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Gemtek Technology Co., Ltd.

2023 Annual Report

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5. Name of any exchanges where the company's securities are traded offshore, and the method by which to access information on said offshore securities: None

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I. Letter to Shareholders

Dear Shareholders,

I. Foreword

In 2023, a series of global events left a significant mark in human history. These events encompassed not only the enduring conflict between Ukraine and Russia but also the confrontation between Israel and Hamas. These occurrences had a profound impact on global inflation and political stability in the post-pandemic era, significantly affecting the global economy. The pandemic-induced supply shortages created imbalances between supply and demand, prompting customers to place large orders in advance. However, as the pandemic situation improved, businesses faced depleted inventories, leading to delays in inventory replenishment. Additionally, pandemic-related inflation adversely affected the consumer market, prompting customers to adopt a more conservative approach.

However, as we move into the second quarter of 2024, we anticipate a gradual shift toward a more optimistic outlook. The emergence of new technologies and applications has reignited strong demand, particularly within the telecommunications sector. Given this dynamic political and economic landscape, Gemtek has made decisive adjustments to its operational strategy. Within the telecommunications market, we have transitioned away from our previous indirect business model to a direct business approach. This shift not only enables us to share profits directly with end customers but also allows for increased profitability and gross margins. With the growing demand for telecommunications products requiring seamless software and hardware integration, Gemtek is well-positioned to showcase its technological expertise and effectively meet customer needs.

Despite the impact of inflation on the consumer market, the unwavering demand for networking products remains. In European and American nations, governments are actively promoting the development of fiber-optic/5G broadband network infrastructure, which will further bolster market demand. On the other hand, the ongoing trade war between China and the United States, coupled with geopolitical risks, has significantly heightened the importance of diversifying production bases. In response, Gemtek took proactive measures by establishing a factory in Vietnam as early as 2018 and further expanded with a second facility in 2022, with plans underway for a third factory launch in the latter half of 2024. We remain steadfast in our commitment to advancing technology and operations, while continuously preparing for future growth and development.

Looking ahead to 2024, the International Monetary Fund forecasts a gradual rebound in global trade, while the Taiwan Institute of Economic Research predicts that emerging technologies will spur an increase in industry application demand. Digital technology will become a key driver for industrial transformation, prompting Gemtek to allocate more resources

in research and development efforts focused on system-on-chip (SoC) integration, user platform hardware and software integration, and application development.

In addition to our commitment to technological innovation, environmental sustainability is also an important issue, with achieving "Net Zero," as our top priority. As a leading global networking communications company, Gemtek recognizes its responsibility for environmental conservation. Our research and management teams are actively engaged not only in advancing technology but also in carefully adjusting every aspect of our operations, from component selection, processes, to packaging, to promote environmental friendliness. This dedication reflects Gemtek's commitment to integrate sustainability into our corporate values and strengths.

In conclusion, amidst economic fluctuations, Gemtek is prepared to expand its production scale, master new technologies, and continuously adapt to industry trends to provide better products and services. We eagerly anticipate collaborating with shareholders to create a brighter future together.

II. 2023 Business Report

(I) Business Results

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

(II) Financial Status and Profitability

The Company has always adhered to the conservatism principle in its financial operations, laying out timely plans for the use of long and short-term funds. In 2023, the current ratio was 186.09% and the debt ratio was 39.94%, indicating that the composition of the company's financial structure was adequately sound and stable.

(III) Research and Development

2023 R&D Achievements

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

III. 2024 Business Policies

(I) Marketing Strategy

1. Strengthen existing customer relationships and develop new customers.
2. Launch new products according to market trends with new technical specifications.
3. Identify market demands and strengthen the ability to collect market information.
4. Satisfy market demands and expand business operations in emerging markets.
5. Build good rapport with new clients and seek new business opportunities.
6. Adjust business mode and, increase the proportion of direct supply.

(II) Production Policy

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

(III) 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 (XPON, VoIP, VDSL, G.fast, Switch, Setup Box etc.) and fiber-optic network products.
3. Telecommunication modules and services.
4. Cloud software integration services, IoT products.

IV. The Impacts of External Business Environment, Regulatory Environment, and Macroeconomics

(I) External Business Environment

Inter-industry competition will make business and R&D more challenging in terms of whether prices and product innovation can meet the overall market trends and customer demands.

(II) Regulatory Environment

China continues to formulate new laws and regulations to regulate Taiwanese businessmen, resulting in a continuous increase in cost for conducting business operations in the Mainland. Furthermore, the Sino-US trade war is driving tariffs to potentially go higher.

(III) Macroeconomics

A network of industries, infrastructures, and consumers are in high demand of advanced telecommunication products due to the rapid development of wired and wireless broadbands technologies such as optical fiber and 5G. In addition, the new generation of WiFi standards also facilitates the production of more diversified cross-domain applications, which may benefit our overall business operations in the future.

V. Conclusion

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

Chairman

Hong-wen Chen

II. Company Profile

I. Date of Establishment: June 29, 1988

II. Company History and Milestones

Year/Month	Key Historical Events
1988/06	Gemtek Co., Ltd. was founded in Hsinchu City, Taiwan with an initial paid-in capital of NT\$2 million. Business operations mainly centered on data processing, typesetting, software, hardware, peripheral equipment, and the buying and selling of office machines.
1992/05	Gemtek Co., Ltd. changed its name to Gemtek Technologies Co., Ltd., and relocated its headquarters to Taipei City. Paid-in capital increased to NT\$8 million. Expanded new business operations in research and the buying and selling of electronic components, semi-finished products, and finished products.
1994/10	The company decided to narrow its business scope onto the development of wireless communication products, focusing mainly on the research and development of key RF wireless communication technology and components.
1994/12	Capital increased by NT\$12 million by issuance of common stock for cash. Paid-in capital increased to NT\$20 million. The company relocated its business address to Xizhi Town, Taipei County.
1996/09	Capital increased by NT\$10 million by issuance of common stock for cash. Paid-in capital increased to NT\$30 million. 1997/09 Capital increased by NT\$25 million by issuance of common stock for cash. Paid-in capital increased to NT\$55 million.
1997/12	Transfer of equity shares by significant shareholders to include corporate shareholders. Capital increased by NT\$90.5 million by issuance of common stock for cash. Paid-in capital increased to NT\$150 million. Established first RF production line. Holds advanced mass production technology for RF products.
1998/01	2.4GHz-WLAN PCMCIA Wireless LAN reached satisfactory completion based on R&D milestones, entering trial production phase.
1998/08	Acquired land in Hsinchu Industrial Park to start first phase construction of the company's manufacturing plant.
1999/03	Capital increased by NT\$45 million by issuance of common stock for cash. Paid-in capital increased to NT\$195 million. 2.4GHz-2Mbps ISA Wireless LAN reached satisfactory completion based on R&D milestones, entering mass production phase.
1999/06	Public offering of shares was completed. Construction of new plant was completed. Gemtek aims to become a world leading company that specializes in the research and development, design, and manufacturing of RF wireless communication products.
1999/08	Obtained ISO-9001 certification from German TÜ V.
1999/11	Capital increased by NT\$55 million by issuance of common stock for cash. Paid-in capital increased to NT\$250 million. Zhan-Yi Investment Co., Ltd. transferred shares to MiTAC Group. An election event was held to re-elect directors and supervisors. Mr. Feng-Zhe Tsai, representative of MiTAC International Corporation, was elected chairman of Gemtek Technology Co., Ltd.
2000/03	2.4GHz-11Mbps W-LAN Card and AP reached satisfactory completion based on R&D milestones. Conducted successful trial production run.
2000/05	Capital increased by NT\$50 million by issuance of common stock for cash. Paid-in capital increased to NT\$300 million.
2000/08	Capital increased by NT\$100 million by issuance of common stock for cash. Paid-in capital increased to NT\$400 million.
2000/09	Received a research grant from the Industrial Development Bureau of the Ministry of Economic Affairs. Launched project to research and develop 5GHz Wireless LAN.

Year/Month	Key Historical Events
2001/07	Expanded factory to increase production capacity.
2002/01	Company listed in GreTai Securities Market. Securities traded over-the-counter.
2002/07	Capitalization of earnings and commission paid to employees increased cash by NT\$233.7 million. Capital increased by NT\$100 million by issuance of common stock for cash. Paid-in capital increased to NT\$733.75 million.
2003/03	1st issuance of convertible bonds totaling NT\$120 million. 1st issuance of employee stock option certificates totaling NT\$15 million.
2003/06	Transferred stock exchange listing from OTC market to Taiwan Stock Exchange market.
2003/08	Capitalization of earnings increased cash by NT\$146.75 million. Capitalization of commission paid to employees increased cash by NT\$27 million. Paid-in capital increased to NT\$907 million.
2003/12	Purchased new land in Hsinchu Hukou Industrial Park. Set new arrangements to expand factory and establish R&D center.
2004/10	2nd issuance of employee stock option certificates totaling NT\$30 million.
2004/03	1st conversion of bonds to common shares based upon the 2003 1st issuance of convertible bonds totaling NT\$38,191,510, becomes effective. Paid-in capital increased to NT\$945,691,510.
2004/04	2nd conversion of bonds to common shares based upon the 2003 1st issuance of convertible bonds totaling NT\$14,444,430, becomes effective. Paid-in capital increased to NT\$960,135,940.
2004/05	Resolution approved by the 2004 Annual General Shareholders Meeting becomes effective to re-elect company's board of directors and supervisors upon expiration of the term of their duties, and to add 8 seats to the company's board of directors.
2004/08	Capitalization of earnings increased cash by NT\$192,027,190. Capitalization of commission paid to employees increased cash by NT\$35,740,000. 3rd conversion of bonds to common shares based upon the 2003 1st issuance of convertible bonds, totaling NT\$47,362,890, becomes effective. Paid-in capital increased to NT\$1,235,266,020.
2004/10	4th conversion of bonds to common shares based upon the 2003 1st issuance of convertible bonds, totaling NT\$41,675,820, becomes effective. Paid-in capital increased to NT\$1,276,941,840.
2005/01	5th conversion of bonds to common shares based upon the 2003 1st issuance of convertible bonds, totaling NT\$24,804,700, becomes effective. Paid-in capital increased to NT\$1,301,746,540.
2005/04	6th conversion of bonds to common shares based upon the 2003 1st issuance of convertible bonds, totaling NT\$45,459,010, becomes effective. Paid-in capital increased to NT\$1,347,205,550.
2005/05	Capital increased by NT\$200 million by issuance of common stock for cash. Paid-in capital increased to NT\$1,547,205,550.
2005/08	Capitalization of earnings increased cash by NT\$243,531,730. Capitalization of commission paid to employees increased cash by NT\$44,270,000. Paid-in capital increased to NT\$1,835,007,280.
2006/03	Capital increased by NT\$13,199,000 by issuance of common stock for cash due to acquisition of Antek Networks Inc. 7th conversion of bonds to common shares based upon the 2003 1st issuance of convertible bonds, totaling NT\$2,618,360, becomes effective. Paid-in capital increased to NT\$1,850,824,640.
2006/06	8th conversion of bonds to common shares based upon the 2003 1st issuance of convertible bonds, totaling NT\$1,221,900, becomes effective. Paid-in capital increased to NT\$1,852,046,540.
2006/07	1st issuance of overseas convertible bonds with a USD50 million cap.

Year/Month	Key Historical Events
2006/10	Capitalization of earnings increased cash by NT\$185,134,830. Capitalization of commission paid to employees increased cash by NT\$45,000,000. 9th conversion of bonds to common shares based upon the 2003 1st issuance of convertible bonds totaling NT\$6,034,820, become effective. Paid-in capital increased to NT\$2,088,216,190.
2007/01	10th conversion of bonds to common shares based upon the 2003 1st issuance of convertible bonds, plus 1st conversion of bonds to common shares based upon the 2006 1st issuance of overseas convertible bonds totaling NT\$49,141,270, become effective. Paid-in capital increased to NT\$2,137,357,460.
2007/04	11th conversion of bonds to common shares based upon the 2003 1st issuance of convertible bonds, plus 2nd conversion of bonds to common shares based upon the 2006 1st issuance of overseas convertible bonds totaling NT\$104,668,400, become effective. Paid-in capital increased to NT\$2,242,025,860.
2007/06	Resolution approved by the 2007 Annual General Shareholders Meeting becomes effective to re-elect company's board of directors (9 seats, including 2 independent directors) and supervisors (3 seats) upon expiration of the term of their duties.
2007/10	Capitalization of earnings increased cash by NT\$110,598,790. Capitalization of commission paid to employees increased cash by NT\$50,180,000. 3rd conversion of bonds to common shares based upon the 2006 1st issuance of overseas convertible bonds totaling NT\$9,046,620, becomes effective. Paid-in capital increased to NT\$2,411,851,270.
2008/04	2nd issuance of convertible bonds totaling NT\$1 billion. Conversion of 1st issuance of employee stock option certificates to common shares totaling NT\$3,030,000, becomes effective. Paid-in capital increased to NT\$2,414,881,270.
2008/09	Capitalization of earnings increased cash by NT\$44,097,620. Capitalization of commission paid to employees increased cash by NT\$72,150,000. Conversion of 1st issuance of employee stock option certificates to common shares totaling NT\$4,300,000, becomes effective. Paid-in capital increased to NT\$2,535,428,890.
2008/11	4th conversion of bonds to common shares based upon the 2006 1st issuance of overseas convertible bonds totaling NT\$47,853,050, conversion of 1st issuance of employee stock option certificates to common shares totaling NT\$2,310,000, and the cancellation of repurchased treasury stocks totaling NT\$22,180,000, become effective. Paid-in capital increased to NT\$2,563,411,940.
2009/01	5th conversion of bonds to common shares based upon the 2006 1st issuance of overseas convertible bonds totaling NT\$18,783,480, and conversion of 1st issuance of employee stock option certificates to common shares totaling NT\$240,000, become effective. Paid-in capital increased to NT\$2,582,435,420.
2009/05	6th conversion of bonds to common shares based upon the 2006 1st issuance of overseas convertible bonds totaling NT\$16,547,360, and conversion of 1st issuance of employee stock option certificates to common shares totaling NT\$600,000, become effective. Paid-in capital increased to NT\$2,599,582,780.
2009/08	Capitalization of earnings, capital reserve, and commission paid to employees increased cash by NT\$135,965,110. 7th conversion of bonds to common shares based upon the 2006 1st issuance of overseas convertible bonds totaling NT\$3,577,820, and conversion of 1st issuance of employee stock option certificates to common shares totaling NT\$50,000, become effective. Paid-in capital increased to NT\$2,739,175,710.
2010/01	8th conversion of bonds to common shares based upon the 2006 1st issuance of overseas convertible bonds totaling NT\$27,477,410, and conversion of 1st issuance of employee stock option certificates to common shares totaling NT\$470,000, become effective. Paid-in capital increased to NT\$2,767,123,120.
2010/04	9th conversion of bonds to common shares based upon the 2006 1st issuance of overseas convertible bonds totaling NT\$6,289,680, conversion of 1st issuance of employee stock option certificates to common shares totaling NT\$4,000,000, and conversion of 2nd issuance of employee stock option certificates to common shares totaling NT\$5,545,000, become effective. Paid-in capital increased to NT\$2,782,957,800.

Year/Month	Key Historical Events
2010/06	Resolution approved by the 2010 Annual General Shareholders Meeting becomes effective to re-elect company's board of directors (9 seats, including 2 independent directors) and supervisors (3 seats) upon expiration of the term of their duties.
2010/09	Capitalization of capital reserve increased cash by NT\$52,718,850, becomes effective. Paid-in capital increased to NT\$2,835,676,650.
2011/01	10 th conversion of bonds to common shares based upon the 2006 1 st issuance of overseas convertible bonds totaling NT\$8,656,080, becomes effective. Paid-in capital increased to NT\$2,844,332,730.
2011/05	11 th conversion of bonds to common shares based upon the 2006 1 st issuance of overseas convertible bonds totaling NT\$37,130,090, and conversion of 2 nd issuance of employee stock option certificates to common shares totaling NT\$24,455,000, become effective. Paid-in capital increased to NT\$2,905,917,820.
2011/07	3rd issuance of convertible bonds totaling NT\$2 billion.
2011/08	Capitalization of capital reserve increased cash by NT\$86,988,270. 12th conversion of bonds to common shares based upon the 2006 1st issuance of overseas convertible bonds totaling NT\$105,695,490, becomes effective. Paid-in capital increased to NT\$3,098,601,580.
2012/03	Cancellation of repurchased treasury stocks totaling NT\$30,568,410, becomes effective. Paid-in capital decreased to NT\$3,068,033,170.
2013/09	Cancellation of repurchased treasury stocks totaling NT\$17,180,000, becomes effective. Paid-in capital decreased to NT\$3,050,853,170.
2013/05	1st conversion of bonds to common shares based upon the 2011 3rd issuance of overseas convertible bonds totaling NT\$42,180,460, becomes effective. Paid-in capital increased to NT\$3,093,033,630.
2013/06	Resolution approved by the 2013 Annual General Shareholders Meeting becomes effective to re-elect company's board of directors (9 seats, including 2 independent directors) and supervisors (3 seats) upon expiration of the term of their duties.
2013/08	2 nd conversion of bonds to common shares based upon the 2011 3rd issuance of overseas convertible bonds totaling NT\$65,280, becomes effective. Paid-in capital increased to NT\$3,093,098,910.
2014/08	Issuance of common stock subject to employee restricted stock totaling NT\$60,000,000, becomes effective. Paid-in capital increased to NT\$3,153,098,910.
2015/04	Cancellation of repurchased treasury stocks totaling NT\$93,060,000, and reduced capital due to repurchase of employee restricted stock issued totaling of NT\$1,063,600, become effective. Paid-in capital decreased to NT\$3,058,975,310.
2015/07	Reduced capital due to cancellation of employee restricted stock issued totaling NT\$1,369,600, become effective. Paid-in capital decreased to NT\$3,057,605,710.
2015/11	Cancellation of repurchased treasury stocks totaling NT\$27,770,000, and reduced capital due to repurchase of employee restricted stock issued totaling NT\$634,830, become effective. Paid-in capital decreased to NT\$3,029,200,880.
2016/01	Reduced capital due to cancellation of employee restricted stock issued totaling NT\$789,120, become effective. Paid-in capital decreased to NT\$3,028,411,760.
2016/03	4th issuance of convertible bonds totaling NT\$1 billion.
2016/06	Resolution approved by the 2016 Annual General Shareholders Meeting becomes effective to re-elect company's board of directors (9 seats, including 2 independent directors) and supervisors (3 seats) upon expiration of the term of their duties.
2016/07	Reduced capital due to cancellation of employee restricted stock issued totaling NT\$1,051,190, become effective. Paid-in capital decreased to NT\$3,027,360,570.
2016/12	Reduced capital due to cancellation of employee restricted stock issued totaling NT\$342,140, become effective. Paid-in capital decreased to NT\$3,027,018,430.

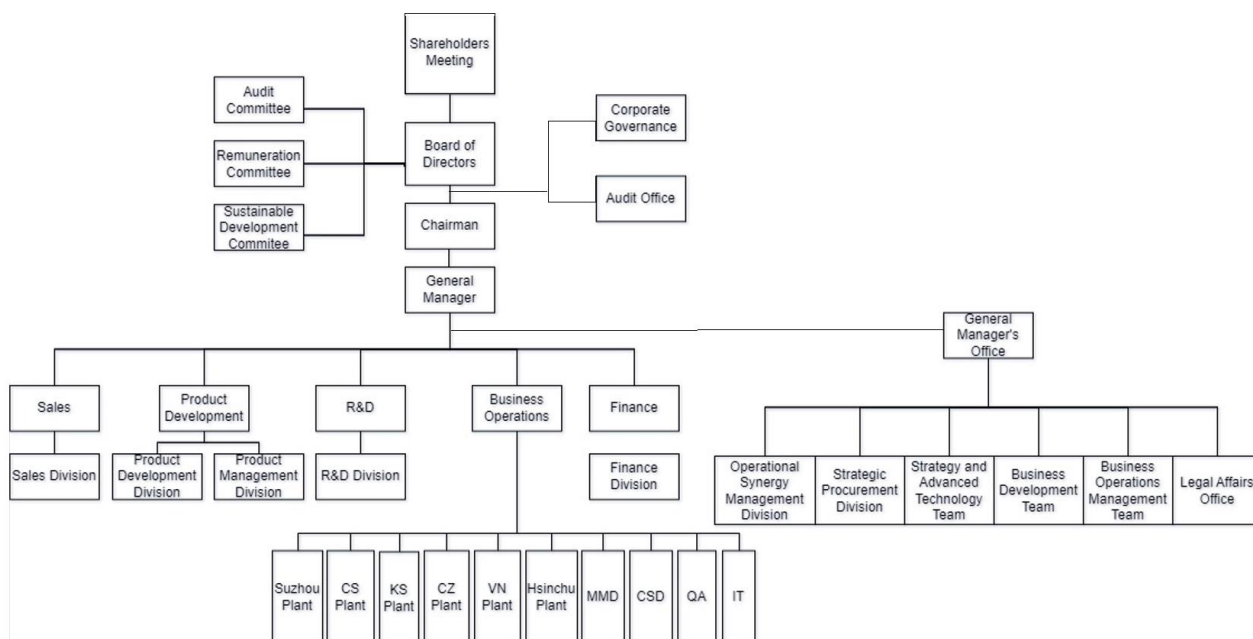
Year/Month	Key Historical Events
2017/04	1st conversion of bonds to common shares based upon the 2016 4 th issuance of convertible bonds totaling NT\$44,973,750, and reduced capital due to cancellation of employee restricted stock totaling NT\$227,800, becomes effective. Paid-in capital increased to NT\$ 3,071,764,380.
2017/06	2nd conversion of bonds to common shares based upon the 2016 4 th issuance of convertible bonds totaling NT\$23,212,220, and reduced capital due to cancellation of employee restricted stock totaling NT\$120,000, becomes effective. Paid-in capital increased to NT\$ 3,094,856,600.
2017/09	3rd conversion of bonds to common shares based upon the 2016 4 th issuance of convertible bonds totaling NT\$62,546,200, and reduced capital due to cancellation of employee restricted stock totaling NT\$200,000, becomes effective. Paid-in capital increased to NT\$ 3,157,202,800.
2017/12	4th conversion of bonds to common shares based upon the 2016 4 th issuance of convertible bonds totaling NT\$49,999,650, becomes effective. Paid-in capital increased to NT\$ 3,207,202,450.
2018/02	Gemtek Technology Co., Ltd. and Gemtek Investment Co., Ltd. issued a public tender offer to acquire 46,589,780 common shares from AMPAK Technology Inc. Purchase consideration totaling NT\$838,616,040.
2018/04	5th conversion of bonds to common shares based upon the 2016 4 th issuance of convertible bonds totaling NT\$235,954,420, becomes effective. Paid-in capital increased to NT\$ 3,443,156,870.
2018/08	6th conversion of bonds to common shares based upon the 2016 4 th issuance of convertible bonds totaling NT\$47,212,680, becomes effective. Paid-in capital increased to NT\$ 3,490,369,550.
2018/09	Established a manufacturing subsidiary in Vietnam with the aim of improving our product's market competitiveness and mitigating operational risks. The Vietnam investment plan was approved by the board of directors on September 17, 2018.
2018/12	7th conversion of bonds to common shares based upon the 2016 4 th issuance of convertible bonds totaling NT\$21,249,850, becomes effective. Paid-in capital increased to NT\$ 3,511,619,400.
2019/03	5th issuance of convertible bonds totaling NT\$1.2 billion.
2019/04	8th conversion of bonds to common shares based upon the 2016 4 th issuance of convertible bonds totaling NT\$57,215,560, becomes effective. Paid-in capital increased to NT\$ 3,568,834,960.
2019/07	Resolution approved by the 2019 Annual General Shareholders Meeting becomes effective to re-elect company's board of directors (9 seats, including 3 independent directors) upon expiration of the term of their duties.
2020/06	The shareholders' meeting approved the divestment of shares in our subsidiary AMPAK Technology Inc. Gemtek shall hold a 33.37% stake in AMPAK Technology Inc. once the relevant divestment procedures are completed.
2020/09	Issuance of common stock based on 2019 employee restricted stock totaling NT\$40,000,000, and cancellation of repurchased treasury stocks totaling NT\$32,930,000, becomes effective. Paid-in capital increased to NT\$3,575,904,960.
2021/05	1st conversion of bonds to common shares based upon the 2019 5th issuance of convertible bonds totaling NT\$54,410,510, and cash decrease due to cancellation of employee restricted stock totaling NT\$ 1,100,000, becomes effective. Paid-in capital increased to NT\$ 3,629,215,470.
2021/11	2nd conversion of bonds to common shares based upon the 2019 5th issuance of convertible bonds totaling NT\$32,712,800, and cash decrease due to cancellation of employee restricted stock totaling NT\$740,000, becomes effective. Paid-in capital increased to NT\$ 3,661,188,270.
2022/04	3rd conversion of bonds to common shares based upon the 2019 5th issuance of convertible bonds totaling NT\$390,401,500, becomes effective. Paid-in capital increased to NT\$ 4,051,589,770.

Year/Month	Key Historical Events
2022/07	Resolution approved by the 2022 Annual General Shareholders Meeting becomes effective to re-elect company's board of directors (9 seats, including 3 independent directors) upon expiration of the term of their duties.
2022/08	Cancellation of repurchased treasury stocks totaling NT\$103,420,000, and reduced capital due to repurchase of employee restricted stock issued totaling NT\$1,705,000, become effective. Paid-in capital decreased to NT\$3,946,464,770.
2023/01	Reduced capital due to repurchase of employee restricted stock issued totaling NT\$1,160,000, become effective. Paid-in capital decreased to NT\$3,945,304,770.
2023/03	Reduced capital due to repurchase of employee restricted stock issued totaling NT\$560,000, become effective. Paid-in capital decreased to NT\$3,944,744,770.
2023/04	As of March 13, 2023, a board resolution has been passed for the 6th issuance of convertible bonds totaling NT\$1.5 billion.
2023/08	Issuance of common stock based on 2023 employee restricted stock totaling NT\$43,000,000, and reduced capital due to repurchase of employee restricted stock issued totaling NT\$3,462,000, becomes effective. Paid-in capital increased to NT\$3,984,282,770.
2023/09	Gemtek Technology Co., Ltd. continues to exist after its merger with Gemtek Investment Co., Ltd.
2023/12	1st conversion of bonds to common shares based upon the 2023 6th issuance of convertible bonds totaling NT\$16,928,280, becomes effective. Paid-in capital increased to NT\$ 4,001,211,050.
2024/04	2nd conversion of bonds to common shares based upon the 2023 6th issuance of convertible bonds totaling NT\$54,846,220, becomes effective. Paid-in capital increased to NT\$ 4,056,057,270.

