	(2,349)	-	-	(2,349)	-	(60,582)	(13,666)
O1	Changes of non-controlling interest	-	-	-	1,251	-	-	-	-	-	-	-	-	283,761	285,012
Q1	Disposal equity investments at fair value through profit or loss	-	-	-	-	-	-	13,050	-	(13,050)	-	(13,050)	-	-	-
Z1	BALANCE, DECEMBER 31, 2019	356,884	3,568,835	-	4,761,281	730,820	375,960	203,733	(497,082)	(726,028)	-	(1,223,110)	-	270,356	8,687,875
	Appropriation and distribution of retained earnings, 2019														
B1	Legal reserve	-	-	-	-	20,119	-	(20,119)	-	-	-	-	-	-	-
B3	Appropriated special surplus reserve	-	-	-	-	-	183,614	(183,614)	-	-	-	-	-	-	-
B5	Cash dividends of share holder	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Subtotal	-	-	-	-	20,119	183,614	(203,733)	-	-	-	-	-	-	-
C15	Capital Surplus Cash Dividend	-	-	-	(177,911)	-	-	-	-	-	-	-	-	-	(177,911)
D1	Net income for the year ended December 31, 2020	-	-	-	-	-	-	1,370,155	-	-	-	-	-	37,419	1,407,574
D3	Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	-	(1,855)	(21,779)	(159,916)	-	(181,695)	-	(640)	(184,190)
D5	Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	1,368,300	(21,779)	(159,916)	-	(181,695)	-	36,779	1,223,384
L1	Purchase of treasury stocks	-	-	-	-	-	-	-	-	-	-	-	(68,767)	-	(68,767)
L3	Treasury stock cancellation	(3,293)	(32,930)	-	(35,837)	-	-	-	-	-	-	-	68,767	-	-
M3	Disposal of Investments accounted for using equity method	-	-	-	-	-	-	(4,636)	3,908	4,636	-	8,544	-	(307,367)	(303,459)
N1	Issuance of employee rights shares	4,000	40,000	-	58,474	-	-	-	-	-	(98,474)	(98,474)	-	-	-
T1	Restricted employee rights stock compensation costs	-	-	-	-	-	-	-	-	-	22,649	22,649	-	-	22,649
O1	Changes of non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	364	364
Q1	Disposal equity investments fair value through profit or loss	-	-	-	-	-	-	(90,360)	-	90,360	-	90,360	-	-	-
Z1	BALANCE, DECEMBER 31, 2020	357,591	\$ 3,575,905	\$ -	\$ 4,606,007	\$ 750,939	\$ 559,574	\$ 1,273,304	(\$ 514,953)	(\$ 790,948)	(\$ 75,825)	(\$ 1,381,726)	\$ -	\$ 132	\$ 9,384,135

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

GEMTEK TECHNOLOGY CO.,LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

Code		2020	2019
	CASH FLOWS FROM OPERATING ACTIVITIES		
A00010	(Loss) income before income tax	\$ 1,573,172	\$ 282,555
A20010	Profit (loss) before tax		
A20100	Depreciation expense	329,409	291,400
A20200	Amortization expense	89,720	64,587
A20300	Expected credit loss (gain) / Provision (reversal of provision) for bad debt expense	(47)	(1,035)
A20400	Net loss (gain) on financial assets or liabilities at fair value through profit or loss	7,786	(270,036)
A20900	Interest expense	30,843	54,964
A21200	Interest income	(27,033)	(43,839)
A21300	Dividend income	(6,552)	(8,204)
A21900	Share-based payments	22,649	1,560
A22300	Share of loss (profit) of associates and joint ventures accounted for using equity method	(31,374)	31,430
A22500	Loss (gain) on disposal of property, plan and equipment	2,480	13,603
A23200	Loss (gain) on disposal of investments accounted for using equity method	(1,033,557)	(9,677)
A23700	Impairment loss on non-financial assets	30,661	(16,541)
A24100	Unrealized foreign exchange loss (gain)	78,756	54,909
A30000	Total adjustments to reconcile profit (loss)		
A31115	Decrease (increase) in financial assets at fair value through profit or loss, mandatorily measured at fair value	(30,571)	484,116
A31130	Decrease (increase) in notes receivable	43,732	4,050
A31140	Decrease (increase) in notes receivable due from related parties	(11,250)	-
A31150	Decrease (increase) in accounts receivable	(2,548,429)	1,669,962
A31160	Decrease (increase) in accounts receivable due from related parties	(54,104)	(44,594)
A31180	Decrease (increase) in other receivable	(67,899)	50,359
A31200	Decrease (increase) in inventories	(2,180,699)	452,664
A31240	Decrease (increase) in other current assets	(122,204)	(38,656)
A31990	Prepaid pension cost	(2,246)	(2,354)
A32125	Increase (decrease) in contract liabilities	(20,735)	125,352
A32130	Increase (decrease) in notes payable	(21,345)	(2,366)