III. Corporate Governance Report

I. Company Organization

1. Organizational Chart



Gemtek Organizational Chart

2. Major Corporate Functions

(1) General Manager's Office

- Responsible for establishing overall business strategies and policies.
- Implement business plans, evaluate development risks, and oversee daily operations.

(2) Corporate Governance

- Responsible for handling matters related to board of directors and shareholder meetings in accordance with the law; recording and producing minutes of board of directors and shareholder meetings; assisting directors in their appointment and continuous education; providing information necessary for directors to carry out their duties; ensuring that directors are in compliance with all laws, rules, and regulations; and other matters that are stipulated in the Company's Articles of Incorporation and contracts.

(3) Auditing Division

- Responsible for inspecting and evaluating the soundness, rationality, and effectiveness of the company's internal control system and various management systems.
- Internal audit establishes a follow-up process to ensure that corrective actions have been effectively implemented for improving organizational processes.

(4) Sustainable Development Committee

- Responsible for promoting ESG affairs.

(5) Investment Strategy Team:

- A. Responsible for investigating, evaluating, and developing investment opportunities, as well as monitoring and controlling existing investments of the company.
- B. Assess, introduce, and expand cutting-edge new technologies in the industry.

(6) Sales Department

- A. Responsible for domestic and international marketing, customer management, order management, after-sales services, and collection management.
- B. Facilitate research and development work by providing insight on product trends, market information, and customer needs.
- C. Reacts quickly to market trends, client demands, and product applications.
- D. Responsible for establishing product roadmaps and project management plans.

(7) Project Management Department

- A. Responsible for organizing and implementing project management plans.
- B. Coordinate company resources to accommodate customer requirements for the project.
- C. Facilitate effective communication across different departments in the company to expedite project management.
- D. Assign ad-hoc product development teams when collaborating with customers.

(8) Product Development Department

- A. Responsible for product planning and marketing
- B. In control of product planning, product development, and project management.

(9) Research and Development Department

- A. Utilize company facilities and resources to develop new products based on the research and development goals of the company.
- B. Supervise project progress control, evaluation of outcome, and provide detailed insight to reinforce overall product development.
- C. Support the appearance import, layout design, product architecture, packaging material design, and engineering drawing for the development of the product.
- D. Responsible for the approval of new materials, and the evaluation, follow-up trials, and testing of molding equipment.
- E. Provide professional advice and assistance for special purchase orders and during the handling of anomalous quality situations.

(10) Overseas Manufacturing Plants

(Gemtek Electronics Suzhou Co. Ltd., Gemtek Electronics ChangShu Co., Ltd., Gemtek Electronics Kunshan Co., Ltd., Gemtek.CZ, s.r.o., Gemtek Vietnam Co., Ltd.)

- A. Responsible for offshore manufacturing, production, product shipment, quality control, and other operations.

(11) Hsinchu Manufacturing Plant

- A. Responsible for production planning and scheduling, production manufacturing and shipment arrangements, and technical management.

(12) Business Planning and Logistics Department

- A. Responsible for coordinating material logistics across global offices.
- B. Responsible for providing satisfactory services and support to meet customer requirements.

- (13) Quality Assurance and Control Department
 - A. Responsible for the planning, establishment, integration, management and audit of the company's quality assurance and control system.
- (14) IT Department
 - A. Responsible for the planning and management of IT related systems.
- (15) Finance Department
 - A. Responsible for handling financial activities, accounting, tax affairs, corporate actions, and other financially related matters of the company.
- (16) Organizational Synergy Management Department
 - A. Responsible for promoting business operations that are associated with human resources, general affairs, environmental safety, business travel, and factory affairs.
- (17) Strategic Procurement Team
 - A. Responsible for evaluating suppliers, products, and services, negotiating contracts, and ensuring that approved purchases are cost-efficient and of high quality.
- (18) Business Development Team
 - A. Responsible for overlooking business expansion operations, market development analysis, formulation of product sales strategies, resource management that are related to business sales, technology, and production, and the exploration of new business opportunities, markets, and customers.
- (19) Business Operations Management Team
 - A. Prepare and analyze profit and loss reports
 - B. Cost analysis and recommendations
 - C. Performance tracking and management
- (20) Legal Affairs Office
 - A. Responsible for all legal and legal related external matters such as the drafting and reviewing of legal contracts, providing legal opinions, providing professional interpretation of applicable laws and regulations, litigation, revision of legal documents, and offering legal advice regarding intellectual property rights, etc.

II.Information on the Company's Directors, Supervisors, General Manager, Deputy General Manager, Associate Managers, and the Supervisors of All Company's Divisions and Branch Units

(I) Directors and Supervisors

As of April 30, 2024

Title	Nationality	Name	Gender Age	Date of Initial Appointment	Date of Election (Inauguration)	Tenure	Shareholding when Elected		Current Shareholding		Shares Held by Spouses and Dependents		Shares Held by Third Parties		Education and Experience	Concurrent Positions in Other Companies	Other Managers, Directors, or Supervisors Related by Marriage or within Second-Degree Kinship of Each Other			Memo
							Number of shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Title	Name	Relation	
Chairman / General Manager	Taiwan, R.O.C.	Chen, Hong Wen	Male 61-65	1988.06.29	2019.06.18	3Years	7,307,937	1.85%	7,503,937	1.82%	232,842	0.06%	0	0%	TSMC Syntek Semiconductor Co., Ltd. Master of Electrical Engineering, National Tsing Hua University	Chairman of Browan Communications Inc. Chairman of Antek Networks Inc. Chairman of Polaris Group Director of G-Technology Investment Co., Ltd Director of Witek Investment Co.,Ltd Director of Ampak International Holdings Ltd Director of Primax Communication (B.V.I.)Inc. Director of Free PP Worldwide Co.,Ltd Director of Yield Microelectronics Corp. Representative Directorof Lionic Corporation	-	-	-	
Director	Taiwan, R.O.C.	Tsai, Fu Tsan	Male 61-65	2004.04.29	2019.06.18	3Years	1,887,732	0.48%	1,935,732	0.47%	2,225	0%	0	0%	Associate Researcher of National Chung-Shan Institute of Science and Technology Chairman of Ampak Technology Inc. Master of Electro-Optical Engineering, National Chiao Tung University	Consultant of Gemtek Technology Co., Ltd. Chairman of Gemtek Electronics Kunshan Co., Ltd. Chairman of Gemtek Electronics Suzhou Co. Ltd. Director of Brightech International Co., Ltd	-	-	-	
Director	Taiwan, R.O.C.	Yang, Jheng Ren	Male 61-65	1988.06.29	2019.06.18	3Years	1,421,269	0.36%	1,528,269	0.37%	905	0%	0	0%	General Manager of Browan Communications Inc. Ph.D. of Electrical Engineering, National Tsing Hua University	Executive Director of Gemtek Technology Co., Ltd. Professor of Yuan-Ze University Representative Director of Antek Networks Inc.	-	-	-	
Director	Taiwan, R.O.C.	Hsu, Rong Hui	Male 61-65	2013.6.17	2019.06.18	3Years	1,304,927	0.33%	1,432,127	0.35%	0	0%	0	0%	Engineer at National Chung-Shan Institute of Science and Technology Bachelor of Electrical Engineering, Tatung Institute of Technology	Chairman of BandRich Inc. Senior Deputy General Manager of Gemtek Technology Co., Ltd. RepresentativeDirector of GemtekVietnam Co., Ltd. RepresentativeDirector of Browan Communications Inc.	-	-	-	
Director	Taiwan, R.O.C.	Chang, Yueh Chi	Female 55-60	2007.06.28	2019.06.18	3Years	3,000,715	0.76%	3,000,715	0.73%	0	0%	0	0%	Master of Business and Management, National University of Kaohsiung	Chairman of Joy Trade International Ltd	-	-	-	
Director	Taiwan, R.O.C.	APEX ACTION INVESTMENT LIMITED		2013.6.17	2019.06.18	3Years	1,375,000	0.35%	1,375,000	0.33%	0	0%	0	0%		Representative Supervisor of REC Technology Corporation	-	-	-	
	Taiwan, R.O.C.	Representative: Luo, Wen Yi	Male 61-65	2018.3.20	2019.06.18	3Years	0	0%	0	0%	0	0%	0	0%	Master of Business Administration, National ChengChi University	Chairman of CSX MATERIAL CO., LTD. Supervisor of SWEEPOT INC. Independent Director of Taiflex Scientific Co., Ltd.	-	-	-	
Independe nt Director	Taiwan, R.O.C.	Zhao, Yao Geng	Male 61-65	2003.06.23	2019.06.18	3Years	0	0%	0	0%	0	0%	0	0%	PhD of Electrical Engineering, University of Maryland, College Park Independent Director of Harbinger Venture Capital		-	-	-	

Independent Director	Taiwan, R.O.C.	Wang, Zhu San	Male 55-60	2017.6.8	2019.06.18	3Years	0	0%	0	0%	0	0%	0	0%	PhD of Science in Finance, University of Tennessee Chairman of Bachelor of Finance Program, National Taipei University Chairman of IEMBA Program, National Taipei University Consultant of the Securities and Futures Institute Exam Committee Member of the Ministry of Economic Affairs Audit Committee Consultant at Small and Medium Enterprise Administration, MOEA	Professor of Business Administration, National Taipei University Director of the College of Business Administration, National Taipei University Director of The Association of Global Crowdfunding and Financial Technology Service	-	-	-	
Independent Director	Taiwan, R.O.C.	Chang, Zhi Yang	Male 66-70	2019.06.18	2019.06.18	3Years	0	0%	0	0%	0	0%	0	0%	PhD of Electrical Engineering, University of Texas at Austin Associate Researcher of National Chung-Shan Institute of Science and Technology Professor of Electrical Engineering, National Chiao Tung University Independent Director of Ampak Technology Inc.	Independent Director/Member of the Remuneration Committee of Alpha Microelectronics Corp.	-	-	-	

(II) List of Major Institutional Investors

As of April 30, 2024

(1) Major Institutional Investors

Name of Institutional Investors	Shareholding Ratio of Major Shareholders of Institutional Investors:
APEX ACTION INVESTMENT LIMITED	Luo, Deh Fu 100%

(2) Major Shareholders of Institutional Investors: None

(III) Professional qualifications and independence analysis of directors and supervisors

Qualification Name	Professional qualifications and experience	Independence analysis	No. of other public companies at which the person concurrently serves as an independent director
Chen, HongWen (Director)	<ul style="list-style-type: none"> Has Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company Chairman, Gemtek Technology Ltd. Chairman, Gemtek Investment Co., Ltd. Chairman, Browan Communications Chairman, Antek Networks Inc. Chairman, Polaris Group Not being a person of any conditions defined in Article 30 of the Company Act. 	N/A	None
Tsai, Fu Tsan (Director)	<ul style="list-style-type: none"> Has Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company Senior Deputy General Manager, Gemtek Technology Co., Ltd. Not being a person of any conditions defined in Article 30 of the Company Act. 	N/A	None
Yang, Jheng Ren (Director)	<ul style="list-style-type: none"> Has Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company Spokesperson, Gemtek Technology Co., Ltd. Not being a person of any conditions defined in Article 30 of the Company Act. 	N/A	None
Hsu, Rong Hui (Director)	<ul style="list-style-type: none"> Has Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company Senior Deputy General Manager, Gemtek Technology Co., Ltd. Chairman, BandRich Inc. Not being a person of any conditions defined in Article 30 of the Company Act. 	N/A	None
Chang, Yueh Chi (Director)	<ul style="list-style-type: none"> Has Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company General Manager, BRILLIANT FOOTWEAR CORPORATION Not being a person of any conditions defined in Article 30 of the Company Act. 	N/A	None
Luo, Wen Yi (Director)	<ul style="list-style-type: none"> Has Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company Chairman, CSX MATERIAL CO., LTD. Director, SWEEPOT INC. Independent Director, TAIFLEX Scientific Co., Ltd. Representative Supervisor, REC Technology Corporation Not being a person of any conditions defined in Article 30 of the Company Act. 	N/A	1

Zhao, Yao Geng (Independent Director)	<ul style="list-style-type: none"> Has Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company Dean, College of Electrical and Communication Engineering, Yuan Ze University Independent Director, Favite Inc. Director, Harbinger VII Venture Capital Corp. Not being a person of any conditions defined in Article 30 of the Company Act. 	<ul style="list-style-type: none"> The independent director meets the professional qualification requirements prescribed by competent authorities. The independent director, spouse, and relative within the second degree of kinship are NOT of the following: <ol style="list-style-type: none"> 1.A director, supervisor, or employee of the Company or any of its affiliates. 2.Holds shares of the Company 3.A director, supervisor, or employee of a specified company or institution that has a financial or business relationship with the Company. 4. Provide commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider has received cumulative compensation within the past 2 years 	1
Wang, Zhu San (Independent Director)	<ul style="list-style-type: none"> Has Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company Professor, Department of Business Administration, National Taipei University Director, The Association of Crowdfunding and Financial Technology Service Director, Association of Business Administration, National Taipei University Member of Investments Review Board, MOEA Not being a person of any conditions defined in Article 30 of the Company Act. 	<ul style="list-style-type: none"> The independent director meets the professional qualification requirements prescribed by competent authorities. The independent director, spouse, and relative within the second degree of kinship are NOT of the following: <ol style="list-style-type: none"> 1.A director, supervisor, or employee of the Company or any of its affiliates. 2.Holds shares of the Company 3.A director, supervisor, or employee of a specified company or institution that has a financial or business relationship with the Company 4. Provide commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider has received cumulative compensation within the past 2 years 	None
Chang, Zhi Yang (Independent Director)	<ul style="list-style-type: none"> Has Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company Professor, Department of Electrical Engineering, National Chiao Tung University Independent Director/Member of Remuneration committee, Alpha Microelectronics Corp. Not being a person of any conditions defined in Article 30 of the Company Act. 	<ul style="list-style-type: none"> The independent director meets the professional qualification requirements prescribed by competent authorities. The independent director, spouse, and relative within the second degree of kinship are NOT of the following: <ol style="list-style-type: none"> 1.A director, supervisor, or employee of the Company or any of its affiliates. 2.Holds shares of the Company 3.A director, supervisor, or employee of a specified company or institution that has a financial or business relationship with the Company 4. Provide commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider has received cumulative compensation within the past 2 years 	1

(IV) Board Diversity and Independence:

(1) Board Diversity

The company's Board of Directors currently has 9 directors (including 3 independent directors), and the implementation of Board Diversity is described as follows:

- A. Female directors account for 11.11% of the board, as male directors account for 88.89%.
- B. Employees who are Directors of the Company accounted for 44.45% of the board.
Employees who are independent directors of the Company accounted for 33.33% of the board.
External directors accounted for 22.22% of the board.
- C. There are 9 directors who are between 61-69 years of age.
- D. There are 6 directors with a tenure of more than 10 years, and 3 directors with a tenure of 3-9 years.
- E. Elements of Board Diversity, categorized as follows:

Elements of Board Diversity Name of Director		Gender	Operational Judgments	Accounting and Financial Analysis	Management Administration	Crisis Management	Knowledge of the Industry	International Market Perspective	Ability to Lead	Ability to Make Policy Decisions
Director	Hong-wen Chen	Male	✓	✓	✓	✓	✓	✓	✓	✓
Director	Fu-zan Tsai	Male	✓	✓	✓	✓	✓	✓	✓	✓
Director	Cheng-ren Yang	Male	✓	✓	✓	✓	✓	✓	✓	✓
Director	Jong-hui Hsu	Male	✓	✓	✓	✓	✓	✓	✓	✓
Director	Yue-ji Chang	Female	✓	✓	✓	✓	✓	✓	✓	✓
Director	Wen-yi Luo	Male	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director	Yao-geng Zhao	Male					✓	✓		

Independent Director	Zhu-san Wang	Male		✓			✓	✓		
Independent Director	Chih-Yang Chang	Male					✓	✓		

(2) Board Independence

The Company conducts the election of directors under the principles of justice, fairness, and openness in accordance with the Company's Articles of Incorporation, Procedures for Election of Directors, Corporate Governance Best Practice Handbook, Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, Securities and Exchange Act Article 14-2, and relevant laws and regulations. The composition of the board of directors consists of 3 independent directors (33%) and 6 non-independent directors (67%).

The Company puts emphasis on the independence of board operations. The independent directors shall also abide by the relevant laws and regulations, cooperate with the powers of the audit committee, review the management and control of the Company's existing or potential risks, etc., so as to supervise the effective implementation of the Company's internal control, the selection (dismissal) of certified public accountants and their independence, and the fair preparation of financial statements. In addition, according to the Company's "Rules for Election of Directors", the cumulative voting system and candidate nomination system are adopted for the selection of directors and independent directors, and shareholders are encouraged to participate. Shareholders who hold a certain number of shares or more may submit a list of director candidates. Qualification review and confirmation of any violations listed in Article 30 of the Company Act shall be conducted and announced in accordance with the law to protect the rights and interests of shareholders, avoid monopoly or excessive nomination rights, and maintain independence.

The Company has established a performance assessment system for the board of directors, and carries out an internal self-assessment of the board of directors and board members every year. Relevant self-assessment results are disclosed in the Company's annual report and official website after reporting to the Board of Directors.

(V) Information on Directors and Supervisors

As of April 30, 2024

Title	Nationality	Name	Gender	Date of Election (Inauguration)	Current shareholding		Shares Currently Held by Spouses and Dependents		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree		
					Number of shares	%	Number of Shares	%	Number of Shares	%			Title	Name	Relatio nship
CEO	Taiwan, R.O.C.	Chen , Hong-wen	Male	1992.01.01	7,503,937	1.82 %	232,842	0.06 %	0	0%	TSMC Syntek Semiconductor Co., Ltd. Master of Electrical Engineering, National Tsing Hua University	Chairman of Gemtek Technology Ltd. Chairman of Gemtek Investment Co.,Ltd Chairman of Browan Communications Inc. Chairman of Antek Networks Inc. Chairman of Polaris Group Director of G-Technology Investment Co., Ltd Director of Witek Investment Co.,Ltd Director of Ampak International Holdings Ltd Director of Primax Communication (B.V.I.)Inc. Director of Free PP Worldwide Co.,Ltd Director of Yield Microelectronics Corp. Representative director of LIONIC CORP.	-	-	-
General Manager	Taiwan, R.O.C.	Li, Rong Chang	Male	2021.03.25	312,000	0.08 %	0	0%	0	0%	Bachelor of Industrial Engineering and Management, Yuan Ze University CSO of Gemtek Technology Co., Ltd.	Chairman of Gemtek CZ, s.r.o.	-	-	-
Senior Deputy General Manager (Note 2)	Taiwan, R.O.C.	Tsai, Fu Tsan	Male	1995.07.01	1,935,732	0.47 %	2,225	0%	0	0%	Associate Researcher of National Chung-Shan Institute of Science and Technology Chairman of Ampak Technology Inc. Master of Electro-Optical Engineering, National Chiao Tung University	Director of Gemtek Technology Co., Ltd. Chairman of Gemtek Electronics Kunshan Co., Ltd. Chairman of Gemtek Electronics Suzhou Co. Ltd. Director of Brightech International Co., Ltd	-	-	-
Senior Deputy General Manager (Note 2)	Taiwan, R.O.C	Liao, Hsi An	Male	2011.01.01	194,348	0.05 %	0	0%	0	0%	MS in Electrical Engineering, National Cheng Kung University Microwave Research Team, National Chung-Shan Institute of Science & Technology (11 years)	Chairman of Gemtek Electronics (Changshu) Co., Ltd. Representative director of Browan Communications Inc.	-	-	-
Senior Deputy General Manager	Taiwan, R.O.C	Hsu, Rong Hui	Male	2013.06.17	1,432,127	0.35 %	0	0%	0	0%	Engineer at National Chung-Shan Institute of Science and Technology Bachelor of Electrical Engineering, Tatung Institute of Technology	Chairman of BandRich Inc. Director of Gemtek Technology Co., Ltd. Director representative of Gemtek Investment Co.,Ltd Director representative of Gemtek Vietnam Co., Ltd. Representative director of Browan Communications Inc.	-	-	-
Chiel Sales Officer	Taiwan, R.O.C	Cheng, Guang Ming	Male	2017.08.08	192,000	0.05 %	0	0%	0	0%	Business Administration, Kindai University of Japan	Nil	-	-	-

Chief Technology Officer	Taiwan, R.O.C	Yeh, Fu Ming	Male	2017.01.01	222,554	0.05 %	0	0%	0	0%	PhD, Electrical Engineering, National Taiwan University Associate Researcher, Wireless Communications Research and Development, National Chun-Shan Institute of Science and Technology Director of Technology for MBOFDM Project at National Chun-Shan Institute of Science and Technology Project Leader of AMS-02 (Alpha Magnetic Spectrometer) Electronic System Research and Development Project led by Dr. Samuel C. C. Ting (Ting, Chao Chung). Alpha Magnetic Spectrometer (a particle physics detector) is still mounted on the ISS.	Representative Director of BandRich Inc.	-	-	-
Chief Financial Officer	Taiwan, R.O.C	Lin, Chih Hong	Male	1998.11.23	294,829	0.07 %	0	0%	0	0%	Bachelor of Accounting, Soochow University Manager, Deloitte Taiwan Chairman of AMPAK Technology Inc.	Chief Finance Officer of Gemtek Technology Ltd. Representative Director of Browan Communications Inc. Representative Director of SparkLAN Communications, Inc. Supervisor of Antek Networks Inc. Supervisor of BandRich Inc.	-	-	-

Note 1: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g., increasing the number of independent directors and ensuring that a majority of directors do not concurrently serve as an employee or managerial officer): The chairman of the company assumes the dual role of chairman and CEO to optimize operational efficiency and decision-making capabilities. Possessing a comprehensive understanding of the industry landscape, company operations, and risk management, the chairman adeptly formulates optimal strategies when confronted with significant operational challenges. To enhance the diversity of the board of directors, independent directors with expertise in finance, accounting, and business have been appointed in recent years. Furthermore, to ensure the board remains responsive to industry dynamics while upholding its independence, the proportion of directors with managerial responsibilities is limited to less than half of the total seats. Consequently, the board maintains its objectivity and effectiveness overall.

Note 2: Retirement effective on March 31, 2024.

III.Remuneration to Board of Directors, Supervisors, President and Vice President

(I)Remuneration to Board of Directors

Unit: NT\$ Thousands

Title	Name	Remuneration								The sum of A, B, C, and D as a percentage of after-tax net profit(%)		Remuneration for part-time employees								The sum of A, B, C, D, E, F and G as a percentage of after-tax net profit (%)		Remuneration from invested businesses other than the subsidiaries or the parent company
		Compensation (A)		Retirement pension (B)		Retained Earnings distributed as remuneration (C)		Fees for services rendered (D)				Salaries, bonuses, special allowances etc (E)		Retirement pension (F)		Distribution of retained Earnings as remuneration to employees (G)						
		Gemtek	Consolidated Subsidiaries of Gemtek	Gemtek	Consolidated Subsidiaries of Gemtek	Gemtek	Consolidated Subsidiaries of Gemtek	Gemtek	Consolidated Subsidiaries of Gemtek	Gemtek	Consolidated Subsidiaries of Gemtek	Gemtek	Consolidated Subsidiaries of Gemtek	Gemtek	Consolidated Subsidiaries of Gemtek	Gemtek		Consolidated Subsidiaries of Gemtek		Gemtek	Consolidated Subsidiaries of Gemtek	
Cash	Stock															Cash	Stock					
Chairman	Chen, Hong Wen	-	-	-	-	14,791	14,791	-	-	14,791 ; 2.43	14,791 ; 2.71	14,162	15,171	74	74	948	-	948	-	29,975 ; 4.92	30,984 ; 5.68	None
Director	Tsai, Fu Tsan																					
Director	Yang, Jheng Ren																					
Director	Hsu, Jung Hui																					
Director	Chang, Yueh Chi																					
Director	APEX ACTION INVESTMENT LIMITED																					
Independent Director	Zhao, Yao Geng																					
Independent Director	Wang, Zhu San																					
Independent Director	Chang, Zhi Yang																					

Note 1: A resolution was passed by the board of directors on March 13, 2024 to distribute a total of NTD14,791,301 and NTD110,934,760, respectively, for the 2023 remuneration to directors and employee compensation. The matter shall be reported at the 2024 Shareholders’ Meeting.

Note 2: The 2022 remuneration to directors was NTD16,483,849.

Note 3: There was no actual retirement payment for the year 2023.

Remuneration Scale for the Board of Directors

The Range of Remuneration	Name of Directors			
	The total amount of the first four remuneration items (A+B+C+D)		The total amount of the first seven remuneration items (A+B+C+D+E+F+G)	
	Gemtek	Consolidated Subsidiaries of Gemtek	Gemtek	Consolidated Subsidiaries of Gemtek
Less than NT\$2,000,000	Zhao, Yao Geng Wang, Zhu San Chang, Zhi Yang,	Zhao, Yao Geng Wang, Zhu San Chang, Zhi Yang,	Zhao, Yao Geng Wang, Zhu San Chang, Zhi Yang	Zhao, Yao Geng Wang, Zhu San Chang, Zhi Yang
NT\$2,000,000 ~ NT\$3,499,999	Chen, Hong Wen Yang, Jheng Ren Hsu, Rong Hui Tsai, Fu Tsan Chang, Yueh Chi APEX ACTION INVESTMENT LIMITED	Chen, Hong Wen Yang, Jheng Ren Hsu, Rong Hui Tsai, Fu Tsan Chang, Yueh Chi APEX ACTION INVESTMENT LIMITED	Yang, Jheng Ren Chang, Yueh Chi APEX ACTION INVESTMENT LIMITED	Yang, Jheng Ren Chang, Yueh Chi APEX ACTION INVESTMENT LIMITED
NT\$3,500,000 ~ NT\$4,999,999			Tsai, Fu Tsan	Tsai, Fu Tsan
NT\$5,000,000~ NT\$9,999,999	-	-	Hsu, Rong Hui,	Hsu, Rong Hui,
NT\$10,000,000~ NT\$14,999,999	-	-	Chen, Hong Wen	Chen, Hong Wen
NT\$15,000,000~ NT\$29,999,999	-	-	-	-
NT\$30,000,000~ NT\$49,999,999	-	-	-	-
NT\$50,000,000~ NT\$99,999,999	-	-	-	-
Greater Than or Equal to NT\$100,000,000	-	-	-	-
Total	Chen, Hong Wen Yang, Jheng Ren Hsu, Jung Hui Tsai, Fu Tsan Zhao, Yao Geng Wang, Zhu San,	Chen, Hong Wen Yang, Jheng Ren Hsu, Jung Hui Tsai, Fu Tsan Zhao, Yao Geng Wang, Zhu San,	Chen, Hong Wen Yang, Jheng Ren Hsu, Jung Hui Tsai, Fu Tsan Zhao, Yao Geng Wang, Zhu San,	Chen, Hong Wen Yang, Jheng Ren Hsu, Jung Hui Tsai, Fu Tsan Zhao, Yao Geng Wang, Zhu San,

	Chang, Yueh Chi Chang, Zhi Yang APEX ACTION INVESTMENT LIMITED	Chang, Yueh Chi Chang, Zhi Yang APEX ACTION INVESTMENT LIMITED	Chang, Yueh Chi Chang, Zhi Yang APEX ACTION INVESTMENT LIMITED	Chang, Yueh Chi Chang, Zhi Yang APEX ACTION INVESTMENT LIMITED
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(II) Remuneration to the General Manager and Deputy General Manager

Unit: NT\$ Thousands

Title	Name	Remuneration (A)		Retirement pension (B)		Bonus and special allowance (C)		Distribution of retained Earnings as remuneration to employees (D)				The sum of A, B, C, and D as a percentage of after-tax net profit (%)		Remuneration from invested businesses other than the subsidiaries or the parent company
		Gemtek	Consolidated Subsidiaries of Gemtek	Gemtek	Consolidated Subsidiaries of Gemtek	Gemtek	Consolidated Subsidiaries of Gemtek	Gemtek		Consolidated Subsidiaries of Gemtek		Gemtek	Consolidated Subsidiaries of Gemtek	
								Cash	Stock	Cash	Stock			
CEO	Chen, Hong Wen	39,312	41,294	656	656	12,345	12,345	4,175	-	4,175	-	56,488 ; 9.27	58,469 ; 10.72	None
General Manager	Li, Rong Chang													
Senior Deputy General Manager	Tsai, Fu Tsan (Note)													
Senior Deputy General Manager	Liao, Hsi An (Note)													
Senior Deputy General Manager	Hsu, Rong Hui													
Chief Financial Officer	Lin, Chih Hong													
Chief Operating Officer	Lin, Tien Jin													
Chief Technology Officer	Yeh, Fu Ming													
Chief Sales Officer	Cheng, Guang Ming													

Note 1: A resolution was passed by the board of directors on March 13, 2024 to distribute a total of NTD110,934,760 for 2023 employee compensation. The matter shall be reported at the 2024 Shareholders' Meeting.

Note 2: An amount equivalent to 6% of employee salary for retirement pension is deposited in an account administered by the Bureau of Labor Insurance in accordance with the law. There was no actual retirement payment in the most recent year.

Note 3: Retirement effective on March 31, 2024.

Remuneration Scale for the General Manager and the Deputy General Manager

The Range of Remuneration	Name of the General Manager and the Deputy General Manager	
	Gemtek	Consolidated Subsidiaries of Gemtek
Less than NT\$2,000,000	Tsai, Fu Tsan -	Tsai, Fu Tsan
NT\$2,000,000 ~ NT\$3,499,999		-
NT\$3,500,000 ~ NT\$4,999,999	Liao, Hsi An, Hsu, Rong Hui,	Liao, Hsi An, Hsu, Rong Hui,
NT\$5,000,000~ NT\$9,999,999	Chen, Hong Wen, Lin, Chih Hong, Yeh, Fu Ming, Cheng, Guang Ming	Chen, Hong Wen, Lin, Chih Hong, Yeh, Fu Ming, Cheng, Guang Ming
NT\$10,000,000~ NT\$14,999,999	Li, Rong Chang,	-,
NT\$15,000,000~ NT\$29,999,999	-	Li, Rong Chang
NT\$30,000,000~ NT\$49,999,999	-	-
NT\$50,000,000~ NT\$99,999,999	-	-
Greater Than or Equal to NT\$100,000,000	-	-
Total	Chen, Hong Wen, Li, Rong Chang, Tsai, Fu Tsan, Liao, Hsi An, Hsu, Rong Hui, Lin, Chih Hong, Lin, Tien Jin Yeh, Fu Ming, Cheng, Guang Ming	Chen, Hong Wen, Li, Rong Chang, Tsai, Fu Tsan, Liao, Hsi An, Hsu, Jung Hui, Lin, Chih Hong, Lin, Tien Jin Yeh, Fu Ming, Cheng, Guang Ming

(III) Employee Compensation to the Management Team

As of April 30, 2024

	Title	Name	Employee Compensation – in Stock (NT\$Thousands)	Employee Compensation – in Cash (NT\$Thousands)	Total (NT\$Thousands)	The total amount as a percentage of net income after tax (%)
Management Team	CEO	Chen, Hong Wen	-	2,219	2,219	0.36
	General Manager	Li, Rong Chang				
	Senior Deputy General Manager	Tsai, Fu Tsan				
	Senior Deputy General Manager	Liao, Hsi An				
	Senior Deputy General Manager	Hsu, Rong Hui				
	Chief Financial Officer	Lin, Chih Hong				
	Chief Technology Officer	Yeh, Fu Ming				
	Chief Sales Officer	Cheng, Guang Ming				

Note : A resolution was passed by the board of directors on March 13, 2024 to distribute a total of NT\$ 110,934,760 for 2023 employee compensation.

(IV) Comparison analysis of the current and previous fiscal years regarding the percentage of total remuneration paid to directors, supervisors, the general manager, and deputy general manager by the Company and by affiliated companies that are included in the consolidated financial statements to the net income, and its correlation with the remuneration payment policies, standards, and portfolios, the procedures for determining the remuneration, operation performance, and potential risks described in detail:

1. The percentage of total remuneration paid to directors, supervisors, the general manager, and deputy general manager by the Company and by affiliated companies that are included in the consolidated financial statements to the net profit after tax as of current and previous fiscal years:

Title	Percentage of total remuneration paid relative to net profit after tax			
	2022		2023	
	Gemtek	Consolidated	Gemtek	Consolidated
Director	2.48	2.48	2.43	2.71
General Manager & Deputy General Manager	7.42	7.67	9.27	10.72

2021 – 10.46% ; 2022 –10.15% ; 2023 –13.43%

In the fiscal year 2022, the remuneration of directors, general managers, and deputy general managers increased as part of net profit after tax, primarily due to an increase in share-based compensation in the fiscal year 2023.

2. Correlation with the remuneration payment policies, standards, and portfolios, the procedures for determining the remuneration, operation performance, and potential risks:

Pursuant to Article 20 of the Article of Incorporation, 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 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

Pursuant to Article 20-1 of the Article of Incorporation, 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.

Potential Risks:

The Company's remuneration is established upon a performance-related pay standard, which evaluates the overall performances of the company's operational outcomes, individual managers' achievements and contributions, and other factors that may influence the remuneration structure. If performances are recognized and approved by management, the fixed and variable rewards paid shall fully reflect the performances of either individuals or teams.

IV. Corporate Governance

(I) Operation Status of the Board of Directors

The Board of Directors held 6 [A] meetings during the current fiscal year. The attendance record of the Board of Directors is shown below:

Title	Name (Note 1)	Attendance In Person [B]	Attendance by Proxy	Attendance Rate (%) (B/A) (Note2)	Remarks
Chairman	Chen, Hong Wen	6	-	100%	
Director	Yang, Jheng Ren	6	-	100%	
Director	Tsai, Fu Tsan	6	-	100%	
Director	Chang, Yueh Chi	4	-	67%	
Director	Hsu, Jung Hui	6	-	100%	
Director	APEX ACTION INVESTMENT LIMITED Representative: Luo, Wen Yi	6	-	100%	
Independent Director	Zhao, Yao Geng	6	-	100%	
Independent Director	Wang, Zhu San	6	-	100%	
Independent Director	Chang, Zhi Yang	6	-	100%	

Other matters to be recorded:

- Where any of the following circumstances occurs to the meeting of the Board of Directors, the date, term and proposal of the meeting as well as the opinions of all the independent directors and Company's action on these opinions shall be described: None
 - On issues stated in Article 14-3 of the Securities and Exchange Act: The company established an Audit Committee on June 18, 2019, and is not subject to the provisions of Article 14-3 of the Securities and Exchange Act. For related information, please refer to the company's "Operation Guidelines of the Audit Committee".
 - In addition to the matters mentioned above, any independent director expresses dissent or reservation with respect to a resolution of the Board of Directors, and such dissent or reservation is recorded in the minutes or a written statement: None.
- If the directors have personal interest conflicts to the proposal and are required for recusal, please specify the name of the directors, proposal, reason and the resolution: None

3. Please find details regarding the evaluation frequency, scope, method, and content for Status of Board Evaluation in the following chart.

Status of Board Evaluation

Frequency	Period	Scope	Method	Scope of Evaluation
Once a year	2023/1/1~ 2023/12/31 Reported to board of directors on March 13, 2024	Evaluation on the performance of the Board, individual Board members and Functional Committee members.	Self-evaluation of the Board, Self-evaluation of the Board member, Self-evaluation of the functional committee	Please see Note 1.

Note 1: The scope of the evaluations shall include at least the following items.

1. Performance evaluation of the Board:

- (1) The Directors' level of participation in the Company's operations
- (2) The quality of the Board's decision-making
- (3) The composition and structure of the Board
- (4) The selection and continuous training of Directors
- (5) Internal control

2. Performance evaluation of functional committee:

- (1) The committee members' level of participation in the Company's operations
- (2) The committee members' understanding in responsibilities
- (3) The quality of decision-making of the committee members
- (4) The composition of functional committees and the selection of members
- (5) Internal control

3. Performance evaluation of individual Directors:

- (1) The Company's objectives and tasks
- (2) Directors' understanding in responsibilities
- (3) Directors' level of participation in the Company's operations
- (4) Internal relationship management and communication
- (5) Professional and continuous education of Directors
- (6) Internal control

4. An evaluation of targets for strengthening of the functions of the board during the current and immediately preceding fiscal years, and measures taken toward achievement thereof; and any other matters that require reporting (i.e. establish audit committee, improve information transparency) :

(1) To establish a strong governance system and sound supervisory capabilities for this Corporation's board of directors and to strengthen management capabilities, the Rules of Procedure for Meetings of Board of Directors are adopted pursuant to the Regulations Governing Procedure for Board of Directors Meetings of Public Companies.

(2) The Company has appointed 2 independent directors, and shall convene at least once every quarter to ensure the following matters: fair presentation of the financial reports of this Corporation; the hiring (and dismissal), independence, and performance of certificated public accountants of this Corporation; the effective implementation of the internal control system of this Corporation; compliance with relevant laws and regulations by this Corporation; management of the existing or potential risks of this Corporation.

(3) The Company has established a Remuneration Committee to professionally and objectively evaluate the policies and systems for compensation of the directors, supervisors, and managerial officers of this Corporation, and submit recommendations to the board of directors for its reference in decision making.

(II) Operation Status of the Audit Committee

The main annual duties of Audit Committee are summarized as follows:

1. Financial report.
2. Internal Control Policies
3. Adoption of procedures for handling material financial or business activities, such as acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.
4. Matters in which a director is an interested party.
5. Derivatives trading of a material nature.
6. Loans of funds, endorsements, or provision of guarantees of a material nature.
7. The offering, issuance, or private placement of equity-type securities.
8. The hiring or dismissal of a certified public accountant and their compensation.
9. The appointment or discharge of a financial, accounting, or internal audit officer.
10. Other matters of material nature as prescribed by the Company or competent authority.

(1) The term of the previous members of the committee:

June 18, 2019~ June 17, 2022

(2) The term of the current members of the committee:

June 9, 2022~ June 8, 2025

The Audit Committee held 6[A] meetings during the current fiscal year.

The attendance record of the Independent Directors is shown below:

Title	Name (Note 1)	Attendance In Person [B]	Attendance by Proxy	Attendance Rate (%) (B/A)	Remarks
Independent Director (Convenor)	Wang, Zhu San	5	-	100%	
Independent Director	Zhao, Yao Geng	5	-	100%	
Independent Director	Chang, Chih Yang	5	-	100%	

Other matters to be recorded:

1. If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified:

(1) The items listed in Article 14-5 of Securities and Exchange Act.

Date of Board of Directors' Meeting	Date of Audit Committee Meeting Sessions	Motion	Resolution made by the Audit Committee	Follow-up actions made by the Company
2023.03.13 11th Board of Directors 6th Meeting	2023.03.13 2nd Audit Committee 4th Meeting	1.2022 business reports and financial statements. 2.Distribution of 2022 profits. 3.2022 “Assessment of the Effectiveness of the Internal Control System” and “Internal Control Statement”. 4.External Auditor Assessment Report regarding Independence and Competency 5.Issuance of restricted employee stock awards 6.6th issuance of unsecured convertible bonds 7. To ratify acquisition and disposal of related party transactions. 8.To reduce capital due to repurchase of employee restricted stock issued 9.Long-term investment plan (Browan Communications) 10. Long-term investment plan (Lionic Networks Inc.- Delaware USA)	The motions are passed by all Audit Committee members.	Resolved and approved by the board of directors.
2023.05.03 11th Board of Directors 7th Meeting	2023.05.03 2nd Audit Committee 5th Meeting	1.Completion of 2023 Q1 consolidated financial statements. 2.To ratify acquisition and disposal of related party transactions. 3. To cancel issuance of common shares by raising capital through private placement	The motions are passed by all Audit Committee members.	Resolved and approved by the board of directors.
2023.05.29 11th Board of Directors 8th Meeting	2023.05.29 2nd Audit Committee 6th Meeting	1.Merger between Gemtek Technology Co., Ltd. and Gemtek Investment Co.,Ltd 2. Disposal of assets by subsidiary	The motions are passed by all Audit Committee	Resolved and approved by the board of directors.

		Gemtek Electronics (Changshu) Co., Ltd.	members.	
2023.08.03 11th Board of Directors 9th Meeting	2023.08.03 2nd Audit Committee 7th Meeting	<p>1.Completion of 2023 Q2 consolidated financial statements.</p> <p>2.To ratify acquisition and disposal of related party transactions.</p> <p>3. To reduce capital due to repurchase of employee restricted stock issued</p> <p>4.To approve the amendment of 2023 Rules for Issuance of restricted employee stock awards.</p> <p>5.Issuance of restricted employee stock awards</p> <p>6.Subsidiary Gemtek Vietnam Co., Ltd. Investment plan.</p> <p>7. Engage with financial institutions to explore credit options aimed at optimizing our ability to conduct business operations effectively and increase our operational funds.</p>	The motions are passed by all Audit Committee members.	Resolved and approved by the board of directors.
2023.11.08 11th Board of Directors 10th Meeting	2023.11.08 2nd Audit Committee 8th Meeting	<p>1.Completion of 2023 Q3 consolidated financial statements.</p> <p>2. Loan plan to Gemtek Technology Ltd established by subsidiary Gemtek Electronics (Changshu) Co., Ltd.</p> <p>3.To ratify acquisition and disposal of related party transactions.</p> <p>4.Draw up 2024 Audit Plan</p> <p>5.Appointment of CPA for 2023 financial statement and audit fees.</p> <p>6. Engage with financial institutions to explore credit options aimed at optimizing our ability to conduct business operations effectively and increase our operational funds.</p>	The motions are passed by all Audit Committee members.	The motions are passed by all Audit Committee members.
2024.03.13 11th Board of Directors 12th Meeting	2024.03.13 2nd Audit Committee 9th Meeting	<p>1.2023 business reports and financial statements.</p> <p>2.Distribution of 2023 profits.</p> <p>3.2023 “Assessment of the</p>	The motions are passed by all Audit Committee	The motions are passed by all Audit Committee

		Effectiveness of the Internal Control System” and “Internal Control Statement”.	members.	members.
		4.External Auditor Assessment Report regarding Independence and Competency		
		5. Loan plan to Gemtek Technology Ltd. established by subsidiary G-Technology Investment Co., Ltd.		
		6. Capital improvement plan established by subsidiary Gemtek Electronics (Changshu) Co., Ltd. for loans and over-limit.		
		7. Engage with financial institutions to explore credit options aimed at optimizing our ability to conduct business operations effectively and increase our operational funds.		

(2)Except for the proposal mentioned above, other resolutions which are not approved by Audit Committee but are approved by two-third of directors: None.

2. If there are independent directors’ avoidance of motions in conflict of interest, the directors’names, contents of motion, causes for avoidance and voting should be specified:None

3. Communications between the independent directors, the Company’s Chief Internal Auditor and CPAs (e.g.the items, methods and results of audits of corporate finance or operations, etc.)

(1) The Company Chief Internal Auditor is to submit monthly audit reports to the Independent Directors of the Audit Committee regarding deficiencies and improvement plans. The execution status of the improvement plans are then reported to the Independent Directors at the quarterly Audit Committee Meeting.

(2) In the quarterly Audit Committee Meeting, the Company’s CPA reports to independent directors regarding the financial affairs, audit results, internal control, IFRSs revisions, impacts on the Company, and relevant regulatory requirements of the Company and its overseas subsidiaries. The CPA communicates whether the abovementioned should affect the way accounting items are recognized or adjusted.

(3) Audit supervisors, CPAs, and independent directors should communicate directly as much as possible.

(4) Summary of the communications between independent directors and chief internal auditors:

Date of Discussion Meeting	Attending Members	Discussion Items	Conclusion
2023.3.13	Independent Director: Wang, Zhu San Independent Director: Zhao, Yao Geng Independent Director: Chang, Chih Yang Auditor: Huang, Ling Yi	1. Report on 2022 Q4 internal audit results. 2. 2022 Internal Audit Policy Statement	Without opinion
2023.05.03	Independent Director: Wang, Zhu San Independent Director: Zhao, Yao Geng Independent Director: Chang, Chih Yang Auditor: Huang, Ling Yi	1. Report on 2023 Q1 internal audit results.	Without opinion
2023.08.03	Independent Director: Wang, Zhu San Independent Director: Zhao, Yao Geng Independent Director: Chang, Chih Yang Auditor: Huang, Ling Yi	1. Report on 2023 Q2 internal audit results.	Without opinion
2023.11.08	Independent Director: Wang, Zhu San Independent Director: Zhao, Yao Geng Independent Director: Chang, Chih Yang Auditor: Huang, Ling Yi	1. Report on 2023 Q3 internal audit results. 2. 2024 Audit Plan	Without opinion

(5) Summary of the communications between independent directors and CPA:

Date of Discussion Meeting	Attending Members	Discussion Items	Conclusion
2023.03.13	Independent Director: Wang, Zhu San Independent Director: Zhao, Yao Geng Independent Director: Chang, Chih Yang CPA: Fang, Han-ni	CPA presents the audit scope, criteria, and audit results for the 2022 Financial Statements.	Without opinion
2023.11.08	Independent Director: Wang, Zhu San Independent Director: Zhao, Yao Geng Independent Director: Chang, Chih Yang CPA: Fang, Han-ni	CPA presents audit plans regarding the scope, approach, timing, and criteria for the 2023 Financial Statements.	Without opinion

(III) Implementation Status of Corporate Governance

Corporate Governance Implementation Status and Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
I.Has the Company established and disclosed the Corporate Governance Best practice Principle based on the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	V		In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, the Company has established the "Corporate Governance Best-Practice Principles" upon the approval of the Board of Directors, and has posted the document on the Company's website and MOPS .	None
II. Shareholding structure and shareholder's equity				
(I) Does the Company have an internal procedure and act accordingly for handling of the suggestions, doubts, disputes, and lawsuits of the shareholders?	V		(I) The Company has set up relevant departments i.e.investor relations, corporate actions, legal, to properly handle the suggestions, doubts, disputes, and lawsuits of the shareholders.	None None
(II) Does the Company have the list of major shareholders who have ultimate control over the company?	V		(II) The Company regularly reviews the shareholding status of the board, managers, and the list of major shareholders who holds more than 10% of the shares.	None
(III) Does the Company establish and implement a firewall mechanism to control the risks between the Company and the affiliates?	V		(III) The company has established risk control measures within its internal control operation procedures.	None
(IV) Does the Company have internal policies to prohibit	V		(IV) The Company has formulated the "Procedures for Handling	

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
insiders from trading securities with undisclosed information ?			Material Inside Information" .	
III.Composition and responsibilities of the Board of Directors				
(I) Does the Board develop and implement a diversified policy for the composition of its members?	V		(I) According to the Company's "Corporate Governance Best-Practice Principles" , the company has developed and implemented a diversified policy for the composition of its Board of Directors. The members of the Board have a fair representation of people of different genders, professional experience and competencies.	None
(II) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	V		(II) The functional committees of the Company are:	None
(III) Does the Company establish a standard to measure the performance of the Board annually, report the results of the performance evaluation to the Board, and use it as a reference for individual directors' remuneration and nomination?	V		1.Remuneration Committee (Est.2011) . 2.Audit Committee (Est.2019). The establishment of additional functional committees is dependent on the company's overall operational performances and strategies. (III) On Mar. 10, 2020, the Company has passed the motion for the establishment of the "Procedures for Performance Evaluation of Board of Directors" , which clearly states the frequency, time frame, evaluation criteria, the department	None

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
(IV) Does the Company regularly evaluate the independence of CPAs?	V		<p>in charge of conducting the internal evaluation, procedures, etc. for carrying out the evaluation process. The 2023 Performance Evaluation of the Board of Directors is mainly centered on “Board Self-Evaluation” and “Evaluation of Board Effectiveness”. As per the 2023 Performance Evaluation, the results indicate that the overall performances of the Board of Directors and functional committees were well-achieved and effective.</p> <p>(IV) The Company’s Finance Department performed an annual independence assessment of CPAs, and has submitted the results to the Board of Directors for resolution on March 13, 2024.</p>	None

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
IV.Does the TWSE/TPEX listed company have a designated corporate governance unit or personnel in place to address corporate governance affairs (including, but not limited to, the provision of relevant business information to attending directors and supervisors, ensure regulatory compliance, assist directors and supervisors with matters related to board meetings and shareholders meetings as required by law, and prepare minutes for board meetings and shareholders meetings)?	V		(I)Corporate Governance Personnel: Chief Finance Officer (II)Main Duties: Responsible for handling corporate governance affairs, including the provision of relevant business information to attending directors and independent directors, ensure regulatory compliance, assist directors and supervisors with matters related to board meetings and shareholders meetings as required by law, company registration affairs, and prepare minutes for board meetings and shareholders meetings.	None
V.Did the Company establish effective communication channels with stakeholders, construct a designated section on its website to address issues raised by stakeholders (including but not limited to shareholders, employees, customers, and suppliers) , i.e. Corporate Social Responsibility, with appropriate responses?	V		The Company has various communication channels in place to facilitate stakeholder engagement and management, e.g. investment relations, corporate actions team, legal department. The Company has constructed a designated section on its website to address issues raised by stakeholders, i.e. Corporate Social Responsibility, with appropriate responses.	None
VI.Does the Company commission a professional registrar to deal with the affairs of the shareholders' meeting?	V		The Company has appointed SinoPac Securities Corporation to deal with the affairs of the shareholders' meeting.	None
VII. Information disclosure (I)Does the Company have a website to disclose the financial and corporate governance information of the	V		(I)The Company discloses its financial and corporate governance information on the company website and TWSE MOPS.	None
	V		(II)The Company's investor relations webpage is available in both	None

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
<p>Company?</p> <p>(II) Does the Company adopt other information disclosure methods (such as setting up an English website, designating a person for collection and disclosure of information, implementing a spokesperson system, and publishing the meeting agenda of investor conferences on the website)?</p> <p>(III) Does the company announce and report the annual financial report within two months after the end of the fiscal year, and has announced and reported Q1, Q2, Q3 financial reports and the operating status of each month prior to the prescribed deadline?</p>	V		<p>Chinese and English. A website administrator is responsible for updating and disclosing the Company's information on the website in a timely manner. The Company has employed a spokesperson and deputy spokesperson to represent the company. The meeting agenda of the Institutional Investor Conference is posted on the Company's website.</p> <p>(III) The Company has announced and reported its financial report within two months after the end of the fiscal year, and has announced and reported Q1, Q2, Q3 financial reports and the operating status of each month prior to the prescribed deadline.</p>	None
VIII. Does the Company have additional information that may further explain its corporate governance principles (including but not limited to the rights and care of employees, investor relationship, supplier relationship, rights of stakeholders, board member training, implementation of risk management policies and measurement criteria, implementation of customer management policies and liability insurance coverage	V		<p>(I) Employee Rights and Employee Care: The Company understands the importance of labor management, and spares no effort in caring for its employees. For more information, please refer to the Company's "Corporate Social Responsibility Report".</p> <p>(II) Investor Relations and Stakeholders: The Company has constructed a designated section on its website to address issues raised by stakeholders, i.e. Corporate Social Responsibility, with appropriate responses.</p>	None

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
for directors and supervisors)?			<p>(III) Suppliers: The Company adopts a coexisting business model to share profit and sustain good relationship with all of its business partners.</p> <p>(IV) Board Member Training: Directors are obliged to participate in advanced training courses arranged by the Company, and are also encouraged to take courses outside the Company according to personal requirements. To know more about the training courses, please refer to “Board Member Training”.</p> <p>(V) Risk Management Policies and Evaluation: The Company’s Internal Control Plan and policies have been approved by the Board of Directors and resolved by the Shareholders' meeting. Internal audit personnel shall report audit results and findings to the Board on a quarterly basis.</p> <p>(VI) Customer Relationship Management : Gemtek values its customers and strives to provide high-quality products to meet customer requirements. We make sure that customer relationships are well-maintained through effective communication, creating long-term success in business partnership.</p> <p>(VII) Directors and Officers Liability Insurance: The Company has purchased liability insurance for its directors and managers.</p>	

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
(IX)Please describe the Company’s improvement measures and progress in response to the evaluation results published by the Corporate Governance Center of Taiwan Stock Exchange Corporation: 1.Gemtek is placed within the 51-65% range among listed entities for the 2023 Corporate Governance Evaluation. 2. Notable improvements for 2023 includes: (1) Convening the annual shareholders' meeting before the end of May. (2) Timely disclosure of the Financial Report in English within two months of the filing deadline for the Chinese version. (3) Disclosure of total greenhouse gas emissions, water consumption, and waste generation for the past two years. (4) Disclosure of stakeholder engagement, material topics, communication channels, and response mechanisms in the annual report. (5) Disclosure of Governance, Strategy, Risk Management and Metrics and Targets related to climate related risks and opportunities according to the Task Force on Climate-related Financial Disclosures (TCFD) framework. (6) Disclosure of the adoption and implementation status of workplace diversity and gender equality policies. (7) Disclosure of community risks and opportunities and efficacy of corresponding countermeasures in the corporate website, annual report, and sustainability report. 3. Our company remains committed to continuously refining our improvement plans for areas that we have yet to achieve.				

Note 1: Please fill-in all relevant fields with complete descriptions.

External Auditor Assessment Report regarding Independence and Competency

I. Statutory Provisions

- I. Pursuant to Article 29 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies", the Company should select professional, responsible and independent CPA to regularly check the Company's financial status and internal control.
- II. The Company assesses the CPAs for their independence on a regular basis (once a year). If the Company has not changed its CPAs for seven consecutive years or is subject to disciplinary action or damage to its independence, the Company shall consider whether it is necessary to change the CPAs and report the results to the board of directors.
- III. According to No.46 Taiwan Generally Accepted Accounting Principles – Quality Control Standards Article 68, the chief accountant or lead engagement partner is subject to rotation after the end of a certain assignment period. During the years following the rotation, he or she may not provide any services to the firm until a period of two years has elapsed.