(Continued)

(Brought Forward)

Code		2020	2019
A32150	Increase (decrease) in accounts payable	\$ 2,708,434	(\$ 348,161)
A32160	Increase (decrease) in accounts payable to related parties	44,481	(10,641)
A32180	Increase (decrease) in other payable	236,628	57,162
A32230	Increase (decrease) in other current liabilities	<u>69,310</u>	<u>(3,355)</u>
A33000	Cash inflow (outflow) generated from operations	(889,984)	2,839,214
A33100	Interest received	37,771	36,343
A33200	Dividends received	6,552	8,204
A33300	Interest paid	(13,621)	(53,749)
A33500	Income taxes refund (paid)	<u>(47,414)</u>	<u>(34,101)</u>
AAAA	Net cash flows from (used in) operating activities	<u>(906,696)</u>	<u>2,795,911</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
B00010	Acquisition of financial assets at fair value through other comprehensive income	(27,336)	(227,713)
B00020	Proceeds from disposal of financial assets at fair value through other comprehensive income	98,471	-
B00040	Acquisition of financial assets at amortised cost	(20,016)	-
B00050	Proceeds from disposal of financial assets at amortised cost	-	93,792
B01800	Acquisition of investments accounted for using equity method	-	(40,000)
B02200	Net cash flow from acquisition of subsidiaries	7,696	91,521
B02300	Proceeds from disposal of subsidiaries	477,364	-
B02700	Acquisition of property, plant and equipment	(823,641)	(406,245)
B02800	Proceeds from disposal of property, plant and equipment	32,317	34,008
B04500	Acquisition of intangible assets	(652)	(1,348)
B06700	Increase in other non-current assets	<u>(145,034)</u>	<u>(106,611)</u>
BBBB	Net cash flows from (used in) investing activities	<u>(400,831)</u>	<u>(562,596)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
C00100	Increase in short-term loans	745,360	(2,385,184)
C01200	Proceeds from issuing bonds	-	1,197,316
C04020	Payments of lease liabilities	(6,035)	(5,162)
C04300	Increase in other non-current liabilities	366	8,234
C04500	Cash dividends paid	(177,911)	-
C04900	Payments to acquire treasury shares	(68,767)	-
C05800	Change in non-controlling interests	<u>-</u>	<u>(13,960)</u>
CCCC	Net cash flows from (used in) financing activities	<u>493,013</u>	<u>(1,198,756)</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>8,646</u>	<u>(22,811)</u>

(Continued)

(Brought forward)

<u>Code</u>		<u>2020</u>	<u>2019</u>
EEEE	Net increase (decrease) in cash and cash equivalents	(\$ 805,868)	\$ 1,011,748
E00100	Cash and cash equivalents at beginning of period	<u>2,731,118</u>	<u>1,719,370</u>
E00200	Cash and cash equivalents at end of period	<u>\$ 1,925,250</u>	<u>\$ 2,731,118</u>