II. Assessment Results:

- I. CPA Audit Opinions over the past five years:

Year	Audit Firm	CPA	Audit Opinions
2019	Deloitte & Touche	Yang, Ching Cheng Gong, Zhe Li	Unqualified opinion
2020	Deloitte & Touche	Yang, Ching Cheng Yang, Jing Ting	Unqualified opinion & Other matter paragraph
2021	Deloitte & Touche	Yang, Ching Cheng Yang, Jing Ting	Unqualified opinion & Other matter paragraph
2022	Deloitte & Touche	Fang, Han Ni Yang, Jing Ting	Unqualified opinion & Other matter paragraph
2023	Deloitte & Touche	Fang, Han Ni Yang, Jing Ting	Unqualified opinion

II. CPA Relationship Evaluation

(1) The evaluation is conducted in accordance with Code of Ethics for Professional Accountants No.10 - Integrity, Objectivity and Independence. The results are listed as follows:

Independence		In compliance with auditor independence standards and requirements	
Item	Description	Yes	No
1	The accountants should avoid and should not accept the engagement when they may be involved in any direct or material indirect interests which may impair their impartiality and independence.	v	
2	The audit or review of financial statements provides a wide range of potential statement users with a high or moderate but not absolute confidence herein. In addition to maintaining independence in fact, independence in appearance is critical as well. Therefore, the members of audit team, and the partners of the accounting firm and any of its affiliates must always maintain independence with his/their clients.	v	
3	A professional accountant shall demonstrate the highest sense of integrity, maintain objectivity, and adheres to the spirit of independence when serving the public interest. (1)Integrity: A professional accountant shall perform all professional responsibilities with the highest sense of integrity. (2)Objectivity: A professional accountant shall maintain objectivity and be free of conflicts of interest in discharging professional responsibilities. (3)Independence: A professional accountant in public practice should be independent in fact and appearance when providing auditing and other attestation services.	v	
4	Independence is defined to include integrity and objectivity. Lack of independence may impair the auditor's integrity, reliability, and objectivity.	v	
5	Auditor independence may be compromised by threats to the fundamental principles -- self-interest, self-review, advocacy, familiarity and intimidation.	v	

Independence		In compliance with auditor independence standards and requirements	
6	<p>Self-interest threat occurs when a firm or a person on the audit engagement team could benefit from a financial interest in, or other self-interest conflict with, a client. Examples of circumstances that may create a self-interest threat include, but are not limited to:</p> <ul style="list-style-type: none"> (1) A direct financial interest or material indirect financial interest in a client. (2) A loan or guarantee to or from an audit client or any of its directors or officers. (3) Undue concern about the possibility of losing the audit engagement. (4) Having a close business relationship with an audit client. (5) Potential employment with an audit client. (6) Contingent audit fees related to the audit case. 	v	
7	<p>Self-review threat occurs when accountants perform reports or judgments made in non-audit service cases, and such reports or judgments serve as an important basis for reaching conclusions in the process of checking or reviewing financial information, or when a person on the engagement team was previously an officer or director of the audit client, or was in a position to exert significant influence over the subject matter of the assurance engagement. Examples of circumstances that may create a self-review threat include, but are not limited to:</p> <ul style="list-style-type: none"> (1) The members of the audit engagement team being, or having recently served as directors, supervisors, managers, or was in a position to exert significant influence over the subject matter of the engagement within the past two years. (2) Rendering non-audit services to clients with items that may directly impact the audited cases. 	v	
8	<p>Advocacy threat occurs when the auditor is asked to promote or represent their client's opinion to the point where objectivity is potentially compromised. Examples of circumstances that may create an advocacy threat include, but are not limited to:</p> <ul style="list-style-type: none"> (1) Dealing in, or being a promoter of, shares of an audit client. (2) Acting as an advocate for or on behalf of an audit client in litigation or in resolving disputes with third parties. 	v	

Independence		In compliance with auditor independence standards and requirements	
9	<p>Familiarity threat occurs when, by virtue of a close relationship with an audit client, its directors, officers or employees, a firm or a person on the engagement team becomes too sympathetic to the client's interests. Examples of circumstances that may create a familiarity threat include, but are not limited to:</p> <p>(1) A person on the engagement team having an immediate or close family member who is an officer or director of the audit client or in a position to exert significant influence over the subject matter of the engagement;</p> <p>(2) A former partner of the firm, within one year before dismissal, serves as an officer or director of the audit client or in a position to exert significant influence over the subject matter of the engagement;</p> <p>(3) The acceptance of gifts or hospitality from the audit client, its directors, officers or employees, unless the value thereof is clearly insignificant.</p>	v	
10	<p>Intimidation threat occurs when a person on the engagement team may be deterred from acting objectively and exercising professional skepticism by threats, actual or perceived, from the directors, officers or employees of an audit client. Examples of circumstances that may create an intimidation threat include, but are not limited to:</p> <p>(1) Accountants are required to accept improper management choices in accounting policies or improper disclosure in financial statements.</p> <p>(2) The application of pressure to inappropriately reduce the extent of work performed in order to reduce or limit fees.</p>	v	
11	The firm, or members of the engagement team have an ongoing responsibility to maintain professional independence by taking into account the context in which they practise, the threats to independence and the safeguards which may be available to eliminate the threats or reduce them to an acceptable level.	v	
12	If the firm, or members of the engagement team determine that the identified threats to compliance with the fundamental principles are not at an acceptable level, he/she shall address the threats by eliminating them or reducing them to an acceptable level.	v	
13	If no measures are taken or the measures adopted cannot effectively reduce the impact on independence or reduce to an acceptable level, the accountant should refuse to execute the audit case to maintain its independence.	v	

(2) Auditor Competency

Competency		Qualification	
Item	Description	Yes	No
1	Holds a CPA license to practice public accounting.	v	
2	No penalty imposed by the competent authority or the CPA Associations R.O.C.(Taiwan), or under the provisions of Paragraph 3, Article 37, of the Securities and Exchange Act.	v	
3	Has a general understanding of the client's business.	v	
4	Review financial reports and prepare audit worksheets in accordance with the "Generally Accepted Auditing Standards" and the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountant".	v	
5	Uses the CPA title to benefit from acts of unfair competition.		v

III. Conclusion:

Based on the above analysis, we conclude that CPA Jing Ting Yang and CPA Han Ni Fang of Deloitte & Touche, who were proposed to be retained for the audit of the Company's 2024 annual financial statements, are considered independent and competent. This matter is submitted to the board of directors for resolution.

2023 Continuing Education for Board Members

Title	Name	Date	Organizer	Course Name	Hours
Director	Chen, Hong Wen	2023/11/07	Taiwan Institute of Directors	Adopting the Twin Transition Approach	3 Hours
Director	Tsai, Fu Tsan				3 Hours
Director	Yang, Jheng Ren				3 Hours
Director	Chang, Yueh Chi				3 Hours
Director	Hsu, Rong Hui				3 Hours
Legal Director	APEX ACTION INVESTMENT LIMITED Representative: Luo, Wen Yi				3 Hours
Independent Director	Wang, Zhu San				3 Hours
Independent Director	Chang, Chih Yang				3 Hours
					3 Hours
Independent Director	Zhao, Yao Geng				3 Hours
		3 Hours			
Director	Chen, Hong Wen	2023/11/08	Taiwan Institute of Directors	AI Trends and Risk Management	3 Hours
Director	Tsai, Fu Tsan				3 Hours
Director	Yang, Jheng Ren				3 Hours
Director	Chang, Yueh Chi				3 Hours
Director	Hsu, Rong Hui				3 Hours

Legal Director	APEX ACTION INVESTMENT LIMITED Representative: Luo, Wen Yi				3 Hours
Independent Director	Wang, Zhu San				3 Hours
Independent Director	Chang, Chih Yang				3 Hours
Independent Director	Zhao, Yao Geng				3 Hours

2023 Continuing Education for Management

Title/Name	Date	Organizer	Course Name	Hours
CFO/Lin, Chih Hong	2023/11//28	Accounting Research and Development Foundation	Qualifications and Professional Development Measures for Accounting Supervisors of Issuers' Securities Firms and Stock Exchanges	6 Hours
	2023/11/29			6 Hours

2023 Continuing Education for Audit Officers

Title/Name	Date	Organizer	Course Name	Hours
Audit Officer/Huang, LingYi	2023/09/14	Accounting Research and Development Foundation	Latest Policies and Internal Control Management Practices: Labor Law	6 Hours

	2023/10/24		Common Deficiencies and Practical Analysis of Important Internal Control Regulations for Financial Statement Review	6 Hours
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2023 Continuing Education for Corporate Governance Officers

Title/Name	Date	Organizer	Course Name	Hours
Corporate Governance Officer/Lin, Chih Hong	2023/09/04	Securities Futures Institute	The 14 th Taipei Corporate Governance Forum	6 Hours
	2023/11/07	Taiwan Institute of Directors	Adopting the Twin Transition Approach	3 Hours
	2023/11/08	Taiwan Institute of Directors	AI Trends and Risk Management	3 Hours

(IV)Composition, Responsibilities, and Operations of the Remuneration Committee

1. Professional Qualifications and Independence Analysis of the Remuneration Committee

As of April 30, 2023

Qualifications Name /Title	Professional qualifications and experience	Independence criteria	Number of other public companies where the member also serves in a remuneratio n committee
Zhao, Yao Geng (Independent Director)/ Convener	<ul style="list-style-type: none"> Has Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company Dean, College of Electrical and Communication Engineering, Yuan Ze University Independent Director, Favite Inc. Director, Harbinger VII Venture Capital Corp. Not being a person of any conditions defined in Article 30 of the Company Act. 	<ul style="list-style-type: none"> The independent director meets the professional qualification requirements prescribed by competent authorities. The independent director, spouse, and relative within the second degree of kinship are NOT of the following: <ul style="list-style-type: none"> 1.A director, supervisor, or employee of the Company or any of its affiliates. 2.Holds shares of the Company 3.A director, supervisor, or employee of a specified company or institution that has a financial or business relationship with the Company Provide commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider has received cumulative compensation within the past 2 years: None 	1

Wang, Zhu San (Independent Director) / Member	<ul style="list-style-type: none"> 'Has Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company 'Professor, Department of Business Administration, National Taipei University 'Director, The Association of Crowdfunding and Financial Technology Service 'Director, Association of Business Administration, National Taipei University 'Member of Investments Review Board, MOEA 'Not being a person of any conditions defined in Article 30 of the Company Act. 	<ul style="list-style-type: none"> 'The independent director meets the professional qualification requirements prescribed by competent authorities. 'The independent director, spouse, and relative within the second degree of kinship are NOT of the following: <ol style="list-style-type: none"> 1.A director, supervisor, or employee of the Company or any of its affiliates. 2.Holds shares of the Company 3.A director, supervisor, or employee of a specified company or institution that has a financial or business relationship with the Company 'Provide commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider has received cumulative compensation within the past 2 years: None 	0
Chang, Chih Yang (Independent Director) / Member	<ul style="list-style-type: none"> 'Has Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company 'Professor, Department of Electrical Engineering, National Chiao Tung University 'Independent Director/Member of Compensation committee, Alpha Microelectronics Corp. 'Not being a person of any conditions defined in Article 30 of the Company Act. 	<ul style="list-style-type: none"> 'The independent director meets the professional qualification requirements prescribed by competent authorities. 'The independent director, spouse, and relative within the second degree of kinship are NOT of the following: <ol style="list-style-type: none"> 1.A director, supervisor, or employee of the Company or any of its affiliates. 2.Holds shares of the Company 3.A director, supervisor, or employee of a specified company or institution that has a financial or business relationship with the Company 'Provide commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider has received cumulative compensation within the past 2 years: None 	1

2. Information on the Operation of the Remuneration Committee

Responsibilities of the Remuneration Committee

- (1) Evaluate and approve remuneration for directors
- (2) Review manager performances as well as the compensation structure.
- (3) Evaluate and approve compensation for managers.

Attendance at Remuneration Committee Meetings

- I. Our Remuneration Committee is composed of 3 members.
- II. (1) The term of office of the previous Remuneration Committee was from Jun. 26, 2019 to Jun. 17, 2022.

(2) The term of office of the current Remuneration Committee is from Jun. 17, 2022 to Jun. 8, 2025.

A total number of 3 remuneration committee meetings (A) were held in the current fiscal year. The attendance of committee members is as follows:

Title	Name	Actual Attendance(B)	Number of meetings in attendance by proxy	Actual attendance rate (%) (B/A) (Note)	Remarks
Convener	Zao, Yao Geng	4	-	100%	
Member	Wang, Zhu San	4	-	100%	
Member	Chang, Chih Yang	4	-	100%	
Other matters to be recorded:					
1. If the Board of Directors decline to adopt or modify a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the Company’s response to the remuneration passed by the Board of Directors exceed the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified: None.					
2. Resolutions of the remuneration committee objected to by members or subject to a qualified opinion and recorded or declared in writing, the date of the meeting, session, content of the motion, all members’ opinions and the response to members’ opinion should be specified: None.					

Date of Board Meeting	Date of Remuneration Committee Sessions	Items for Discussion	Resolution made by the Remuneration Committee	Follow-up actions made by the Company
2023.03.13 11th Board of Directors 6th Meeting	2023.03.13 5th Remuneration Committee 3rd Meeting	1.2022 remuneration of employees and the board of directors.	The items for discussion are passed by all members of the Remuneration Committee.	Resolved and approved by the board of directors.
2023.05.03 11th Board of Directors 7th Meeting	2023.05.03 5th Remuneration Committee	1.2022 Annual Performance Bonus granted to managers 2.Participation List for Employee Stock Ownership Trust	The items for discussion are passed by all members of	Resolved and approved by the board of directors.

	4th Meeting		the Remuneration Committee.	
2023.05.29 11th Board of Directors 8th Meeting	2023.05.29 5th Remuneration Committee 5th Meeting	1.2022 remuneration of managers	The items for discussion are passed by all members of the Remuneration Committee.	Resolved and approved by the board of directors.
2023.08.03 11th Board of Directors 9th Meeting	2023.08.03 5th Remuneration Committee 6th Meeting	1.Discuss 2023 employees salary adjustment 2.Report on distribution of restricted employee stocks after three years. 3.Distribution of restricted employee stocks	The items for discussion are passed by all members of the Remuneration Committee.	Resolved and approved by the board of directors.
2024.03.13 11th Board of Directors 12th Meeting	2024.03.13 5th Remuneration Committee 7th Meeting	1.2023 remuneration of employees and the board of directors. 2.2023 Annual Performance Bonus granted to managers 3.Retirement application for managers	The items for discussion are passed by all members of the Remuneration Committee.	Resolved and approved by the board of directors.

(V)Corporate Social Responsibility and Deviations from “The Corporate Social Responsibility Best-Practive Principles fo TWSE/TPEX Listed Companies”

Evaluation Items	Implementation Status (Note 1)			Deviations from “The Corporate Social Responsibility Best-Practive Principles fo TWSE/TPEX Listed Companies”
	Yes	No	Summary (Note 2)	
I.For the purpose of managing corporate social responsibility initiatives, has the Company established an exclusively (or concurrently) dedicated unit to be in charge of proposing and enforcing the corporate social responsibility policies, in which senior management is delegated to act in respect of the supervision of the board of directors?	V		On March 13th, 2023, the company established the Sustainable Development Committee as part of the functional committees of the Board of Directors. The committee is chaired by the General Manager and consists of four functional groups: "Sustainable Environment," "Sustainable Supply Chain," "Corporate Governance," and "Happy Workplace". The committee is responsible for formulating sustainable policies, developing annual plans and strategies, tracking and reviewing the progress of sustainable development execution, and making decisions on related matters. The Sustainable Development Committee, chaired by the General Manager, meets at least once a year and regularly reports its performance and future plans to the Board of Directors. Annual ESG issues and sustainability reports are to be submitted to the board for approval.	None

Evaluation Items	Implementation Status (Note 1)			Deviations from “The Corporate Social Responsibility Best-Practive Principles fo TWSE/TPEX Listed Companies”
	Yes	No	Summary (Note 2)	
II.Has the company performed risk assessments on environmental, social, and corporate issues in relation to the Company’s operations according to material principles, and formulated relevant risk management policies or strategies? (Note 2)	V		<p>When conducting risk assessments related to environmental, social, and corporate governance issues, our company defines its organizational boundaries within Taiwan. The assessments and analysis are performed based on "Level of Stakeholder Concern" and "Gemtek’s Impact on the External Economy, Environment, and Society". Relevant risk management policies and strategies are then formulated according to the results.</p> <p>Risk management is divided into two levels (mechanisms): The "first mechanism", refers to the organizer or contractor, who are responsible for risk detection, assessment, and control, and must take into account the design and prevention for business operations. The "second mechanism" refers to a review meeting led by the Deputy General Manager or above, in addition to a final approval by the Chairman of the Board. Besides assessments of feasibility, various risks are also evaluated. In the event of business anomalies and emergencies, business operations shall follow the Business Continuity Management policies placed by the company.</p>	None

Evaluation Items	Implementation Status (Note 1)			Deviations from “The Corporate Social Responsibility Best-Practive Principles fo TWSE/TPEX Listed Companies”
	Yes	No	Summary (Note 2)	
<p>III.Environmental Issues</p> <p>(I)Has the company established proper environmental management systems based on the characteristics of its industry?</p>	V		<p>(I)In 1999, the company adopted the ISO14001 system and obtained verification to facilitate the implementation of the environmental management system. Since 2009, the Company has adopted and followed the ISO14064-1 guidelines when performing factory greenhouse gas emission inspections. The inspections are conducted annually and verified by an authoritative third-party.</p> <p>While ensuring operational efficiency, we also strive to reduce environmental harm and eliminate any factors that may cause pollution and endanger safety.</p> <p>The validity period of Gemtek’s latest ISO 14001 certification: 2024/5/16~2027/5/16</p>	None
<p>(II)Is the company committed to enhance the utilization efficiency of resources and use renewable materials that may create lesser impact on the environment?</p>	V		<p>(II) The company continues its annual efforts in energy conservation and carbon reduction, procuring products that meet green and eco-friendly standards. It spares no effort in enhancing resource efficiency and</p>	None

Evaluation Items	Implementation Status (Note 1)			Deviations from “The Corporate Social Responsibility Best-Practive Principles fo TWSE/TPEX Listed Companies”
	Yes	No	Summary (Note 2)	
(III)Has the company assessed the potential risks and opportunities for business operations now and the future regarding climate change and will it adopt response measures relating to climate issues?	V		<p>implementing green products to minimize environmental impact from operations, thereby enhancing corporate competitiveness.</p> <p>In response to the trend of sustainable development, the company sets goals for green product design, such as "introducing sustainable low-carbon materials, optimizing packaging design, and using computer aided engineering tools to enhance R&D efficiency." It collaborates on R&D projects to develop environmentally friendly, low-carbon products, aiming to enhance market competitiveness while reducing negative environmental impacts.</p> <p>(III) In accordance with the TCFD framework (Governance, Strategy, Risk Management, Metrics and Targets) for disclosing climate-related information, the company convenes ESG working groups through meeting discussions. These groups focus on TCFD's transition risks (policy and regulation, technology, market, reputation), physical risks (immediate,</p>	None

Evaluation Items	Implementation Status (Note 1)			Deviations from “The Corporate Social Responsibility Best-Practive Principles fo TWSE/TPEX Listed Companies”
	Yes	No	Summary (Note 2)	
(IV) Has the company calculated the greenhouse gas emissions, water consumption, and total weight of waste in the past 2 years, and formulated policies on energy conservation and carbon reduction, greenhouse gas reduction, water consumption, or other waste management?	V		<p>long-term), and opportunities (resource efficiency, energy sources, products/services, market, resilience). They assess these factors based on their "likelihood" and "impact severity," while also evaluating the timing of potential occurrence of risks/opportunities, categorized as "short-term (2024)," "medium-term (2025-2026)," and "long-term (2027-2030)," and further discuss relevant response strategies.</p> <p>(IV) Environmental Action Policy</p> <p>Energy Consumption and Greenhouse Gas: Reduce energy consumption and decrease greenhouse gas emissions to achieve environmental protection goals.</p> <ul style="list-style-type: none"> -Implement energy management to achieve carbon reduction goals. -Adhere to energy regulations and develop green products. -Use renewable energy to achieve low-carbon emissions. -Promote resource recycling to reduce waste at the source. 	

Evaluation Items	Implementation Status (Note 1)			Deviations from “The Corporate Social Responsibility Best-Practive Principles fo TWSE/TPEX Listed Companies”
	Yes	No	Summary (Note 2)	
			<p>Reuse of Water Resources: Reduce water resource consumption and disposal.</p> <p>Air Pollution Prevention and Control: Reduce emissions of air pollutants and minimize environmental impact.</p> <p>Raw Materials, Chemicals, and Waste: Reduce raw material consumption and the generation of hazardous waste.</p>	
<p>IV. Social Issues</p> <p>(I)Does the company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights?</p>	V		<p>(I)The company strictly complies with relevant regulations and follows international human rights law, such as gender equality, right to work, and prohibition of discrimination. In order to fulfill the primary responsibility for protecting and promoting human rights, the company abides by relevant labor laws and regulations. The appointment, removal, and remuneration of employees are handled in accordance with</p>	None

Evaluation Items	Implementation Status (Note 1)			Deviations from “The Corporate Social Responsibility Best-Practive Principles fo TWSE/TPEX Listed Companies”
	Yes	No	Summary (Note 2)	
(II) Has the company established and implemented reasonable measures for employee benefits (including: remuneration, holidays and other benefits), and appropriately reflect the business performance or achievements in the employee remuneration?	V		<p>the company's internal control system.</p> <p>(II) The company regularly references the salary market trends of its industry peers, the operational status of the company, and organizational structure to adjust salary levels. Additionally, annual salary adjustments are made based on factors such as the company's operational status, domestic economic growth rate, consumer price index, and industry-wide salary adjustment trends. Moreover, various bonuses (such as employee remuneration, performance bonuses, restricted stocks, and employee stock trust plans) are awarded based on operational status and performance. Leave entitlements comply with the Labor Standards Act, and diverse social club activities are provided. Facilities like coffee lounges and fitness centers are available, and annual employee trips are organized.</p> <p>In 2023, the company released the "Gemtek Group Labor Rights and Occupational Safety Policy," emphasizing diversity and equality without</p>	<p>None</p> <p>None</p>

Evaluation Items	Implementation Status (Note 1)			Deviations from “The Corporate Social Responsibility Best-Practive Principles fo TWSE/TPEX Listed Companies”
	Yes	No	Summary (Note 2)	
(III) Does the company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	✓ V		<p>discrimination based on gender, age, race, nationality, religion, or political stance. For detailed information, please refer to sections 5.1 to 5.3 of the 2023 Gemtek ESG Report.</p> <p>(III) The company has established an occupational safety and health management system in accordance with ISO 45001 for the benefit of all workers within Gemtek Technology, including employees, outsourced personnel (including IT on-site personnel), cleaning staff, kitchen staff, security personnel, and others. To create a favorable working environment, in addition to formulating occupational safety and health management regulations and promoting related work, regular reviews of the operation of the occupational safety and health system are conducted to prevent occupational diseases and injuries and actively promote the physical and mental health of colleagues.</p> <p>To strengthen safety and health management in the factory area,</p>	None

Evaluation Items	Implementation Status (Note 1)			Deviations from “The Corporate Social Responsibility Best-Practive Principles fo TWSE/TPEX Listed Companies”
	Yes	No	Summary (Note 2)	
(IV) Does the company establish effective training programs to benefit the employee's career development?	V		<p>corresponding management mechanisms are established for chemical management, mechanical equipment, contractors, and procurement.</p> <p>In order to enhance safety awareness and emergency response capabilities, the Company adheres to the designated education and training rules for occupational safety and health, and relevant regulations. Occupational safety and health education and training are provided to new employees upon their arrival, and the company also regularly conducts relevant safety and health training for existing employees.</p> <p>(IV) The Company has formulated a professional training program in terms of our colleagues' career development so that they can pursue and gain the professionalism needed for promotion while carrying out work in their existing position. The Company ensures that business performances are appropriately reflected in the implementation of employee compensation policies to satisfy employee expectations and facilitate the</p>	<p>None</p> <p>None</p>

Evaluation Items	Implementation Status (Note 1)			Deviations from “The Corporate Social Responsibility Best-Practive Principles fo TWSE/TPEX Listed Companies”
	Yes	No	Summary (Note 2)	
(V)Has the company complied with laws and international standards with respect to customers' health, safety and privacy, marketing and labeling in all products and services offered, and implemented consumer protection policies and complaint procedures?	V		recruitment of talents. (V) The Company has set up a designated unit: Customer Services Department. Offering after-sales services.	
(VI) Has the company established supplier management policies demanding compliance with relevant regulations and their execution status regarding issues such as environmental, occupational safety, and health or labor rights?	V		(VI) Corporate social responsibility is being taken seriously by the Company if suppliers wish to establish or carry on with the business partnership. Gemtek takes steps to fully communicate and make sure that our supply chain is free of any form of malpractice that may harm the principles of environmental protection, occupational safety and health, and labor rights. The Company has not yet issued a “Corporate Social Responsibility Agreement” for our suppliers to sign. However, if any supplier should violate the principles of Corporate Social Responsibility,	

Evaluation Items	Implementation Status (Note 1)			Deviations from “The Corporate Social Responsibility Best-Practice Principles fo TWSE/TPEX Listed Companies”
	Yes	No	Summary (Note 2)	
			the Company shall terminate the business partnership accordingly. In addition, the company will ask the supplier to sign the agreement whenever necessary.	
V. Has the company taken reference from the internationally accepted reporting standards or guidance when compiling CSR reports to disclose non-financial information? Have the aforementioned reports obtained third-party verification?	V		Pursuant to the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, the Company has prepared an annual sustainability report according to the Global Reporting Initiatives (GRI) Standards: The report is compiled on the basis of the core options outlined in GRI Standards. The 2023 report will acquire a third-party verification accordingly.	None
VI.If the Company has established its own practices for sustainable development in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please describe the the current operation and any deviations from the practice: On March 17, 2022, the Company board of directors passed the "Sustainable Development Best Practice Principles " and " Rules Governing the Preparation, Filing, and Verification of Sustainability Reports " to strengthen the implementation of sustainable development. The Company will inspect and implement the principles accordingly.				

Evaluation Items	Implementation Status (Note 1)			Deviations from “The Corporate Social Responsibility Best-Practive Principles fo TWSE/TPEX Listed Companies”
	Yes	No	Summary (Note 2)	
VII.Other information that may facilitate a better understanding of the Company’s sustainable development practices: All information are disclosed in the Sustainability Report.				

Note 1: If you check "Yes", please describe the key policies, strategies, and measures taken in addition to the current implementation status; if you check "No", please explain and describe what relevant policies, strategies and measures will be in place.

Note 2: Please provide the page number from within the Annual Report if a Corporate Social Responsibility Report is available.

Note 3: The materiality principle refers to those who have a significant influence on the company's investors and other stakeholders on environmental, social and corporate governance issues.

Note 4:

(1) Greenhouse Gas Management

In order to strengthen management on greenhouse gas, since 2009 the Company has adopted ISO14064-1:2006 guidelines when performing factory greenhouse gas emission inspections. The inspections are conducted annually and verified by an authoritative third-party. The following chart shows the amount of greenhouse gas emissions produced by the Company over the past 3 years.

Gemtek Greenhouse Gas Emission			
Category	2020	2021	2022
Scope I	412.8604	526.6635	529.8655
Scope II	4435.6266	4416.9294	4248.5715

Total ghg Emission	4848.487	4943.5929	4778.437
Unit: Metric tons per capita CO ₂ e			

(2)Water Resource Managment

Gemtek is located in Hsinchu Industrial Park, and the Company receives its daily water supply from the Taiwan Water Company. According to the WRI Aqueduct Water Risk Atlas, the water stress level of the location is currently classified at Low-Medium Risk 1-2. The Company's water usage and consumption does not have a significant impact on the local water sources. The following chart shows the amount of water consumed and discharged by the Company over the past 3 years.

Gemtek Water Consumption			
Category	2021	2022	2023
Withdrawal	46.45	59.36	46.6
Discharge	36.74	47.49	37.28
Total Consumption	9.71	11.87	9.32
Unit: Megalitre			

(3)Waste Management

Business waste is transported by government-approved waste disposal companies. The Company files an online statement in compliance with standards to confirm that zero impact to the environment was created. The waste generated throughout the normal course of business activities are mostly everyday waste. The following chart shows the amount of waste produced by the Company over the past 3 years.

Gemtek Waste Management				
Hazardous Waste				
Category	2021	2022	2023	Waste Disposal Method
C-0301 Liquid waste with flash point less than 60°C	0.04	0.122	0.0056	Incineration (does not include recyclables)
E-0221 PCB waste materials and dust particles	1.08	1.104	1.441	Physical Methods
E-0222 Discarded PCBs	0.76	0.711	1.462	Physical Methods

E-0217 Discarded components	1.94	2.576	3.823	Physical Methods
Non-Hazardous Waste				
Category	2021	2022	2023	Waste Disposal Method
R-0106 Kitchen Waste	17.50	19.24	18.2	Recycle and Reuse
D-1502 Non-Hazardous spent lye	0.93	1.05	0.197	Incineration (does not include recyclables)
D-1801 Everyday waste from business activities	77.63	54.55	63.101	Incineration (does not include recyclables)
Unit: Metric Ton				

(VI) Ethical Corporate Management and Deviations from the “The Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status(Note 1)			Deviations from “The Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies”
	Yes	No	Summary	
I. Ethical Management Policies and Action Plans				
(I) Has the company established an ethical management policy that has been passed by its Board of Directors, and clearly specified in its rules and external documents the ethical corporate management policies and the commitment by the Board of Directors and senior management on rigorous and thorough implementation of such policies and methods?	V		(I) The Company has always upheld the principles of ethical management and complies with the government laws and regulations, enforces corporate governance and fulfills corporate responsibility. The Company has also established the “Code of Business Conduct” and the “Procedures for Ethical Management and Guidelines for Conduct”. The Company’s Board of Directors and senior management are also committed to proactively enforce and supervise the execution of the ethical management policy.	None
(II) Has the company established a risk assessment mechanism against unethical behavior, analyzed and assessed business activities within their business scope on a regular basis which are at a higher risk of being involved in unethical behavior, and established prevention programs at least covering the preventive measures specified in Paragraph 2, Article 7 “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”?	V		(II) The Company’s establishment of the “Code of Business Conduct” and the “Procedures for Ethical Management and Guidelines for Conduct” both clearly stipulate contents, handling rules and procedures in terms of unethical conducts, which include prohibition of bribery and acceptance of bribes, prohibition of acceptance of improper gifts, entertainment, other inappropriate form of hospitality or benefits, avoidance of conflict of interest, prohibition of the	None

Evaluation Item	Implementation Status(Note 1)			Deviations from “The Corporate Social Responsibility Best-Practive Principles fo TWSE/TPEX Listed Companies”
	Yes	No	Summary	
(III) Has the company specified operational procedures, behavioral guidelines, disciplines of violations, as well as an appeal system in the program against unethical behavior, and implemented such programs, and reviewed and revised the previous program on a regular basis?	V		<p>abuse of intellectual property rights and confidential information, personal data protection, and prohibition of unfair competition, prohibition against discrimination, are strictly reinforced. All Gemtek employees should be fully aware of the above. The Company should evaluate the effectness of the Code and strengthen areas where violation of the code is suspected.</p> <p>(III)The Company has stated in integrity clauses of the Procurement Contracts that the Company adheres to ethical conducts during business transactions. If there should be any sort of unethical engagements, such violators will be subject to prosecution or punishment by judicial or administrative authorities</p>	None
<p>II. Implementation of Ethical Management</p> <p>(I)Does the company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?</p>	V		<p>(I) The Company conducts various assessments including integrity standards before carrying out formal business activities with its business partners. The business partner is required to sign a letter of commitment to show their cooperation and compliance with Gemtek’s code of conduct once the relationship has been established</p>	None

Evaluation Item	Implementation Status(Note 1)			Deviations from “The Corporate Social Responsibility Best-Practive Principles fo TWSE/TPEX Listed Companies”
	Yes	No	Summary	
(II)Has the company set up a dedicated responsible unit to promote corporate ethical management under the Board of Directors, and has such unit reported its execution in terms of ethical management policy and preventive programs against unethical behaviors and the supervision status to the Board of Directors on a regular basis (at least once a year)?	V		<p>(II) Our company has established norms such as the "Code of Ethics," "Integrity Management Guidelines," and "Business Ethics and Anti-Corruption Management Procedures" as behavioral standards. Directors, managers, employees, and suppliers are required to exercise self-discipline, avoid conflicts of interest, refrain from engaging in any corrupt or bribery activities, and abstain from using their positions or influence to gain undue benefits for themselves or others, or to retaliate against whistleblowers.</p> <p>In order to enhance employees' integrity and compliance with laws, the company regularly publishes relevant policies and documents related to integrity management and professional ethics on its internal website or bulletin board. Additionally, relevant courses and announcements are held to promote awareness and implementation of integrity, honesty, and professional ethics among colleagues. In 2023, there were no instances of violations of integrity management, anti-monopoly, or corruption-related regulations resulting in penalties from regulatory authorities, nor were there any corruption complaints or affairs related to political donations.</p>	None

Evaluation Item	Implementation Status(Note 1)			Deviations from “The Corporate Social Responsibility Best-Practive Principles fo TWSE/TPEX Listed Companies”
	Yes	No	Summary	
(III)Does the company have any policy that prevents conflict of interest, and channels that facilitate the reporting of conflicting interests?	V		<p>1.Signed the Integrity Declaration Letter (IDL).</p> <p>2.Responsible Business Alliance (RBA) code of conduct training - 100% Completion.</p> <p>3.Unethical business practices reported: None.</p>	None
(IV) Has the company established an effective accounting system and internal control system in order to implement ethical management, and propose relevant audit plans according to the assessment results of the risks of unethical behaviors, and review the compliance status of the prevention of unethical behaviors, or entrust an account to carry out the review?	V		(IV)The company conducts a self-inspection once a year, and then the internal audit department reviews the self-inspection report of individual departments and subsidiaries. Self-inspection should include environment control, risk assessment, operations control, information, communication, and supervision, etc. Any findings or improvement items proposed by the audit department shall be used as the main basis for evaluating the effectiveness of the overall internal control system by the board of directors and general manager.	None

Evaluation Item	Implementation Status(Note 1)			Deviations from “The Corporate Social Responsibility Best-Practive Principles fo TWSE/TPEX Listed Companies”
	Yes	No	Summary	
(V) Does the company organize internal or external training on a regular basis to maintain business integrity?	V		(V) The Company introduces its code of conduct to new hires during educational training sessions and asks employees to sign the Statement of Commitment to Integrity and Ethical Conduct. The Company has stated in integrity clauses of the Procurement Contracts that the Company adheres to ethical conducts during business transactions. If there should be any sort of unethical engagements, such violators will be subject to prosecution or punishment by judicial or administrative authorities	None
III. Whistleblowing System				
(I)Does the company have a specific whistleblowing and reward system stipulated, a convenient report channel established and a responsible staff designated to handle the individual being reported?	V		(I)The Company has set up various channels for employees to bring up matters that may be negatively affecting their rights at work, as well as measures to respond to any sort of ethical violation. The Company regularly inspects and revises the whistleblowing procedures to meet international standards and the Company’s policies and principles.	None
(II) Has the company implemented any standard procedures and/or subsequent measures after carrying out an investigation or confidentiality measures for handling reported misconduct?	V		(II) The Company has established rules to secure employee privacy and trade secrets. The Company strictly enforces such rules, and forbids any form of theft, usage, or disclosure of	None

Evaluation Item	Implementation Status(Note 1)			Deviations from “The Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies”
	Yes	No	Summary	
(III) Has the company taken appropriate measures to protect the whistle-blower from suffering any consequences of reporting an incident?	V		private information. (III)The Company fully protects the safety and identity of the whistleblower, and shall not tolerate any form of retaliation against whistleblowers.	None
IV. Reinforcement of Information Disclosure (I) Does the company have the contents of ethical corporate management and its implementation disclosed on the website and MOPS?	V		(I)The Company has disclosed relevant information on the Company website, but has not yet disclosed the contents of the Code of Business Integrity Management on the Official Market Observation Post System.	None
V. For companies who have established Ethical Corporate Management Best Practice Principles in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”, please describe the current practice and any deviations from the code of conduct: None				
VI.Other information that may facilitate a better understanding of the ethical management practices of the company (e.g., the review and revision of the best-practice principles of the Company in ethical management): The Company has reiterated our business integrity policies and the Ethical Corporate Management Best Practice Principles to our business partners during the course of transactions. The Company had clearly stated that any form of direct or indirect provisions, promises, requests, or acceptance of improper benefits such as refunds, bribes, commissions, gifts, or unethical exchanges are strictly prohibited.				

Note 1: If you check "Yes", please describe the key policies, strategies, and measures taken in addition to the current implementation status; if you check "No", please explain and describe what relevant policies, strategies and measures will be in place.

(VII) If the Company has established corporate governance best practice principles and rules on ethical management, please specify websites or locations authorized for disclosure: All Corporate Social Responsibilities and relevant materials are disclosed in the Annual Report and Annual Shareholders Meeting Handbook For more information, please go to the MOPS website.

(VIII) Other information that may facilitate a better understanding of the Company's corporate governance and ethical practices: None

(IX) Implementation Status of Internal Control

1. Internal Control System Statement

Gemtek Technologies Co., Ltd.
Internal Control System Statement

Date: March 13, 2024

Based on the findings of a self-assessment, the Company states the following with regard to its internal control system for the current fiscal year:

I. The Company understands that the establishment, implementation and maintenance of internal control system are the responsibility of the Board of Directors and managers of the Company. The Company has established such system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations

II. Any internal control system has its inherent limitations. No matter how well an internal control system is designed, it can only provide reasonable assurance regarding the achievement of the above three objectives. Moreover, the effectiveness of an internal control system may be altered as a result of changes in the environment and circumstances. Nevertheless, our internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.

III. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the “Regulations”). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each criteria includes several items. For the aforementioned items, please refer to the “Regulations”.

IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid regulations.

V. Based on the findings of such evaluation, the Company believes that during the current fiscal year, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.

VI. This Statement is an integral part of the Company's annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities Exchange Act.

VII. This Statement was passed by the Board of Directors in their meeting held on Mar. 13, 2023, with 0 of the 9 attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Gemtek Technologies Co., Ltd.

Chairman : Chen, Hong Wen

General Manager : Li, Rong Chang

Signature:_____

Signature:_____

2. If review of the internal control system has been conducted by entrusted CPAs, the CPAs' review report must be disclosed: None

(X) During the most recent fiscal year and as of the printing date of this annual report, did the Company or its internal personnel receive punishment in accordance with the laws? Did the Company's internal personnel receive punishment for violating the requirements of the internal control system? Please describe any defect found during the same period and its status of improvement: None.

(XI) Important resolutions of the Shareholders' Meeting and Board of Directors' meetings during the most recent fiscal year and as of the printing date of this annual report.

2023 Important Resolutions of the Board

Date	Summary of Important Resolutions	Implementation Status
2023.03.13 11th Board of Directors 6th Meeting	1.To approve 2022 business reports and financial statements. 2.To approve 2022 employees' profit sharing bonus and directors' compensation 3.To approve 2022 earnings distribution. 4.2022 "Assessment of the Effectiveness of the Internal Control System" and "Internal Control Statement". 5.External Auditor Assessment Report regarding Independence and Competency 6.Issuance of restricted employee stock awards 7.6th issuance of unsecured convertible bonds 8. To ratify acquisition and disposal of related party transactions. 9.To reduce capital due to repurchase of employee restricted stock issued 10.Long-term investment plan (Browan Communications) 11. Long-term investment plan (Lionic Networks Inc.- Delaware USA) 12. To approve 2023 annual shareholders meeting 13. Handling of proposals from the shareholders meeting. 14.Formulate "Rules of Procedure of the Sustainable Development Committee". 15. Appoint members of the Sustainable Development Committee. 16. To approve credit lines proposed by Sinopac Bank, Esun Bank, Yuanta Bank, KGI Bank, and Standard Chartered Bank for business funding.	Abide by the resolution. Material information released by the Board of Directors shall be duly announced and disclosed on the Market Observation Post System.
2023.05.03 11th Board of Directors 7th Meeting	1.Completion of 2023 Q1 consolidated financial statements. 2.To ratify acquisition and disposal of related party transactions. 3.To cancel issuance of common shares by raising capital through private placement. 4. To approve amendment of partial clauses for "Rules for Board of Directors Meeting". 5.2022 Annual Performance Bonus granted to managers 6.Participation List for Employee Stock Ownership Trust	Abide by the resolution. Material information released by the Board of Directors shall be duly

Date	Summary of Important Resolutions	Implementation Status
		announced and disclosed on the Market Observation Post System.
2023.05.29 11th Board of Directors 8th Meeting	1. To approve base date for 2022 cash dividend distribution derived from earnings. 2. 2022 remuneration of managers 3. Merger between Gemtek Technology Co., Ltd. and Gemtek Investment Co., Ltd. 4. Disposal of assets by subsidiary Gemtek Electronics (Changshu) Co., Ltd.	Abide by the resolution. Material information released by the Board of Directors shall be duly announced and disclosed on the Market Observation Post System.
2023.08.03 11th Board of Directors 9th Meeting	1. Completion of 2023 Q2 consolidated financial statements. 2. To ratify acquisition and disposal of related party transactions. 3. Report on distribution of restricted employee stocks after three years. 4. To reduce capital due to repurchase of employee restricted stock issued. 5. To discuss 2023 employees salary adjustment. 6. To approve the amendment of 2023 Rules for Issuance of restricted employee stock awards. 7. Issuance of restricted employee stock awards 8. Subsidiary Gemtek Vietnam Co., Ltd. Investment plan. 9. To approve credit lines proposed by Land Bank and Agricultural Bank of Taiwan for business funding.	Abide by the resolution. Material information released by the Board of Directors shall be duly announced and disclosed on the Market Observation Post System.
2023.11.08 11th Board of Directors 10th Meeting	1. Completion of 2023 Q3 consolidated financial statements. 2. Loan plan to Gemtek Technology Ltd established by subsidiary Gemtek Electronics (Changshu) Co., Ltd. 3. To ratify acquisition and disposal of related party transactions. 4. To discuss conversion of corporate bonds to common shares based upon the 2023 6th issuance of convertible bonds. 5. Draw up 2024 Audit Plan	Abide by the resolution. Material information released by the Board of Directors shall

Date	Summary of Important Resolutions	Implementation Status
	6.Appointment of CPA for 2023 financial statement and audit fees. 7.To approve credit lines proposed by China Trust Commercial Bank, Taishin Bank, and HSBC for business funding. 8.Appointment of new chief information security manager and officer. 9.Appointment of new deputy spokesperson.	be duly announced and disclosed on the Market Observation Post System.
2023.12.20 11th Board of Directors 11th Meeting	1.To discuss 2024 Business Plan and Budget 2.To discuss 2023-2030 Sustainable Development Plan and Strategies	Abide by the resolution.
2024.03.13 11th Board of Directors 12th Meeting	1.2023 business reports and financial statements. 2.2023 remuneration of employees and the board of directors. 3.Distribution of 2023 profits. 4.To discuss 2023 “Assessment of the Effectiveness of the Internal Control System” and “Internal Control Statement”. 5.To discuss External Auditor Assessment Report regarding Independence and Competency 6.To discuss capital decrease of subsidiary G-Technology Investment Co., Ltd.. 7.To discuss capital improvement plan established by subsidiary Gemtek Electronics (Changshu) Co., Ltd. for loans and over-limit. 8.To discuss conversion of corporate bonds to common shares based upon the 2023 6th issuance of convertible bonds. 9.To discuss 2023 Annual Performance Bonus granted to managers 10.To approve 2024 annual shareholders meeting 11.To discuss shareholder proposals. 12.To approve credit lines proposed by Standard Charter Bank, Yuanta Bank, E.Sun Bank and KGI Bank for business funding. 13.To discuss Raising Capital through Private Placement	Abide by the resolution. Material information released by the Board of Directors shall be duly announced and disclosed on the Market Observation Post System.
2024.03.13 11th Board of Directors 13th Meeting	1. To discuss Raising Capital through Private Placement (Amendment to March 13, 2024 board of directors resolution.)	Abide by the resolution. Material information released by the Board of Directors shall be duly

Date	Summary of Important Resolutions	Implementation Status
		announced and disclosed on the Market Observation Post System.

May 29, 2023 Important Resolutions of the Shareholders' Meeting

and Implementation Status

Important Resolutions	Resolution / Election Results	Implementation Status
Report Items 1.To report the business of 2022. 2.To report 2022 Audit Committee's review report. 3.To report 2022 employees' profit sharing bonus and directors' compensation.		
Ratification Items 1. To ratify 2022 Business Report and Financial Statements	The number of votes in favor of the matter surpasses the statutory voting requirement. As a result, the motion has been passed.	Shareholders resolutions should be duly announced as material information.
2.To ratify proposal for distribution of 2022 earnings	The number of votes in favor of the matter surpasses the statutory voting requirement. As a result, the motion has been passed.	Base date is scheduled on June 20, 2023. Cash dividend distribution date is scheduled on July 13, 2023.
Discussion Items 1.To discuss issuance of employee restricted stocks	The number of votes in favor of the matter surpasses the statutory voting requirement. As a result, the motion has been passed.	The issuance of employee restricted stock was approved by the Financial Supervisory Commission and becomes effective on July 11, 2023, under the official letter No. 1120347892.

(XII) In the event that any director or supervisor expressed a dissenting opinion regarding any of the important resolutions adopted at the Board of Directors' meeting during the most recent fiscal year as of the date on which the annual report was printed, and that the opinion was recorded or delivered in writing, please describe its main content: None.

(XIII) Resignation or dismissal of the Company's influential roles, including the chairman, general manager, the heads of accounting, finance, internal audit, and R&D during the most recent fiscal year as of the date on which the annual report was printed:

Postition	Name	Date of Change	Reason
Senior Deputy General Manager	Tsai, Fu-Tsan	2024.03.31	Retirement
Senior Deputy General Manager	Liao, Hsi-An	2024.03.31	Retirement

V. Remuneration of Auditors

(I) The amount of public audit fees and non-audit public fees paid to the certified public accountants, their affiliated firms and affiliated enterprises, and the content of non-audit services.

1.Information on the professional fees of the attesting CPAs (external auditors):

Unit: NT\$, all in thousands

Name of Audit Firm	Name of Auditor/CPA	Auditing Period	Audit Fees	Non-Audit Fees	Total
Deloitte & Touche	Fang, Han Ni	2023/01/01~ 2023/12/31	5,280	-	5,280
	Yang, Jing Ting				

2.When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None

3. When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: None

(II)The professional fees for auditing services referred to in the preceding item means the professional fees paid by the company to certified public accountants for auditing and reviews of financial reports.

VI.Replacement of CPA Audit Firm: None °

VII.Any member of the company, e.g. chairman, general managers, or financial/accounting managers have served a position in the audit firm(s) or its affiliate companies during the past year: None.

VIII. Transfer of equity or pledge by directors, supervisors, managerial officers, or shareholders with shareholdings that exceed 10% as of the latest fiscal year and as of the date of publication of this Annual Report.

1. Changes in Shareholding Structure - Directors, Supervisors, Managerial Officers, and Supervisors.

Unit: Share

Title	Name	2023		As of April 30, 2024	
		Increased (decreased) number of shares held	Increased (decreased) number of shares pledged	Increased (decreased) number of shares held	Increased (decreased) number of shares pledged
Chairman	Chen, Hong Wen	120,000	-	-	-
Director	Tsai, Fu Tsan	-	-	-	-
Director	Yang, Jheng Ren	64,000	-	-	-
Director	Hsu, Rong Hui	60,000	-	-	-
Director	Chang, Yueh Chi	-	-	-	-
Director	APEX ACTION INVESTMENT LIMITED	-	-	-	-
	Representative: Luo, Wen Yi	-	-	-	-
Independent Director	Zhao, Yao Geng	-	-	-	-
Independent Director	Wang, Zhu San	-	-	-	-
Independent Director	Chang, Chih Yang	-	-	-	-
General Manager	Li, Rong Chang	80,000	-	-	-
Senior Deputy General Manager	Liao, Hsi An	-	-	-	-
CTO	Yeh, Fu Ming	66,000	-	-	-
COO	Lin, Tien Jin	70,000	-	-	-
CFO	Lin, Chih Hong	66,000	-	-	-
CSO	Cheng, Guang Ming	120,000	-	-	-

2. Information on transfer of equity:

No equity shares were transferred to related persons had occurred among the Company's directors, supervisors, managerial officers, and ten-percent shareholders.

3. Information on transfer of equity pledge:

No equity pledges were transferred to related persons had occurred among the Company's directors, supervisors, managerial officers, and ten-percent shareholders.

IX. Top Ten Major Shareholders and the Shareholding Structure as per the Relationships Specified in the Financial Accounting Standard Board Statement NO.6 of Taiwan

As of March 31, 2024

Name (Note 1)	Shares Held under the Current Name		Shares held by spouse or dependents		Shares Held by Third Parties		Disclosure of names and relationships among the top ten shareholders, including spouses, 2nd tier relatives or closer, or as per the relationships specified in the Financial Accounting Standard Board Statement NO.6 of Taiwan (Note 3).		Remark
	Shares	(%)	Shares	(%)	Shares	(%)	Title or Name	Relationship	
Chen, Hong Wen	7,503,937	1.82	232,842	0.06	-	-	-	-	-
Sinopac Bank in custody for Gemtek Technology Co., Ltd. Restricted Stocks Entitled to Voting and Dividend Rights Trust Account	4,300,000	1.04	-	-					
JPMorgan Chase Bank N.A. Taipei Branch in Custody for Advanced Starlight Fund Corporation's series of funds Advanced Aggregate International Stock Index	4,297,668	1.04	-	-	-	-	-	-	-
Lien, Hua Rong	4,170,876	1.01			-	-	-	-	-
Chen, Yung Hua	3,196,999	0.78	-	-					
HSBC Bank (Taiwan) Limited in Custody for Mitstubishi UFJ Morgan Stanley Securities Trading Account	3,099,000	0.75	-	-					
Chang, Yueh Chi	3,000,715	0.73	-	-					
Hua Nan Commercial Bank, Ltd.	2,603,000	0.63	-	-					
JPMorgan Chase Bank N.A. Taipei	2,561,000	0.62	-	-	-	-	-	-	-

Branch in Custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds									
Hsu, Hse Duo	2,537,961	0.62	-	-	-	-	-	-	-

Note 1:Top ten major shareholder ranking should be disclosed. If any of the shareholders is an institutional shareholder, the name of the institutional shareholder and its representative should be disclosed separately.

Note 2:Shareholding percetage is calculated by the shares owned by the shareholders himself/herself, spouse and dependents or by third parties separately.

Note 3:The relationship of the shareholders (including institutional and natural person) should be disclosed according to Regulations Governing Information to be published in Annuals Reports of Public Companies.

X. Direct and Indirect Stock Ownership of Affiliated Investments by the Company, Board of Directors, Supervisors, Managerial Officers, Affiliate Companies or Subsidiaries

Unit: Shares, All in thousands; %

Affiliated Investments (Note)	Gemtek		Direct and Indirect Stock Ownership of Affiliated Investments by the Board of Directors, Supervisors, Managerial Officers, Affiliate Companies or Subsidiaries		Total Ownership	
	Shares	%	Shares	%	Shares	%
G-Technology Investment Co., Ltd.	73,600	100.00	-	-	73,600	100.00
Brightech International Co., Ltd.	6,145	100.00	-	-	6,145	100.00
Ampak Technology Inc.	20,001	30.20	-	-	20,001	30.20
Wi Tek Investment Co., Ltd.	4,000	100.00	-	-	4,000	100.00
Browan Communications Incorporation	20,214	50.44	10,793	26.94	31,006	77.39
Antek Networks Inc.	900	15.25	-	-	900	15.25
Gemtek Vietnam Co., Ltd.	1,000	90.91	-	-	1,000	90.91
BandRich Inc.	5,500	27.04	-	-	5,500	27.04
5V Technologies,Taiwan Ltd.	1,350	97.92	-	-	1,350	97.92
Ampak International Holdings Ltd.	-	-	36,000	100.00	36,000	100.00
Gemtek CZ., s.r.o	-	-	12,000	100.00	12,000	100.00
Primax Communication(B.V.I) Inc.	-	-	2,350	100.00	2,350	100.00
PT. South Ocean	-	-	24	95.00	24	95.00
Free PP Worldwide Co.,Ltd.	-	-	1,002	30.00	1,002	30.00
Gemtek Electronics (Suzhou) Co. Ltd.	-	-	Note 2	100.00	Note 2	100.00
Gemtek Electronics (Kunshan) Co. Ltd.	-	-	Note 2	100.00	Note 2	100.00
Browan Communications (Xi`An) Inc	-	-	Note 2	100.00	Note 2	100.00
Gemtek Electronics (ChangShu) Co., Ltd.	-	-	Note 2	100.00	Note 2	100.00

Note 1: Long-term equity investments are recorded under the equity method.

Note 2: No share data available for limited liability companies..