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

Gemtek Technology Co., Ltd. 2020 Profit Distribution Table

Unit: NT\$

Item	Amount
2019 Undistributed retained earnings	-
2020 Profit after tax	1,370,155,581
Less: Disposal of subsidiary	(4,636,228)
Less: Recognized retained earnings from remeasurement of Defined Benefit Plans	(1,854,784)
Less: Transfer accumulated profit or loss to retained earnings for the disposal of equity investment instruments measured at fair value through other comprehensive income	(90,359,995)
Adjusted unappropriated retained earnings from current profit after tax and extraordinary items	1,273,304,574
Less: Legal Capital Reserve (10%)	(127,330,457)
Less: Special Capital Reserve	(746,327,857)
Profit available for distribution for the current period	399,646,260
Shareholder dividend (NT\$/share)	357,666,541
2021 Undistributed retained earnings	41,979,719

Note 1: The payout ratio was calculated on the basis of 357,666,541 outstanding shares as of March 25, 2021. Each common shareholder shall be entitled to receive a cash dividend of NT\$1 per share. Cash dividends shall be distributed only to the minimal extent of the smallest integer. Any fractional amounts rendered below NT\$1 shall be transferred to the Employee Benefits Committee.

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

Chairman: Hong-wen Chen

General Manager: Hong-wen Chen

Accounting Supervisor: Zhi-hong Lin

Report on Convertible Bonds

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

- (1) The offering and issuance of unsecured convertible bonds for the 5th term was listed in the market on March 15th, 2019.
- (2) The amount of unsecured convertible bonds offered and issued for the 5th term is NT\$1.2 billion.
- (3) The conversion price of the convertible bonds at the time of issuance is NT\$26.9. The conversion price was adjusted to NT\$26.3 on July 13, 2020.
- (4) As of April 30, 2021, the number of shares requested to be converted into ordinary shares by the bondholder per conversion procedure was 5,441,051 shares, the conversion amount was NT\$143,100 thousand.
- (5) As of April 30, 2021, the amount of unconverted bonds in total was NT\$1,056,900 thousand.

Notes on Shareholder Proposals

1. Pursuant to Company Act Article 172-1, shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may submit a proposal for discussion to the Company at a regular shareholders' meeting, provided that only one discussion matter shall be allowed in each single proposal. The proposed case is limited to 300 words.
2. Shareholder proposals are to be submitted between April 13, 2021 to April 23, 2021 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 2021 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

Article 13 The Company shall have nine directors 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 director for their respective term lengths and within the scope of their duties.

Article 13-2 The Company shall have at least three independent directors among the aforesaid 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.

Pursuant to Article 14-2 of the Securities and Exchange Act, a listed company shall establish either an audit committee in place of supervisors. The audit committee shall be composed of the entire number of independent directors. It shall not be fewer than three persons in number, one of whom shall be the convener, and at least one of whom shall have accounting or financial expertise. The exercise of power by audit committee and independent directors and related matters shall be set forth in accordance with the Securities and Exchange Act, the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, and the rules and regulations of the TWSE or TPEX.

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 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 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. 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

Gemtek Technology Co., Ltd.
Chairman of Board of Directors
Hung-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: April 20, 2021

Position	Name	Shareholdings		Remark
		Number of Shares	Shareholding Ratio	
Chairperson of the Board	Hung-wen Chen	6,532,937	1.80 %	
Director	Apex Action Investment Limited Representative: Wen-yi Lo	1,375,000	0.38 %	
Director	Cheng-ren Yang	1,471,269	0.41 %	
Director	Fu-zan Tsai	1,784,732	0.49 %	
Director	Jong-hui Hsu	1,140,927	0.31 %	
Director	Yue-ji Chang	3,000,715	0.83 %	
Director	Yao-geng Zhao	-	-	Independent Director
Director	Zhu-san Wang	-	-	Independent Director
Director	Zhe-yang Chang	-	-	Independent Director
Total Shares Held by Directors		15,305,580	4.22 %	

Note: As of April 20, 2021, the total number of issued shares was 363,031,547 common shares.
The total number of statutory shares held by all directors was 14,312,136 shares.