IV. Capital Overview

I.Capital and Shares

(I)Source of Capital

Unit: Shares, NT\$, All in thousands

Year / Month	Issue Price	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Others
2010.01	10	500,000	5,000,000	276,712	2,767,123	Conversion of Corporate Bond /Employee Stock to Common Shares	None	MOE Authorization No. 09901006530 Effective as of 2010/1/14
2010.04	10	500,000	5,000,000	278,296	2,782,958	Conversion of Corporate Bond /Employee Stock to Common Shares	None	MOE Authorization No. 09901076230 Effective as of 2010/4/20
2010.09	10	500,000	5,000,000	283,568	2,835,676	Capitalization of Capital Reserve	None	FSC Authorization No. 0990035129 Effective as of 2010/7/7
2011.01	10	500,000	5,000,000	284,433	2,844,333	Conversion of Corporate Bond to Common Shares	None	MOE Authorization No. 10001011070 Effective as of 2011/1/19
2011.05	10	500,000	5,000,000	290,592	2,905,918	Conversion of Corporate Bond /Employee Stock to Common Shares	None	MOE Authorization No. 10001096090 Effective as of 2011/5/13
2011.08	10	500,000	5,000,000	309,860	3,098,601	Capitalization of Capital Reserve and Conversion of Corporate Bond to Common Shares	None	FSC Authorization No. 1000031536 Effective as of 2011/7/7 MOE Authorization No. 10001199410 Effective as of 2011/8/26
2012.03	10	500,000	5,000,000	306,803	3,068,033	Cancellation of Repurchased Treasury Stocks	None	MOE Authorization No. 10101054240 Effective as of 2012/3/29
2012.09	10	500,000	5,000,000	305,085	3,050,853	Cancellation of Repurchased Treasury Stocks	None	MOE Authorization No. 10101191030 Effective as of 2012/9/17
2013.05	10	500,000	5,000,000	309,303	3,093,033	Conversion of Corporate Bond to Common Shares	None	MOE Authorization No. 10201091390 Effective as of 2013/5/16
2013.08	10	500,000	5,000,000	309,309	3,093,099	Conversion of Corporate Bond to	None	MOE Authorization

Year / Month	Issue Price	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Others
						Common Shares		No. 10201172250 Effective as of 2013/8/2
2014.08	10	500,000	5,000,000	315,309	3,153,099	Issuance of Employee Restricted Stocks	None	MOE Authorization No. 10301175260 Effective as of 2014/8/28
2015.04	10	500,000	5,000,000	305,898	3,058,975	Cancellation of Repurchased Treasury Stocks and Employee Restricted Stocks	None	MOE Authorization No. 10401055750 Effective as of 2015/4/8
2015.07	10	500,000	5,000,000	305,761	3,057,606	Cancellation of Employee Restricted Stocks	None	MOE Authorization No. 1040112209 Effective as of 2015/7/3
2015.11	10	500,000	5,000,000	302,920	3,029,201	Cancellation of Repurchased Treasury Stocks and Employee Restricted Stocks	None	MOE Authorization No. 10401246050 Effective as of 2015/11/27
2016.01	10	500,000	5,000,000	302,841	3,028,412	Cancellation of Employee Restricted Stocks	None	MOE Authorization No. 10401281240 Effective as of 2016/1/11
2016.07	10	500,000	5,000,000	302,736	3,027,360	Cancellation of Employee Restricted Stocks	None	MOE Authorization No. 10501142050 Effective as of 2016/7/5
2016.12	10	500,000	5,000,000	302,701	3,027,018	Cancellation of Employee Restricted Stocks	None	MOE Authorization No. 10501293290 Effective as of 2016/12/19
2017.04	10	500,000	5,000,000	307,176	3,071,764	Conversion of Corporate Bond to Common Shares and Cancellation of Employee Restricted Stocks	None	MOE Authorization No. 10601041050 Effective as of 2017/4/12
2017.06	10	500,000	5,000,000	309,485	3,094,856	Conversion of Corporate Bond to Common Shares and Cancellation of Employee Restricted Stocks	None	MOE Authorization No. 10601077940 Effective as of 2017/6/20
2017.09	10	500,000	5,000,000	315,720	3,157,202	Conversion of Corporate Bond to Common Shares and Cancellation of Employee Restricted Stocks	None	MOE Authorization No. 10601123440 Effective as of 2017/09/04
2017.12	10	500,000	5,000,000	320,720	3,207,203	Conversion of Corporate Bond to Common Shares	None	MOE Authorization No. 10601161600 Effective as of 2017/12/05

Year / Month	Issue Price	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Others
2018.04	10	500,000	5,000,000	344,315	3,443,157	Conversion of Corporate Bond to Common Shares	None	MOE Authorization No. 10701034740 Effective as of 2018/4/11
2018.08	10	500,000	5,000,000	349,037	3,490,370	Conversion of Corporate Bond to Common Shares	None	MOE Authorization No. 10701108700 Effective as of 2018/8/23
2018.12	10	500,000	5,000,000	351,162	3,511,619	Conversion of Corporate Bond to Common Shares	None	MOE Authorization No. 10701152350 Effective as of 2018/12/04
2019.04	10	500,000	5,000,000	356,883	3,568,834	Conversion of Corporate Bond to Common Shares	None	MOE Authorization No. 10801037570 Effective as of 2019/04/17
2020.09	10	500,000	5,000,000	357,590	3,575,905	Issuance of Employee Restricted Stock and Cancellation of Repurchased Treasury Stocks	None	MOE Authorization No. 10901163820 Effective as of 2020/09/15
2021.05	10	500,000	5,000,000	362,921	3,629,215	Conversion of Corporate Bond to Common Shares and Cancellation of Employee Restricted Stocks	None	MOE Authorization No. 11001092240 Effective as of 2021/05/25
2021.11	10	500,000	5,000,000	366,118	3,661,188	Conversion of Corporate Bond to Common Shares and Cancellation of Employee Restricted Stocks	None	MOE Authorization No. 11001221590 Effective as of 2021/11/30
2022.04	10	500,000	5,000,000	405,158	4,051,589	Conversion of Corporate Bond to Common Shares	None	MOE Authorization No. 11101055800 Effective as of 2022/04/11
2022.08	10	500,000	5,000,000	394,464	3,946,464	Cancellation of Repurchased Treasury Stocks/ Cancellation of Employee Restricted Stocks	None	MOE Authorization No.11101164910 Effective as of 2022/08/26
2023.01	10	500,000	5,000,000	394,530	3,945,304	Cancellation of Employee Restricted Stocks	None	MOE Authorization No. 11230004100 Effective as of 2023/01/19
2023.03	10	500,000	5,000,000	394,474	3,944,744	Cancellation of Employee Restricted Stocks	None	MOE Authorization No. 11230046620 Effective as of 2023/03/22
2023.08	10	500,000	5,000,000	398,428	3,984,282	Issuance of Employee Restricted Stock and Cancellation of	None	MOE Authorization No. 11230166300 Effective as of

Year / Month	Issue Price	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Others
						Employee Restricted Stocks		2023/08/25
2023.12	10	500,000	5,000,000	400,121	4,001,211	Conversion of Corporate Bond to Common Shares	None	MOE Authorization No. 11230222840 Effective as of 2023/12/07
2024.04	10	500,000	5,000,000	405,506	4,056,057	Conversion of Corporate Bond to Common Shares	None	MOE Authorization No. 11330049260 Effective as of 2024/04/09

As of March 31, 2024

Type of Stock	Authorized Capital				Grand Total	Remarks
	Outstanding Shares			Unissued		
	Listed	Unlisted	Total			
Common Stock	412,011,839	0	412,011,839	87,989,161	500,000,000	-

(II) Shareholder Structure

As of March 31, 2024

Category Quantity	Government Agency	Financial Institution	Other Legal Person	Individual	Foreign Institutions and Individuals	Total
Number of Shareholders	2	15	301	74.582	200	75,100
Shareholding	4	5,131,365	12,980,232	338,616,633	55,283,605	412,011,839
%	0	1.24	3.15	82.19	13.42	100

(III) Distribution of Shareholding

As of March 31, 2024

Range of Shares Held	Number of Shareholders	Number of Shares Held	% of Total Shareholders
1 ~ 999	28,394	1,567,788	0.38
1,000 ~ 5,000	35,681	74,996,106	18.20
5,001 ~ 10,000	5,994	48,459,507	11.76
10,001 ~ 15,000	1,641	20,770,563	5.04
15,001 ~ 20,000	1,099	20,630,745	5.01
20,001 ~ 30,000	802	20,897,984	5.07
30,001 ~ 40,000	394	14,224,025	3.45
40,001 ~ 50,000	290	13,674,648	3.32
50,001 ~ 100,000	462	33,943,340	8.24
100,001 ~ 200,000	180	25,106,042	6.09
200,001 ~ 400,000	75	20,428,273	4.96
400,001 ~ 600,000	29	14,096,272	3.42
600,001 ~ 800,000	11	7,328,337	1.78
800,001 ~ 1,000,000	4	3,529,000	0.86
Above 1,000,001	44	92,359,209	22.42
Total	75,100	412,011,839	100.00

(IV)List of Major Shareholders

Names, number of shares held, and shareholding ratios of shareholders who hold five percent or more of the shares or are one of the 10 largest shareholders

As of March 31, 2024

Shares	Number of Shares	%
Name of Shareholder	Held	
Chen, Hong Wen	7,503,937	1.82
Sinopac Bank in custody for Gemtek Technology Co., Ltd. Restricted Stocks Entitled to Voting and Dividend Rights Trust Account	4,300,000	1.04
JPMorgan Chase Bank N.A. Taipei Branch in Custody for Advanced Starlight Fund Corporation's series of funds Advanced Aggregate International Stock Index	4,297,668	1.04
Lien, Hua Rong	4,170,876	1.01
Chen, Yung Hua	3,196,999	0.78
HSBC Bank (Taiwan) Limited in Custody for Mitstubishi UFJ Morgan Stanley Securities Trading Account	3,099,000	0.75
Chang, Yueh Chi	3,000,715	0.73
Hua Nan Commercial Bank, Ltd.	2,603,000	0.63
JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	2,561,000	0.62
Hsu, Hse Duo	2,537,961	0.62

(V) Market Price, Net Value, Earnings, and Dividend Per Share in the last two years

Unit: NT\$

Item \ Fiscal Year		2022	2023	As of March 31, 2024 (Note 8)
Market Price (Note 1)	Highest	33.85	39.85	40.75
	Lowest	25.55	26.70	33.05
	Average	29.65	32.21	36.74
Net Value (Note 2)	Before Distribution	33.13	31.65	-
	After Distribution	31.63	30.15	-
Earnings Per Share (Note 3)	Weighted average shares outstanding	391,663,000 shares	394,148,000 shares	-
	Before Distribution	NT\$1.7	NT\$1.55	-
	After Distribution	NT\$1.7	NT\$1.55	-
Dividends Per Share	Cash Dividends	NT\$1.5	NT\$1.5	-
	Stock Dividends	From Retained Earnings -	-	-
		From Capital Reserve -	-	-
	Accumulated unpaid dividend (Note 4)-	-	-	-
Return On Investment	Price / Earnings Ratio (Note 5)	17.44	20.78	-
	Price / Dividend Ratio (Note 6)	19.77	21.47	-
	Cash Dividend Yield (%) (Note 7)	5.06%	4.66%	-

* If the Company uses earnings or capital surplus to increase capital, the adjusted market price per share and cash dividends should be recalculated accordingly.

Note 1: The highest market price and lowest market price should be listed. The average price is calculated by total transaction value and total transaction volume of each year.

Note 2: Net worth per share is based on the distribution amount resolved by annual general shareholders' meeting and the shares issues at the end of the financial year.

Note 3: If the Company distributes stock dividends, the earnings per share should be adjusted and disclosed as well.

Note 4: If the conditions of the issue of equity securities regulated the undistributed dividends can be accumulated until profit year, the undistributed dividends should be disclosed.

Note 5: Price / Earnings Ratio = Average Market Price / Earnings per Share

Note 6: Price / Dividend Ratio= Average Market Price / Cash Dividends per Share

Note 7: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

Note 8 :Net Worth per share and Earnings per share as of the most recent quarter should be reviewed by the CPA and disclosed accordingly. Other items are disclosed as of the most recent fiscal year amid the printing of this annual report.

(VI) Dividend Policy and Implementation Status

1. Dividend Policy

According to the Company's Article of Incorporation, 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.

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.

2. The company's earnings can be paid out in either full or partial cash dividends or stock dividends. At present, the company distributes its profit earnings predominantly in the form of cash dividends. In 2022, the Company board of directors approved the distribution of cash dividends NT\$591,711,716 in total, which takes up 35.46% of retained earnings.

3. Implementation Status

Earnings distribution proposed at the most recent shareholders' meeting:

Unit: NT\$

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

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

4. Description of any material changes in the expected dividend policy: None

(VII) Impacts on the Company's business performance, EPS, and shareholder ROI due to distribution of stock grants: Not applicable.

(VIII) Compensation and Remuneration of Employees and Directors:

1. According to the Company's Article of Incorporation, 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.
2. The basis for estimating the amount of employees' compensation and directors' remuneration, for calculating the number of shares to be distributed as employee compensation and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the accrued figure, for the current period:

The Company recognizes the 2021 employees' compensation and directors' remuneration according to the Company's Articles of Incorporation, as proclaimed, 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. In light of business circumstances, the Company did not distribute stock grants as of the recent fiscal year. In the event that the actual distribution amounts should be different from the accrued amounts, the adjustment will be recognized in the distribution year as changes in accounting estimates.

3. Compensation and Remuneration Approved by the Board:
 - (1) Distribution of Employee Bonuses and Remuneration Benefits of Directors :
 - A. Employee Cash Bonuses : NT\$110,934,76
 - B. Remuneration Benefits of Directors : NT\$14,791,301
 - (2) The 2023 distribution of employee bonuses and remuneration benefits of directors was approved by the Board. There are no adjustments to be made due to the fact that there are no significant differences between the actual distributed amount NT\$125,726,061 and the estimated amount recognized as expense NT\$125,726,061.
 - (3) The ratio of the total amount of employees compensation distributed in stocks to the sum of the after-tax net income amount stated in the financial reports of

the parent company or individual financial reports for the current period plus total amount of employees' compensation: Not applicable.

4. The distribution status of employees compensation and directors remuneration of the previous year (including distributed shares, amount, and stock price) and, if the amounts distributed vary from the amounts recognized, please illustrate the reason for the discrepancy and how it is treated:

Item	Employee Compensation and Director Remuneration Approved by the Shareholder Meeting		
	Amount(NTD)	Cash Increase Converted to Shares	Cash Distributed
Employee Compensation 13.5%	123,628,868	-	123,628,868
Director Remuneration 1.8%	16,483,849	-	16,483,849

Employee Compensation and Director Remuneration

Item	Stock Dividend			Cash Dividend	Total
	Stock Price	Shares	Amount	Amount	
Employee Compensation 13.5%	-	-	-	123,628,868	123,628,868
Director Remuneration 1.8%	-	-	-	16,483,849	16,483,849

Description: There are no significant differences between the actual distributed amount and the estimated amount recognized as expense.

(IX)Repurchase of Treasury Stock: None.

II. Domestic & Overseas Corporate Bonds

(I)Outstanding Corporate Bonds:

The Financial Supervisory Commission R.O.C approved the Company's issuance of unsecured convertible bonds totaling NT\$1.5 billion on June 06, 2023.

Type of Corporate Bond	6 th Issuance of Unsecured Convertible Bonds
Date of Issuance	June 02, 2023
Par Value	NTD \$ 100,000
Place of Issuance and transaction	-
Issue Price	Issued at Par Value
Total Price	NT\$ 1.5 billion
Interest Rate	0% .
Tenor	3 Years Due on June 02, 2026
Guarantee Agency	-
Trustee	KGI Bank Co., Ltd.
Underwriter	KGI Securities Co., Ltd.
Certified Attorney	-
CPA	-
Method of Repayment	Unless the bondholders convert into ordinary shares of the Company in accordance with Article 10 of the Method of Transfer, or the bondholder exercises rights to sell in accordance with Article 19, or the Company redeems in advance or exercise redemption at securities firm in accordance with Article 18 of these Procedures, or the Company repurchases from securities agents for the purpose of cancellation, the Company will repay the converted bonds held by bondholders in cash within 10 business days in accordance with the denomination of the bonds when the Company's conversion of bonds expires.
Outstanding Principal	NTD \$ 0 thousand
Terms for Redemption of Early Call	(1) Starting from the fourth month subsequent to the issuance of the convertible bonds (September 03, 2023) until forty days prior to the expiration of the issuance period (April 23, 2026), if the closing price of the company's ordinary shares is at least 30% or higher than the conversion price for thirty consecutive business days, the Company may, within thirty business days thereafter, deliver a "Bond Call Notice" to the bondholder (With reference to the list of bondholders 5 days prior to the deliverance of the "Bond Call Notice". Other bondholders who should acquire the bond after that specific date due to purchasing and selling or through other means of transactions shall be informed by way of announcement.) by registered mail (The aforesaid period for bond call shall be calculated from the date the letter is

	<p>issued, and the expiry date of the period shall be the base date for bond call. The period shall not be the close conversion period of the corporate bond). The bond redemption price is the face value, and bonds are redeemed in cash. OTC shall be notified to make an official post for the announcement. The company executes the early call by redeeming the outstanding convertible bond in cash based on its face value within five days following the bond call base date.</p> <p>(2) Starting from the fourth month subsequent to the issuance of the convertible bonds (September 03, 2023) until forty days prior to the expiration of the issuance period (April 23, 2026), if the outstanding balance of the convertible bond is less than 10% of the total number of convertible bonds issued for thirty consecutive business days, the Company may, within thirty business days thereafter, deliver a "Bond Call Notice" to the bondholder (With reference to the list of bondholders 5 days prior to the deliverance of the "Bond Call Notice". Other bondholders who should acquire the bond after that specific date due to purchasing and selling or through other means of transactions shall be informed by way of announcement.) by registered mail (The aforesaid period for bond call shall be calculated from the date the letter is issued, and the expiry date of the period shall be the base date for bond call. The period shall not be the close conversion period of the corporate bond). The bond redemption price is the face value, and bonds are redeemed in cash. OTC shall be notified to make an official post for the announcement. The Company executes the early call by redeeming the outstanding convertible bond in cash based on its face value within five days following the bond call base date.</p> <p>(3) If the bondholder fails to reply in written form to the Company's stock brokerage before the bond call base date set forth in the "Bond Call Notice" (Call period is effective upon postmark.), the Company shall, within five business days after the bond call base date, execute the redemption in cash based on the face value.</p> <p>(4) In the event of the Company exercising the bond call, the final day for bondholders to convert bonds will be the second business day following the cessation of trading on the OTC market.</p>
Restrictive Clause	N/A
Name of Credit Rating Agency, Rating Date, Rating of Corporate Bonds	N/A

Other Rights	As of the printing date of this annual report, converted amount of (exchanged or subscribed)ordinary shares, GDRs or other securities	As of March 31, 2024, the number of shares requested to be converted into ordinary shares by the bondholder per conversion procedure was 13,583,562 shares, the conversion amount was NT\$398,000,000. The number of unconverted bonds in total was NT\$1,102,000,000, traded at par.
	Issuance and conversion (exchange or subscription) method	Please refer to the Company's prospectus for the 6th issuance of unsecured convertible bonds.
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on exiting shareholders' equity		As of the printing date of the annual report, there have been no conversions to common shares for issuance.
Transfer agent		N/A

(II) Status of issued convertible corporate bonds which are convertible to shares, overseas depositary receipts or any other securities:

Type of Corporate Bond		6 th Issuance of Unsecured Convertible Bonds	
Item	Year	2023	As of March 31, 2024
Market Price of the Convertible Bond	Highest	134.00	137.50
	Lowest	104.95	115.00
	Average	114.55	124.82
Convertible Price		26.90	29.3
Date of Issuance and Convertible Price		Date of Issuance: June 02, 2023 Convertible Price: 30.80	
Conversion Method		New Stocks	

III. Preferred Stock: None

IV. Global Depositary Receipts: None

V.Employee Stock Options: None

VI.New Restricted Employee Shares:

(I)Implementation of New Restricted Employee Shares

Type of New Restricted Employee Shares	3rd Issuance New Restricted Employee Shares
Effective Date	July 11, 2023
Date o Issuance	August 15, 2023
Issued Shares	4,300,000 shares
Issue Price	NTD0
Percentage of Issued New Restricted Employee Shares to Total Number of Issued Ordinary Shares	1.04%
Vesting Conditions	<p>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.</p> <p>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:</p> <p>(1) 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.</p> <p>(2) 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.</p> <p>(3) 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.</p> <p>(4) 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.</p> <p>3.The proportions of the restricted stocks that employees are entitled</p>

	<p>to receive on each fiscal year's vesting date is as follows:</p> <p>(1) 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.</p> <p>(2) 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.</p> <p>(3) 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.</p> <p>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.</p>
Vesting Limits	<p>1. Before vesting conditions are met, employee restricted stocks received by the employee are not to be sold, mortgaged, transferred, gifted, pledged, or otherwise sanctioned except in the event of inheritance.</p> <p>2. The attendance, proposal, speech, and voting rights of the shareholders meeting shall be implemented in accordance with the trust custody agreement. Any cash dividends, stock dividends, and capital reserve cash (stocks) allocated to the New Employee Restricted Stocks shall be placed under the custody of the trust. For those New Employee Restricted Stocks whom their owners have not yet fulfilled the vesting conditions, the cash dividends, stock dividends, and capital reserves (stocks) generated shall be forfeited and being reclaimed or cancelled by the Company in accordance with relevant laws and regulations.</p>
Custody	Entrusted with custodian
Measures to be taken when employees fail to meet the vesting conditions	If the employee fails to meet the vesting conditions, or has violated the Company's labor contract, work rules, or company regulations, and under the circumstance that the overall business operations and employee performances have not reached the reasonable targets set

	out by the Company for the preceding year, the Company shall redeem the shares under no additional cost and consideration, and holds the right to cancel the shares according to law.
Redeemed or Repurchased New Restricted Employee Shares	0 shares
Cancelled Shares	0 shares
Uncancelled Shares	4,300,000shares
Percentage of Uncancelled Shares to Issued Ordinary Shares	1.04%
Affects on Shareholder Interest	Not Applicable

(II)Managers and Top 10 Major Owners of Employee Restricted Shares :

As of April 30, 2023

	Title (Note 1)	Name	Acquired Number of Employee Restricted Shares	Percenta ge to Total Number of Issued Ordinary Shares	Cancelled				Uncancelled			
					Share s	Issu ed Pric e	Am oun t	Percent age to Total Number of Issued Ordinar y Shares	Shares	Issu ed Price	Am oun t	Percent age to Total Number of Issued Ordinar y Shares
M a n a g e r s	CEO	Chen, Hong Wen	1,703,000	0.41%	-	0	0	-	1,703,000	0	0	0.41%
	General Manager	Li, Rong Chang										
	Senior Deputy General Manager	Hsu, Rong Hui										
	Senior Deputy General Manager	Liao, Hsi An										
	CTO	Yeh, Fu Min										
	CFO	Lin, Chih Hong										
	CSO	Cheng, Guang Ming										

	Title (Note 1)	Name	Acquired Number of Employee Restricted Shares	Percentage to Total Number of Issued Ordinary Shares	Cancelled				Uncancelled			
					Shares	Issued Price	Amount	Percentage to Total Number of Issued Ordinary Shares	Shares	Issued Price	Amount	Percentage to Total Number of Issued Ordinary Shares
Employee	Assistant Vice President	Yao, Chi Sian	1,240,000	0.30%	-	0	0	-	1,240,000	0	0	0.30%
	Special Assistant	Chen, Shiren										
	Special Assistant	Wang, Jia Ching										
	Head of Division	Huang, Yan Lin										
	Assistant Vice President	Wang, Shih Jun										
	Assistant Vice President	Lai, Zhi Hao										
	Head of Division	Zheng, Chung Liang										
	Head of Division	Ho, Shen Han										
	Head of Division	Huang, Shueh Guan										
	Head of Division	Wu, Chung En										

Note 1: Name and titles of employee restricted stock owners, including managers and employees (resigned or deceased individuals should be denoted) ought to be disclosed. The number of shares received or subscribed are presented in aggregate.

Note 2 : Refers to non-managerial employees who are the top 10 major owners of employee restricted stock.

VI. Status of New Shares Issuance in Connection with Mergers and
Acquisitions: None

VII. Financing Plans and Implementation: None

V. Operational Highlights

I. Business Activities

(I) Business Scope

1. 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.

2. 2023 Proportion of each product (service) to total business operations

Product	Ratio
WLAN CARD	86.96%
WIRELESS GATEWAY	0.95%
WIRELESS TELECOMMUNICATION MODULE	0.01%
OTHERS	12.08 %
TOTAL	100.00%

3. Product Portfolio

Product Name	Purpose and Function
WLAN CARD	Office computers and wireless transmission equipment
WIRELESS GATEWAY	Wired and wireless network transmission equipment
WIRELESS TELECOMMUNICATION MODULE	Wireless transmission module for IoT equipment
OTHERS	Buying and selling of wires, packaging materials, pallets and raw materials

4.New Reasearch and Development Plans

- A. 25GS PON SFU and HGU development
- B. AI Gateway with high speed optical WAN and advanced WiFi access
- C. Greenpower optical SFU development
- D. Advanced fixed broadband platfrom based on Docsis 3.x/4.x
- E. Carrier grade software platform development based on RDK-B and prplOS
- F. 5G NR R17 and RedCap client, module and SDK development
- G. High power 5G NR small cell system development
- H. High performance WiFi 7 AP platform development
- I. Tiny compact WiFi 7 extender development and improvement
- J. Enterprise WiFi platform with POE product development
- K. Cloud based intelligent unified management system development with client security protection
- L. Scalable phased array antenna development for LEO application ka band
- M. Cost effective mmwave point to multipoint system based on WiFi protocols development
- N. Advanced management switch development for enterperise and 5G private network
- O. Long-range wireless communication system development for Drone
- P. Long-range wireless communication system study for Cube Set LEO satellite

(II) Industry Overview

1. The Status and Development of Industry

Ericsson's Mobility Report for June 2023 highlights the ongoing global investment in 5G by telecommunications companies, driven by advanced networking technologies and emerging business prospects. Despite geopolitical challenges in certain regions causing market slowdowns, the 5G development momentum remains strong. Ericsson forecasts a faster adoption rate for 5G subscribers compared to 4G, with an estimated 1 billion subscribers two years ahead of schedule, reaching approximately 1.5 billion by the end of 2023.

Looking ahead to 2024, brands are adopting a more conservative approach by carefully assessing market demands. Projections indicate that global smartphone shipments are set to reach approximately 1.15 billion units, with a moderate annual growth rate of 3%. However, the primary focus remains on closely monitoring signals of demand resurgence and market recovery. According to insights provided by industry analyst Mr. Yan-yi Liao of the Institute for Information Industry, brands in 2024 should maintain vigilance in response to concerns regarding insufficient demand stimulation. This may result in conservative order placements and the implementation of prudent inventory management strategies. Many brands are expected to resort to short-term and urgent orders to navigate uncertain market conditions. It is strongly recommended that relevant industry stakeholders proactively prepare to mitigate the risk of material shortages. As for global 5G smartphone shipments, the outlook is optimistic. Forecasts suggest that shipments will surpass 780 million units in 2024, reflecting a robust annual growth rate of 18.7%. Continued competition among chip manufacturers in the mid-to-low-end 5G smartphone chip market is anticipated to serve as a significant driver of these shipments. Additionally, with an increasing number of brands introducing smartphones featuring direct satellite connectivity, the penetration rate of satellite networking within the 5G smartphone market is expected to rise.

In the realm of 5G smartphone development in Taiwan, the Market Intelligence & Consulting Institute (MIC) of the Institute for Information Industry (III) outlines four significant observations. Firstly, it's projected that by 2026, Taiwan's smartphone manufacturing in India will reach 21%. The rapid expansion of Chinese brands has led to the establishment of a supply chain network in India. Evaluating whether Taiwanese manufacturers should enter India is advised, considering factors such as targets, environment, and resource aspects. Secondly, attention should be paid on the impact of the ongoing US-China trade war on the reconstruction of the industry order, particularly ones involving RISC-V. Despite varying attitudes toward Arm or RISC-V among major players, many are actively engaging in international alliances to integrate autonomous technology into global standardization efforts. Thirdly, "full interactive calls" are poised to become a breakthrough innovative application for the next generation of 5G smartphones and a necessary

step towards 6G. However, successful implementation hinges on three pivotal factors: the completeness of 5G network infrastructure, the maturity of smartphone chip/terminal technology, and the viability of user habits and business models. Lastly, with the iPhone redefining periscope lenses, the penetration rate of such lenses in models is expected to continue rising

TrendForce estimates that the global shipments of 5G FWA (Fixed Wireless Access) devices will reach 13 million units in 2023, representing a remarkable 71% year-on-year growth. This growth trend is anticipated to persist, with a further 38% surge projected for 2024, indicating significant expansion. According to data from the Global mobile Suppliers Association (GSA), the first half of 2023 witnessed a total of 2,039 varieties of 5G devices and terminal equipment globally. Among these, smartphones constituted the largest share at 53%, followed by FWA CPE (Customer Premises Equipment) at 14%. 5G FWA CPE is considered to be one of the most important 5G terminal products apart from smartphones. Delving deeper into the industry landscape, North America and Europe emerge as the leading 5G FWA markets globally, boasting user bases of 48% and 23%, respectively. With the ongoing US-China trade tensions and the implementation of the US 5G Clean Path initiative for network infrastructure, Taiwan's supply chain is poised to supplant its Chinese counterparts as the primary beneficiary, ensuring continued robust growth prospects in the foreseeable future.

In terms of wired broadband networks, the mainstream connectivity technology is PON (Passive Optical Network), which includes GPON (Gigabit Capable PON), XG-PON (10 Gigabit Capable PON), and EPON (Ethernet PON). The difference between fiber optic and other bandwidth services is that the fiber optic technology uses optical fibers to transmit data as light signals while others use electronic signals. Fiber optic technology has three major advantages: Superior Connection Quality, Increased Bandwidth, and Secure Communication. Additionally, fiber optic networks is capable of transmitting light signals over long distances without significant attenuation (loss) or interference from outside sources, as a result. XGS-PON can achieve an astonishing transmission speed of 10Gbit/s for both upstream and downstream.

Research states that the number of fiber optic internet connections continues to grow. The Institute for Information Industry has pointed out that since 2016, the proportion of FTTH (Fiber to the home) has been gradually on the rise. By 2022, the number of FTTH households is expected to reach 740 million, with Asia as its largest market. The growth momentum in Asia is being driven by the implementation of government policies aimed at upgrading networks. China, India, Vietnam, and Indonesia have all proposed their broadband infrastructure policies. For instance, China is planning to launch its Dual Gigabit Network Coordinated Development Action Plan, which seeks to foster the development and adoption of innovative applications and solutions for mobile and home broadband, with the goal of achieving Gigabit standards. This plan involves the construction of new facilities and upgrades to existing systems. In India, the country has granted a

public-private partnership allowance for broadband. As for South Korea and Japan, service providers are enticing customers to use optic fiber network services by providing price differentials in network upgrades.

In North America and Central and South America, service providers and cable television providers share a long history in terms of competition. In the United States, two major broadband policies exist: the Rural Digital Opportunity Fund (RDOF) with a subsidy of \$20.4 billion, which incentivizes service providers to expand and construct 1Gbps networks into sparsely populated areas; and the Broadband Equity Access and Deployment Fund (BEAD) with a subsidy of \$42.55 billion, to encourage service providers to adopt broadband technologies, such as fiber, to deliver networks with speeds of 100Mbps or higher. Intense competition among service providers is also fueling the adoption of optic fiber services.

In Europe, the impetus behind the expansion of fiber optics largely stems from the European Union's directives regarding network speeds by 2025 and 2030, coupled with broadband subsidies. Countries within Europe with inadequate broadband coverage, such as the United Kingdom, Germany, and Italy, have initiated broadband subsidy programs to incentivize operators to bolster investment in fiber optic infrastructure. Notably, fiber optic penetration rates vary significantly among European nations. For instance, while Germany's penetration rate stands at a mere 6%, Spain boasts a robust rate of 76.2%. Nevertheless, with the European Union boldly proposing that European households should have access to speeds of 100 Megabits by 2025 and 1 Gbps by 2030—alongside the implementation of broadband subsidies, it is clear that there is a widespread demand for fiber optic fixed broadband infrastructure across Europe.

In addition to terrestrial 5G infrastructure, Low Earth Orbit (LEO) satellites are anticipated to substantially enhance global network coverage. Currently, one-third of the world's population lacks access to internet services, and LEO satellites can fill the gaps in remote areas that fixed networks cannot reach, or in areas where ground network coverage is not economically feasible, thereby unifying a globally dispersed market. LEO is also viewed as the foundation for realizing the Internet of Things (IoT), with potential applications in agriculture, industry, environmental monitoring, and other areas. Besides commercial use, the Starlink terminal devices provided communication services to the Ukrainian people during the Russo-Ukrainian War, underscoring the strategic significance of LEO technology.

According to data from the Satellite Industry Association of the United States, the global satellite industry recorded a production value of approximately \$281.4 billion in 2022, driving a 23% growth in satellite launches and a 15% increase in satellite manufacturing. Ground equipment and satellite services constituted 52% and 40% of the industry, respectively, ranking as the top two sectors, despite slower growth rates.

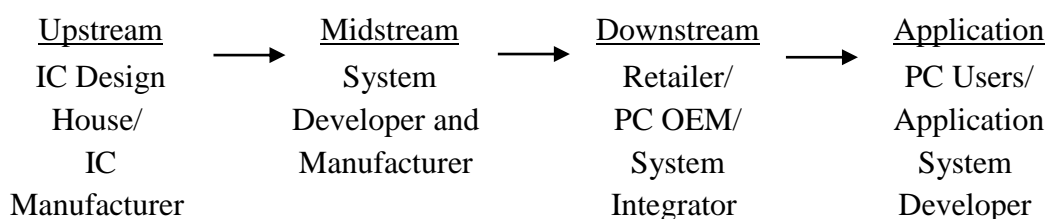
Analysts from the Industrial Economics and Knowledge Center (IEK) at the Industrial Technology Research Institute (ITRI) have outlined four major trends expected to shape the satellite industry in 2024. Firstly, there is a focus on integrating multi-orbit satellites to offer new communication services and enhance competitiveness. This includes initiatives such as leveraging low Earth orbit satellites for low-latency communication and high Earth orbit satellites to improve coverage. Secondly, the emergence of direct satellite-to-terminal connections is leading to novel forms of satellite commercialization. Equipment manufacturers and telecom operators are collaborating with satellite operators to develop Direct-to-Device (D2D) services. Thirdly, efforts to enhance communication performance are driving an increase in the size and complexity of mega-constellation satellites. Lastly, there is a growing emphasis on addressing space sustainability concerns, leading to the emergence of opportunities in in-orbit service-related applications. These opportunities span six key technologies, including satellite design, space robotics, 3D printing, sensors, AI, and space logistics, all aimed at extending satellite lifespan and ensuring safe retirement.

Wi-Fi 7 finds extensive application in both enterprise and personal settings, spanning from smartphones to server base stations. It offers nearly 5 times faster transmission speeds compared to the previous Wi-Fi 6/6E generation, with the maximum transmission rate increasing from 9.6 Gbps per second to 46 Gbps per second. This upgrade caters to the demand for high-speed, low-latency, and stable connections. Wi-Fi 7 is designed to utilize the 6 GHz frequency band, introducing an additional frequency band compared to Wi-Fi 6. Moreover, Wi-Fi 7 boasts a doubled bandwidth compared to Wi-Fi 6/6E, signifying a significant enhancement. This upgrade enables the transmission of twice the amount of data at a speed 4.8 times faster. For instance, if a file requires one hour to download using Wi-Fi 6/6E, upgrading to Wi-Fi 7 would reduce the download time to less than 7 minutes, demonstrating a remarkable technological advancement.

According to Techno Systems Research, Wi-Fi 7 shipments are anticipated to begin in the latter half of 2024, with a projected Compound Annual Growth Rate (CAGR) of 87% over the next five years (2023-2027). Furthermore, Gartner's research report estimates that the penetration rate of Wi-Fi 7, calculated as the actual sales volume divided by the potential market volume, will reach 10% by 2024 and is expected to reach 54% by 2027. Given the current low market penetration rate, this signifies significant future development potential for Wi-Fi 7, promising substantial returns for enterprises and showcasing robust growth prospects. MarketDigits forecasts that the market value of Wi-Fi 7 from 2023 to 2030 will soar to \$26.2 billion, boasting a remarkable CAGR of 53.6%.

2. The Industry's Upstream, Midstream and Downstream Operations

The wireless LAN industry-value chain starts with upstream IC design houses (Broadcom, Qualcomm and Sigma Design, etc.), IC manufacturers (TSMC, UMC, etc.) and travels to midstream and downstream system design and manufacturing (Gemtek, CyberTAN, Askey Computer, Asus, etc.) and product sales companies (Belkin, Buffalo, Intel, etc.). Gemtek's product supply chain begins with the purchasing of electronic components such as integrated circuits and circuit boards, which the materials would be placed through the SMT assembly process, testing, completion, and are then sold directly to assembly system companies or to general users through retail distributors. The Company's line of business involves midstream manufacturing with connections to various manufacturers in the industry, depicted as follows:



3. Product Development Trends and Competition

In 2023, the industry witnessed the widespread commercialization of 5G and the emergence of AI applications. Despite a 7% decline in global server shipments compared to 2022, attributed to international uncertainties, the demand for AI servers continued to provide support for the global server market. According to IDC data, the global server market reached approximately \$128.5 billion in 2023, marking a modest growth of 4.3% from the previous year.

Looking ahead to 2024, alongside the opportunities arising from 5G FWA and the US-China trade war, another notable trend in the networking industry is the adoption of Wi-Fi 7. Wi-Fi has become indispensable for various activities, from work environments to public spaces like coffee shops, and it has evolved into a household essential with Wi-Fi routers being a staple. Wi-Fi technology has been advancing rapidly, with Wi-Fi 6 introduced in 2019 followed by Wi-Fi 6E in 2021. These advancements have seen significant adoption rates in markets across Europe and America. Comparing the technical specifications of Wi-Fi 6/6E with its predecessor Wi-Fi 5, the efficiency of transmission has tripled, thanks to the introduction of technologies like OFDMA (Orthogonal Frequency Division Multiple Access) and MU-MIMO (Multi-User Multiple Input Multiple Output). The spotlight is now on Wi-Fi 7, expected to elevate transmission speed by five times and increase the total network transmission capacity by the same margin compared to Wi-Fi 6/6E. Moreover, the reduction in signal latency

promises a nearly 15-fold enhancement in application efficiency. Wi-Fi 7 introduces Multi-Link Operation (MLO) from a technical standpoint, enabling network devices to simultaneously transmit and receive data across multiple frequency bands. This advancement is aimed to facilitate diverse applications across various work environments.

According to the Industry Research Report by the Institute for Information Industry, Japanese and Korean service providers started offering 10G home services as early as 2018. These services have been accompanied by preferential pricing plans that have effectively enticed users to upgrade their home networks. With only a \$7 price difference between 5 Gigabytes and 10 Gigabytes, consumers are drawn to the affordability of 10G fixed broadband services. In Europe, due to the low penetration rate of fiber networks, many service providers opt to upgrade directly to the highest standard of 10G service at once. After 2022, service providers, such as Deutsche Telekom and Orange in France, have begun widely deploying XGS PON. As for Telefonica (Spain Telecom), it has announced plans to utilize 50GPON starting in 2025. Turning to Asia, the demand for PON in the Chinese market has seen a considerable boost, which can be attributed to the upgrade requirements for the national telecommunication project established by the Chinese government. According to chipmakers, the overall demand scale of PON in China saw an increase of at least 15% in 2022 as compared to the previous year. The adoption rate of 10G PON has surged from almost zero penetration to around 20%, resulting in a twofold increase in both price and quantity. This increased penetration rate of 10G PON is expected to boost the acceptance of Wi-Fi 6 in the Chinese market.

When it comes to wireless wide area network (WAN) communication, Fixed Wireless Access (FWA) can be categorized into three technical specifications: LTE, 5G, and millimeter wave (mmWave). MmWave is a high-frequency spectrum of the 5G band, which lies above 24GHz. Utilizing the 5G mmWave spectrum is the most efficient way to establish high-speed and large-capacity networks. This technology can offer the best 5G experience in densely populated areas where network congestion is common. At present, 5G mmWave technology and its application scenarios are still in the nascent stage. During the 2023 Mobile World Congress (MWC), Qualcomm, Telefonica, and Ericsson made an announcement about the launch of Spain's first commercial mobile 5G mmWave network. This milestone in technology will allow compatible user devices to access the Telefonica 5G mmWave network powered by Ericsson during the conference. Qualcomm showcased an extensive array of 5G mmWave devices, enabled by Snapdragon mobile platforms, posing as a major driver for the growth of the mmWave industry. Meanwhile, the demand for switches is expected to rise, with a projected TAM (Total Addressable Market) growth of roughly 10% annually for the next 3-5 years starting from 2022.

Specifications and applications of various types of wireless network technologies:

Network Technology	Wi-Fi5 (802.11ac)	Wi-Fi6 (802.11ax)	Wi-Fi 6E (802.11ax)	Wi-Fi7 (802.11be)
Application Scenarios	Indoors/Outdoors	Indoors/Outdoors	Indoors/Outdoors	Indoors/Outdoors
Band or Spectrum	5GHz	2.4GHz/5GHz	2.4GHz/5GHz/6GHz	2.4GHz/5GHz/6GHz
Bandwidth	160MHz	160 MHz	160 MHz	320 MHz
Transmission Speed	11Mbps~1.73Gbps	9.6 Gbps	9.6 Gbps	30-46.1 Gps
Modulation	OFDMA, 256-QAM	OFDMA, 1024-QAM	OFDMA, 1024-QAM	OFDMA, 4096-QAM
Spatial Multiplexing	MU-MIMO (4 multi-users)	MU-MIMO (8 multi-users)	MU-MIMO (8 multi-users)	MU-MIMO (16 multi-users)
Details	Relative to 802.11ax, devices in 802.11ac mode, must compete with each other to transmit data. You can think of it as a wireless network transmitting data to various devices via a vehicle, 802.11AC (simultaneously) can only transmit data to one device at a time. Competing for wireless network transmission in this case resulted in a large amount of loss, therefore the wireless network transmission rate is low and requires more waiting time.	Wi-Fi 6 technology can increase the number of devices simultaneously connected to the service by each AP. Usually, when you connect more than a dozen devices at the same time through retail channels/domestic mainstream routers, you may have some challenges to Wi-Fi, and the use effect and experience will gradually deteriorate. The Wi-Fi 6 technology specifically introduces some new features, allowing the same server to serve multiple devices at the same time, which is an improvement over the previous generation.	Namely, Wi-Fi 6E represents an extension of the available frequencies that can be used to transmit Wi-Fi 6 signals. Wi-Fi 6E devices use the dedicated 6E spectrum with up to seven additional 160 MHz channels, making it easier for Wi-Fi 6E devices to experience the benefits and capabilities of gigabit speeds, while Wi-Fi 6 devices share the same spectrum congestion as other legacy Wi-Fi 4, 5, and 6 devices, with only two 160 MHz channels available.	Wi-Fi 7 will be the fastest Wi-Fi generation as of date, a technology that delivers an extremely high throughput of at least 30 Gbps and very low latency. The target application scenarios for next-generation Wi-Fi devices that comes after Wi-Fi 6 are augmented reality (AR) applications, fully immersive virtual reality (VR) applications, gaming applications, and cloud computing applications. With these challenging applications in mind, many new features have been incorporated into the IEEE 802.11be standard, which will enable a generation of devices with "Extremely High Throughput" (EHT). Features such as tri-band operation (supports 2.4 GHz, 5 GHz, and 6 GHz bands), ultra-wide 320 MHz channels, 4096 QAM modulation, 16×16 maximum MIMO and multiple Link Operation (MLO), which indicates that network performance is about to enter a new era.

Technology	3G	4G	5G
Time of Creation	1998	2008	2019-2020
Bandwidth (Uplink/Downlink)	64K/2M	50M/100M	Approx. 500M/1G
Type of Multiple Access	FDMA/CDMA	FDMA/OFDM	OFDM
Channel Bandwidth	5MHz	20MHz	100MHz (Below 6GHz) 400MHz (Above 6GHz)
Transmission Speed	70Mbps	64k~1Mbps	150Mbps ~ over 1Gbps
Application	Mainly used for sending and receiving short messages.	Sending and receiving text messages. Internet browsing speed is much smoother than 3G.	Sending and receiving text messages. Internet browsing, watch 4K videos without delay. Used in innovative applications such as the Internet of Vehicles and the Internet of Things.
Details	Cellular network mobile phone technology that supports high-speed data transmission. 3G service can transmit voice (calls) and information (email, instant messaging, etc.) at the same time. The representative feature of 3G is to provide high-speed data services, with a speed generally above several hundred kbps.	Based on technical standards and ITU's definition, when the static transmission rate reaches 1Gbps, and the user reaches 100Mbps under high-speed movement, it can be deemed as 4G.	The main advantage of the 5G network is that the data transmission rate is much higher than the previous cellular network, reaching up to 10 Gbit/s, which is 100 times faster than the current wired Internet and faster than the previous 4G LTE cellular network. Another advantage is its lower network latency (faster response time), which is less than 1 millisecond, compared to 30-70 milliseconds for 4G.

(III) Research and Development Overview

1. R& D Expenses by recent years and as of the publication of this Annual Report

Unit: New Taiwan Dollar ; %

Item	2022	2023
Investments	916,227	1,069,512
Operating Revenue	27,899,990	26,136,349
As a percentage of total revenue	3.28	4.09

Note: No financial forecasts have been prepared for 2024

2. Recent Research and Development Achievements

Year	Achievements
2022	<ul style="list-style-type: none">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 development3. Whole home WiFi with Easy Mesh development4. Advanced WiFi 6/6e AP, Repeater, and Mesh development5. Enterprise-grade WiFi platform development6. WiFi 7 AP prototype development7. Cost-effective and Advanced LTE client device development, including Cat 20, Cat 12, Cat6, Cat4, CBRS8. 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 development10. Easy installation and cost effective 5G NR FR1+ FR2 ODU CPE development11. 28/39G mmwave smart antenna phase array system platform development12. 5G NR smallcell and core network platform development13. Cost effective 5G NR smallcell development for sharedband CBRS14. Scalable Phased Array Antenna Development for LEO application ka/ku-band
2023	<ul style="list-style-type: none">1. 5G NR R16 Standard CPE2. 5G Small Cell End-To-End System Development3. Computer Vision - based SIP Wireless Module Multi-Scan Solution4. Enterprise-grade WiFi Platform Development5. GPON/XGSPON 2-in-1 Broadband Integration System Development Plan6. High performance enterprise-grade xPON/g.fast integration universal platform development based on open software architecture

	7.Easy installation and cost effective 5G NR FR1+ FR2 ODU CPE development
	8.Cost effective 5G NR smallcell development for sharedband CBRS
	9.Scalable Phased Array Antenna Development for LEO application ka/ku-band
	10.High performance WiFi 7 AP platform development
	11.Tiny compact WiFi 7 extender development
	12.Cost effective WiFi 6/6e AP platform development
	13.Cost effective switch platform development

(IV)Short-term and Long-term Business Development Plans

(1)Short-term Business Development Plans

A.Marketing Policies

a.Customer Retention and Market Expansion

Learn about customer demands and market trends. Expand the scope of services on the basis of existing production capacity and professional knowledge to expand the scale of business.

b. Complete Marketing Channel

Set up domestic and overseas offices and liaisons through subsidiaries and strategic alliances and maintain a good rapport with distributors to form a well-structured marketing channel.

c. Complete After-Sales Service

Establish quality control inspections. Provide after-sales consultation and maintenance services.

B.Production Policy

a. Reduce Production Costs and Improve Production Efficiency.

Strengthen product planning and quality control. Train and develop employees. Implement budget and cost control to improve production efficiency and reduce production costs.

b. Product Inspection and Quality Control

Implement ISO-9001:2015 and TQM to enhance overall product inspection and manufacturing quality.

C.Industrial Development

The Company researches and develops wireless communication products such as wireless network cards and wireless gateways. In addition to seeking continuous improvement in the quality of existing products, the company continues to develop products that are in line with the latest technical standards and design wireless multimedia products and services to meet market demands.

D. Business Scale

Seek opportunities to expand business scale in order to achieve the Company's short-term goals in marketing, production, and R&D,

E. Finance

Obtain adequate sources of funding and investment plans to facilitate the Company's manufacturing and development goals.

(2) Long-term Business Development Plans

A. Marketing Strategy

- a. Follow market trends. Launch new products. Expand global market.
- b. Work with large-scale international businesses through strategic alliances or technical cooperation to win OEM / ODM orders.

B. Production Policy

a. Material Requirements Planning

Continue to improve the Company's Material Requirements Planning (MRP) system to maintain smooth operation, effective capacity and production quality. The goal is to enhance the overall efficiency of the supply chain and production lead time.

b. Automation

In order to successfully transition to production line automation, the Company needs to devise new product line layouts, invest in the professional training and development of operators, and discover more advanced manufacturing processes besides adding new machinery and equipment to the entire plan.

C. Product Development

Taiwan's telecommunications industry incorporates various types of technologies to facilitate the construction and development of wireless communication networks. Ranging from wireless base stations, Wi-Fi6 routers, modules, to LTE terminals and LTE small cell products, and 5G and Pre-5G products in response to the advent of 5G technology, then supplemented by wired G.fast and GPON with its existing copper cables to achieve 1 Gps in the last mile to replace expensive optical fiber -----the amalgamation of technologies has helped telecom operators to deploy and operate with better efficiency.

Bearing in mind its long-term global expansion goals, the Company devotes itself to the advanced development of wireless communication network software, hardware, application services, and product integration devices to satisfy customer requirements. The Company also invests heavily on the research and development of new technologies and products and seeks opportunities to work closely with enterprises through technology collaboration. The Company wishes to combine the next-generation 5G and Wi-Fi and other wireless technologies with its existing telecommunication architecture to achieve higher market growth and business profit.

D. Business Scale

Adhere to the concept of corporate sustainability. Establish a good corporate culture. Extend short-term development plans to accommodate growing business operations.

E. Finance

- a. Train and develop financial and accounting professionals..
- b. Strengthen comprehensive financial planning to reduce operational risks and enhance competitiveness.

II. Market Analysis and Status of Goods Production and Sales

(I)Market Analysis

1.Global Sales Regions and Statistics

Area \ Year		2022		2023	
		Amount	%	Amount	%
Domestic		682,028	2.44	683,144	2.61
Overseas	Asia	6,038,146	21.64	5,462,082	20.90
	Europe	6,047,532	21.68	7,372,291	28.21
	America	14,931,672	53.52	12,539,238	47.98
	Pacific	156,825	0.56	11,019	0.04
	Africa	43,787	0.16	68,575	0.26
Total		27,899,990	100.00	26,136,349	100.

2.Market Share

In recent years, Gemtek had become widely successful with its advanced developments in the telecommunications market and has therefore been able to expand its worldwide businesses by leaps and bounds. By following the technological trend in telecommunications infrastructure services, the Company's main sales products has been keenly focused on fiber-optic access point, LTE, 5G, and Wi-Fi devices. Based on its in-house R&D advantages, the Company was able to launch new projects and come up with numerous innovative products at the same time.

The growing surge in telecommunications infrastructure and commercial networks deployment has led telecom carriers in many countries eager to upgrade their network capacity almost instantly. In 2022, Gemtek's global sales has vastly expanded and its worldwide market share has also continued to increase exponentially.

3. Future Outlooks on Market Supply and Demand

According to data from research institutions, the global 5G infrastructure market is expected to reach US\$80.5 billion by 2028, with a compound annual growth rate of 49.8%. It is expected that the growth rate of 5G ecosystem transformation will be faster than that of other mobile communication technology transformations 3-4 times. According to Ericsson's Mobility Report of 2022, despite a weaker economy and

geopolitical uncertainties, service providers continue to deploy 5G, with 228 having already launched commercial 5G services globally

The Consumer Technology Association's 2022 report stated that the global demand for both hardware and software products such as IoT and cloud applications, mobile devices, and emerging technologies such as network virtualization, AI, 5G, LPWAN, and edge computing in 2022 will grow higher than the precedent year, giving rise to the need for more advanced wireless and wired network communication technologies. Moreover, the importance of network infrastructure and power plants has never been more apparent due to the outbreak of the Covid-19 pandemic and the Ukrainian-Russian war. These infrastructures are considered to be robust rigid demands, and therefore its relevant technologies is likely to continue to grow in the future.

4. Competitive Niche

A. Professional and Reliable Management Team

The Company's management team has many years of accumulated technological experience and are all veterans in the industry. They have the core technological knowledge and the ability to develop new products on their own. Consequently, their contributions has facilitated the Company to maintain a good competitive edge and remain second to none as a world leading manufacturer.

B. Complete Product Line and Effective Manufacturing

The company has been in the field of wireless communication since 1994. It has a complete product line of wireless devices and automated manufacturing processes. Based on years of broad experience, the company continues to refine its production abilities in terms of design quality and manufacturing effectiveness. The Company is recognized by international business partners for its superior product stability.

C. Excellent R&D and Production Capabilities

The company's R&D department continues to engage in the improvement of existing products, and pursue product innovation and diversification. Beginning from multimedia systems to the current wireless LAN network card products, the Company has always been able to keep pace with market trends, launch innovative products and increase overall profitability.

D. Well-Established Management System and Harmonious Labor Relations

The Company is well aware that if it wants to stay ahead in an increasingly competitive and volatile environment, and seek long-term sustainability in the market, the central strategies are to strengthen the company's management system and to elevate the effectiveness of employee training and development. In addition, a harmonious labor-management relationship is also a very important part, which needs

to be backed by a good employee welfare system. In view of this, in addition to establishing a reasonable and sound management system through a written and standardized system, the company also pays special attention to employee welfare and workplace camaraderie to maintain harmonious labor relations, improve operating performance, and increase business profit.

E. Stable Customer Base and Complete After-Sales Service

The Company received the ISO9001 certification in 1999 and is a certified manufacturer. The Company attaches great importance to product quality and customer satisfaction, and maintains long-term partnerships with customers. The company has established a complete customer inquiry system and after-sales service.

5.Favorable and Unfavorable Factors in Prospects and Countermeasures

A.Favorable Factors

a. High Potential in Development Across the Industry

With the liberalization of global telecommunications, and the rapid development of mobile communications and networks, the communications technology is still the leading trend in the technological industry.

b. Has Obtained International Recognition

The Company is committed to the research and development and production of wireless LAN products. Its products and service applications continues to exhibit excellent quality, and has successfully won the recognition of international business partners.

c. Independent Research and Development Capabilities

The Company's management team has many years of accumulated technological experience and are all veterans in the industry. They have the core technological knowledge and the ability to develop new products on their own. Consequently, their contributions has facilitated the Company to maintain a good competitive edge and develop new products with accelerated speed.

d. Superior Quality

In terms of quality, the Company conducts strict testings and quality controls to deliver the best products to its customers. In terms of price, the Company implements a set of effective strategies in product planning and positioning, giving its business pricing a competitive edge. In addition, the company has established a good reputation with its outstanding after-sales service, which all contributes to the advanced development of the company.

e. Global Production Lines

In response to the changing geopolitical situation, the Company has also established offshore production lines in countries such as mainland China, Vietnam, and the Czech Republic. In terms of structural risk diversification, setting up manufacturing locations other than mainland China has helped clients avoid high tariffs created by the Sino-US trade war.

f. China-Free Internet

On April 29, 2020, the U.S. Department of State announced that the U.S. will begin requiring a Clean Path for all 5G network traffic entering and exiting U.S. diplomatic facilities. In August of the same year, the U.S. Secretary of State announced the expansion of The Clean Network to include Clean Carrier, Clean Store, Clean Apps, Clean Cloud, and Clean Cable. Telecom operators in the United States and its European and American allies began to remove Chinese manufactured equipment from the supply chain. The once Chinese-dominated market was therefore divided among European and American companies which in turn benefited the network technology industry in Taiwan immensely.

B. Unfavorable Factors and Countermeasures

a. Low-Cost Competition

Due to fierce competition in the market, business rivals often compete by cutting prices, which results in the declination of business profits.

Countermeasures

The Company is working towards the research and development of high profitability products, and hopes to expand the scale of operations and improve manufacturing processes to reduce production cost. At the same time, the Company plans to provide custom integrated services to enhance the overall performance of hardware device products, software, and cloud maintenance services.

b. Currency Fluctuation Risks

The Company sells products denominated in U.S. dollars. The appreciation of the New Taiwan Dollar will adversely affect revenue caused by foreign exchange losses. The Company has adopted measures such as currency hedging and customer negotiations to reduce the impact of exchange rate fluctuations.

Countermeasures

Adopt financial hedging strategies and negotiate with customers to adjust product prices.

(II) Main Products and Manufacturing Process

1. Main Products

Gemtek's wireless broadband products mainly consists of LTE data terminal routers. LTE is not only widely used among small units such as individuals and families, but also by large entities as in enterprises and factories. Wireless LTE can be deployed in wide metropolitan areas, and even in remote towns, pastures, and open landscapes, saving significant amount of cost in contrast to setting up wired network infrastructures. Gemtek owns a complete set of production lines designated to LTE portable routers, indoor routers, outdoor routers, and micro base stations to satisfy the different application requirements of operators and market demand.

The LTE system architecture includes Evolved Packet Core (EPC) and Evolved Universal Terrestrial Radio Access Network (E-UTRAN) [1]. EPC is a multi-access network based on the IP network protocol. It enables access to 3GPP wireless networks such as LTE and 3G, and can even connect to non-3GPP standard WLAN and WiMAX networks. Its main network components include Mobility Management Entity (MME), Serving Gateway (S-GW), Packet Data Network Gateway (PDN GW; P-GW), and Home Subscriber Server (HSS). In E-UTRAN, the base station (E-UTRAN Node B; eNodeB) is responsible for allocating the wireless network resources among User Equipment (UE).

The rapid development of diversified networking such as streaming media, online games, IP VoD, 4K/8K Ultra HD quality and the Internet of Things is giving rise to the incessant demand for bandwidth. Fixed-line technology is still undergoing evolutionary changes. The telephone transmission technology has progressed from VDSL2 to 106MHz and 212MHz G.fast; fiber-optic transmission technology has also evolved from 2.5G GPON to 10G XGS-PON and 40G NG-PON2.

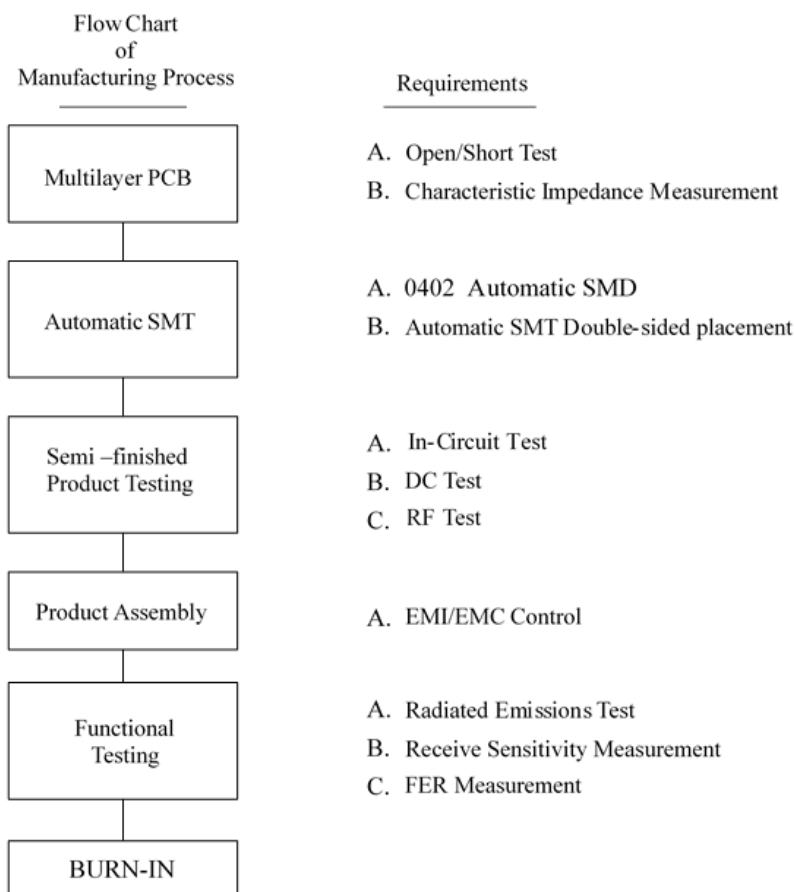
Gemtek provides a whole series of new-generation fixed-line broadband products, including PON, xDSL/G.fast, and DPU, which can all be customized to meet customers' diverse network requirements and develop terminal equipment that render a higher competitive edge in the market.

Smart products have become essential parts of our everyday life. People nowadays are looking beyond the high speed and high coverage of Wi-Fi for more connectivity. Gemtek has been working in the telecommunications field for over 30 years, and had developed numerous products that are in line with technological advances. From 802.11ac to 802.11ax, WiFi networks have become more efficient with its broadened capacity and ability to coordinate multiple access points at the same time. 802.11ax also supports 2.4GHz and 5GHz bands, and can be used in various high density wireless scenarios. Smart devices can be used to manage all sorts of sensors and smart products, allowing enterprise applications and smart homes to be deployed with more flexibility.

Gemtek has also incorporated the latest WiFi technology into its seamless wireless mesh network system to enhance network reliability and allow for multiple connections. The system is capable of automatically detecting and switching between Wi-Fi access points to optimize Wi-Fi signals, working towards the goal of achieving zero attenuation and zero dead ends to build a truly seamless network environment.

Last but not least, Gemtek's smart sensors alongside with its controlling systems are designed to automatically screen or monitor the environment, and then help create the best living condition through indoor smart controlling devices. The series of smart sensor and device solutions can also be managed remotely through mobile phones and computers. These solutions can be used for the purpose of security monitoring, access control management, and energy-saving control etc., to allow for a better quality of life.

2.Manufacturing Process



(III) Supply of Raw Materials

The main raw materials of the company's products include integrated circuits, circuit boards, wires, diodes, and capacitors, among which the raw materials that are used to assemble communication chipsets are made by designated manufacturers overseas. Due to the fact that these special components rely mainly on import, which the long wait for supply delivery might affect the overall production lead time, therefore, effective inventory control is vital to get the Company better prepared for unexpected supply outages. Procurement of raw materials from certified domestic suppliers may have less of an issue in terms of supply shortage, though the supply of several passive components can be tight at times, the Company has established contingency plans to mitigate the risks caused by insufficient supplies. As of now, there are no cases where the Company's production plans were hindered or suspended by the lack of raw materials.

(IV) Sales and Procurement Data from the Past Two Years

1.Sales Data

Item	2022				2023			
	Name	Amount	As a percentage of total net procurement (%)	Relationship with the Company	Name	Amount	As a percentage of total net procurement (%)	Relationship with the Company
1	Client A	7,914,002	28.37	None	Client A	7,647,327	29.26	None
2	Client B	3,560,406	12.76	None	Client B	4,137,381	15.83	None
3	Client C	3,114,297	11.16	None	Client C	2,758,311	10.55	None
4	Client D	1,765,585	6.33	None	Client D	370,753	1.42	None
	Others	11,545,700	41.38		Others	11,222,577	42.94	
	Net Sales	27,899,990	100.00		Net Sales	26,136,349	100.00	

2.YoY Sales Variance Analysis:

In 2023, the revenues of the top two clients remained relatively unchanged. Client D experienced significant revenue growth due to the mass production and shipment of Wi-Fi 6 models. Client C, on the other hand, saw a decrease in revenue share due to changes in the company's operational strategy.

3.Procurement Data

Item	2022				2023			
	Name	Amount	As a percentage of total net procurement (%)	Relationship with the Company	Name	Amount	As a percentage of total net procurement (%)	Relationship with the Company
1	Supplier A	2,784,721	12.18	None	Supplier A	852,573	4.21	None
	Others	20,081,852	87.82		Others	19,377,597	95.79	
	Net Procurement	22,866,573	100.00		Net Procurement	20,230,170	100.00	

4. YoY Procurement Variance Analysis:

Our company sells a wide variety of product specifications, and we procure a diverse range of chipsets in different quantities. Apart from concentrating our purchases from designated suppliers specified by customers, we have numerous other procurement items. Additionally, due to our diversified product line and collaborations with numerous domestic and international manufacturers, our procurement sources are decentralized, with no centralized purchasing situation.

(V) Production Analysis for the Past Two Years

Unit: All numbers in NT\$ thousands ;SET

Production Product	Year	2022			2023		
		Capacity	Volume	Value	Capacity	Volume	Value
WLAN CARD		103,286,813	73,776,295	1,427,166	76,121,638	60,897,310	1,239,287
WIRELESS GATEWAY		13,851,271	11,542,726	20,818,294	11,433,260	10,393,873	19,172,762
WIRELESS TELECOMMUNICATION MODULE		10,474,009	9,521,826	921,179	6,069,652	5,058,043	436,941
Total		127,612,093	94,840,847	23,166,639	93,624,550	76,349,226	20,848,990

(VI) Sales Analysis for the Past Two Years

Unit: All numbers in NT\$ thousands;SET

Sales Product	Year	2022				2023			
		Domestic Sales		International Sales		Domestic Sales		International Sales	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
WLAN CARD		69,263	21,688	74,893,484	1,878,472	46,241	18,581	60,953,082	1,624,491
WIRELESS GATEWAY		120,855	127,872	12,573,071	22,934,813	87,119	85,813	11,029,826	21,148,198
WIRELESS TELECOMMUNICATI ON MODULE		1,708,223	37,262	8,542,805	171,259	2,445,578	57,414	2,781,344	138,324
OTHERS		-	495,206	-	2,233,418	-	521,336	-	2,542,192
Total		1,898,341	682,028	96,009,360	27,217,962	2,578,938	683,144	74,764,252	25,453,205

Note: 1. The quantity for products classified as OTHERS may not be included due to inconsistencies in units.

III. Employees

(I) Human Resource Data for the Past Two Years

		Unit: Persons		
Year		2022	2023	As of March 31, 2024
Number of Employee(s)	As of the Previous Year	1563	1978	1961
	New Hire Count for the Current Year	2749	2376	2407
	Total	4312	4354	4368
Average Age		33.39	33.53	34.82
Average Tenure		4.38	4.77	5.62
Distribution of education background (%)	Doctorate or Professional Degree	0.12%	0.11%	0.09%
	Master's Degree	8.86%	9.69%	9.62%
	Bachelor's Degree	29.06%	27.54%	27.50%
	High School Degree	44.64%	48.97%	49.61%
	Less Than High School	17.32%	13.69%	13.19%

(II) Training and Development

Employees are Gemtek's most valuable asset. Therefore, the proper planning and utilization of all resources to continuously invest in employee training and development is a critical and important task.

According to the Company's employee training and development policies, details and schedules for the training courses are determined by direct needs or essential matters that ought to be addressed as a part of workplace knowledge. Due to the pandemic, physical courses were mostly cancelled or postponed to avoid clustering, resulting in a reduction in training expenses and training hours. In 2023, Gemtek's total number of employee training hours is 17,158 hours, which is 16.5 training hours per person. The aggregate amount of training expenses was NT\$860,69 (before tax).

Gemtek's training programs are grouped in the following categories:

1. New Employee Training:

Training programs should include new employee orientation, a tour of the workplace environment, brief introduction to the company's products, manufacturing process, systems, information security, and standards of quality, and general courses such as personal development and engagement. Other day to

day training would include on-the-job induction training given by team mentors to help the new employee learn and adapt to their roles to quickly achieve a higher level of performance. The goal of all trainings are to help new employees acclimate to the organization in order to contribute their knowledge and skills with less effort, and be conscientious of rules that are imperative to their rights, health, safety, and their obligations as an employee.

2. Industry and Product Training:

The Company holds a series of industry and product training courses from time to time to keep employees updated with the latest product developments and information that are relevant to the wireless communication technology.

3. Language Training:

Having a higher level of English fluency may help employees engage in better communication with Gemtek's worldwide business partners. The Company holds business English courses from time to time to help employees master the skills that may be beneficial to their job performances.

4. Professional Training:

Include research and development training, quality management training, and business marketing training.

5. Management training:

Training programs are carried out according to the different levels of management. The main idea is to instill insight and leadership skills among managers.

6. Occupational Safety and Health Training:

As mandated by law, the Company has the obligation to educate employees about occupational safety and health as part of the corporate goal to build a safer and healthier work environment.

7. Intellectual Property Training:

A general guide to help R&D employees understand patents and the patent application process.

8. Human Rights Training:

Conduct training programs on labor rights, humane treatment, anti-discrimination, integrity management, business ethics, anti-illicit trade, etc., to implement corporate social responsibility.

In addition to the above-mentioned corporate training programs, each department are granted a budget to allow employees to pursue further studies through external training programs such as seminars, professional and management courses, and so forth. In addition, internal training programs may also encompass broader engagements such as cross-departmental trainings, experience sharing forums, book clubs, etc. The goal is to create a learning atmosphere where employees may have the appropriate sources to learn continuously.

(III) Employee Code of Ethics and Conduct

The Company's work principles are based on code of ethics and professional conduct. Employees should be diligent, prudent, and trustworthy. They have the obligation to contribute their knowledge and capacity to the Company, and abide by the code of ethics and professional conduct throughout work. The rules that the Company's employees should abide by are as follows:

1. Company employees, being part of the Company, are responsible for maintaining the Company's reputation, exhibit camaraderie, be loyal and diligent, and abide by all rules and regulations of the Company.
2. Employees should follow the reasonable supervision and guidance of supervisors at all levels and pay attention to work safety. Supervisors at all levels should respect employee's individual identity, show appreciation to subordinates, and provide proper guidance to help employees complete their work.
3. Employees should be fully engaged and committed to their work, respect public property, implement cost-saving initiatives, improve operations quality, increase business production, ensure overall effectiveness, and practice professional business conducts in terms of securing trade secrets and confidential information.
4. Employees must not exhibit arrogance, laziness, or other toxic behaviors that could harm the reputation of individuals and the Company.
5. Employees are not allowed to bring relatives, friends and guests into the factory without approval.
6. Employees are not allowed to carry hazardous substances, dangerous goods, prohibited items, flammable (explosive) materials, or things that have nothing to do with workplace duties.
7. Employees are not allowed to bring company property off company grounds without prior approval.
8. Employees must not make secret profits for themselves by virtue of their positions, and must not violate their duties by accepting improper rebates, gifts, entertainment, or other illegal benefits from others.
9. Without the written consent of the Company, employees are not allowed to conduct side businesses that are related to their current work which may impact personal or organizational performances. Nor should employees create a similar business, either individually or through a third party, which may have the potential to compete with the Company.
10. The Company name and brand can only be used for business or commercial reasons.
11. Maintaining and Protecting Trade Secrets
 - (1) Employees of the Company shall observe the rules to maintain and protect trade secrets that are relevant to the business.
 - (2) Employees of the company shall not attempt to obtain or inquire about the trade secrets that are not related to their own business.
 - (3) Employees of the company shall not share or discuss salaries with co-workers.

(4) If the disclosure of trade secrets should inflict any sort of damage to the Company, the Company shall, in accordance with the law, be entitled to claim compensation to secure and maintain the rights of its mass shareholders and employees.

IV. Environmental Protection Expenditure

1. According to laws and regulations, if it is required to apply for a permit for installing anti-pollution facilities, or permit of pollution drainage, or to pay anti-pollution fees, or to organize and set up an exclusively responsible unit/office for environmental issues, the description of the status of such applications, payment or establishment shall be made:

(1) Application status for Permission to Install Anti-Pollution Facilities or Discharge Wastes:

As our Company is situated in the vicinity of the Hsinchu Industrial Park centralized sewage system, regulations require us to channel our wastewater discharge through the local system. Accordingly, we applied for a permit and received approval in official letter Hsingungzhi No. 1075152039, issued on August 31, 2018, valid from October 24, 2023 to October 23, 2028.. The wastewater from Gemtek Technology is now discharged into the sewage system, and undergoes treatment at the Hsinchu Industrial Park Sewage Treatment Plant, where the discharge is tested to ensure it meets government standards before being released.

(2) Payment status for Pollution Control Fees: The Company pays a monthly fee to the Hsinchu Industrial Park Management Center for sewage treatment.

2. Setting forth the company's investment on the major anti-pollution facilities, the use purpose of such facilities and the possible effects to be produced: None

3. Describing the process undertaken by the company on environmental pollution improvement for the most recent 2 fiscal years and up to the prospectus publication date. If there had been any pollution dispute, its handling process shall also be described: None

4. Describing any losses suffered by the company in the most recent 2 fiscal years and up to the prospectus publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental protection inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

None

5. Explaining the current condition of pollution and the impact of its improvement to the profits, competitive position and capital expenditures of the company, as well as the projected major environment-related capital expenses to be made for the coming 2 fiscal years:

The Company mainly researches, develops, designs, produces, and sells wireless communication products, and is a major player in the electronic high-tech industry. The Company's manufacturing process consists of surface dressing, product testing, product assembly, and product packaging. The Company's main source of gas emissions is the small amount of exhaust gas generated by soldering operations. The Company commissions an accredited environmental inspection agency to perform tests regularly, and files declarations to the Environmental Protection Agency on a

quarterly basis in compliance with regulations. Over the years, the amount of gas emissions have met regulatory standards, and no major cases of air pollution have occurred. In terms of waste management, all wastes are entrusted to qualified waste management companies approved by the competent authority, and online declarations are made in accordance with regulations to ensure that there are no environmental pollution issues.

With the rise of environmental awareness, Gemtek has not only actively participated in environmental activities in recent years, but is also obligated to comply with energy-saving regulations during the use of electricity, water, and waste output. In order to achieve the Company's goal in energy conservation and carbon reduction, the Company has installed central air conditioning systems for its offices and factories. The temperature settings of the central air conditioners are adjusted accordingly to provide a comfortable workplace and meet the standards of environmental protection and energy conservation. The Company has replaced its office lighting in various phases. Office lights are scheduled to automatically switch off at night, and guards will inspect the lighting during patrols. In addition, the Company cafeteria serves meals to employees with the use of eco-friendly tableware, and invests in commercial dishwashers to reduce excessive use of water.

V. Labor-Management Relations

Employees are Gemtek's most valuable asset, and the cornerstone of success. Gemtek makes proactive efforts to ensure that each and every one of our colleagues feel appreciated for their time and contributions. In order to enhance and perpetuate this well-balanced organizational atmosphere and culture, Gemtek is fully committed to providing employees with the best workplace environment, while helping our employees achieve higher expectations and standards in life. Respect and care are part of Gemtek's core principles, therefore, Labor-Management Relations has always been harmonious and well-maintained. In the future, we will continue to build even better working environments and create satisfactory benefits for our employees. And through various welfare measures and leisure activities, we hope to provide employees with the opportunities to maintain mental and physical well-being between work and life, as well as strengthen team spirits and group cohesiveness to achieve long-term corporate sustainability.

(I) List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation.:

Employee Welfare Committee and Retirement Plan Committee

Name	Date of Establishment	Letter Granted by Competent Authority
Employee Welfare Committee of Gemtek Technology Co., Ltd.	January 19, 1999	1999Beifulaoshizhi No.20324
Supervisory Committee of Business Entities' Labor Retirement Reserve of Gemtek Technology Co., Ltd.	October 30, 2000	2000Fulaozhizhi No.159743

1. Employee Benefits:

(1) Labor Insurance and National Health Insurance:

The Company offers Labor Insurance and National Health Insurance benefits to Gemtek employees starting from the first day of work.

(2) Group Insurance Plan:

Based on the job grades of individuals, Gemtek employees can receive an additional Group Insurance Plan benefit which the premiums are paid at the Company's expense. Employees are also given the option to purchase Self-insured Plans for family members, providing an extra layer of coverage and care for their loved ones.

(3) Travel Insurance for Business Trips:

Gemtek employees are entitled to receive a comprehensive, company-paid travel benefit for any accidental death or injury that may occur when going on business trips.

(4) Staff Cafeteria, Dormitory, Parking Lot.

(5) Employee Bonus and Compensation Programs.

(6) Recreational Area and Break Rooms:

Gemtek headquarters is equipped with an indoor cafe, aerobics training room, office gym, table tennis room, badminton court, basketball court, etc.

(7) Employee Welfare Committee:

In compliance with relevant regulations, the Company has set up an Employee Welfare Committee to administer employee welfare funds and deploy various welfare measures and events to broaden employee benefits and wellness, which include birthday rewards, travel benefits, holiday bonuses, marriage benefits, maternity and paternity benefits, bereavement benefits, and recreational club activities funding, etc.

2. On October 30th, 2000 (89 FuLaoZhiZhi Letter No. 159743), the Company has officially established a Supervisory Committee of Business Entities' Labor Retirement Reserve in accordance with the provisions of the "Rules Governing Organization of Supervisory Committee of Business Entities' Labor Retirement Reserve" promulgated by the Ministry of the Interior. The Supervisory Committee prepares a retirement reserve based on the approved provisions each year. This retirement reserve is allocated to a special account owned by the Labor Retirement Reserve Supervisory Committee for future pension payments. In addition, in accordance with the Labor Pension Act, for employees who have chosen the new labor retirement plan since July 1, 2005, the company will deposit 6% of the employee's salary to the employee's personal labor retirement pension account every month, which will be kept under the custody of the Bureau of Labor Insurance. Since 2023 until now, the total amount of retirement pension paid is NTD\$7,432,707.

3. In order to enhance the quality of human resources, the Company has formulated employee education and training programs to sustain the company's development goals and support lifelong learning plans for employees. The ultimate goal is to cultivate talents at all levels, keep employees inspired, and improve work efficiency.

4. Health Management:

(1) Hold employee health promotion activities and lectures regularly. Provide high-quality health management services.

(2) Routine on-site healthcare services.

(3) In addition to the regular health check items required by law, we have voluntarily added up to 12 additional check items, such as abdominal ultrasound and liver function tests. Additionally, we offer optional paid check items for employees to choose from, facilitating the early detection and control of health issues.

(4) For employees engaged in tasks with special health hazards, special health checks are conducted according to the plan. The company strictly follows the Personal Data Protection Management Act to maintain the confidentiality of each employee's personal health information. Based on the health examination results, the factory nurse conducts analysis of the top ten abnormalities and individual health grading management within the factory. Annual health promotion activities are planned accordingly, such as weight loss programs, walking exercises, lectures by renowned doctors, and bone density tests, to assist colleagues in enhancing health awareness and practicing healthy lifestyles.

(5) We employ full-time chefs to prepare meals for employees, instead of outsourcing to catering companies. Our buffet offers one main dish, four side dishes, soup, and fruits daily. For staples, there are options of white rice and brown rice, with considerations for vegetarian choices. In addition to rice, various noodle dishes are also available for colleagues to diversify their meal choices. We prioritize the health and balanced nutrition of our colleagues by carefully selecting fresh ingredients, minimizing processed foods, and avoiding reused cooking oil. All meals undergo strict supervision by a nutritionist, and the menu clearly indicates the calorie content of each dish, allowing employees to manage their portions and calories independently. Our aim is to ensure that employees eat with peace of mind, lose weight effortlessly, and maintain a happy, healthy lifestyle without regaining weight.

5. Status of labor-management agreements and measures for preserving employees' rights and interests.

(1) Department Meetings: Mainly for addressing issues on communication, allocation of human resources, uncovering problems, in addition to promoting and executing certain matters. The purpose of the meetings is to allow employees to fully understand the Company's standards in production, technology, safety, and quality, as well as create a sense of camaraderie.

(2) Employee Welfare Committee Meeting: Meetings are held quarterly to discuss and inspect matters that center on employee welfare, and also for the purpose of allowing managerial offices to reflect on these particular issues. Representatives of labor and management are to sit together and discuss the policies and measures to improve employee welfare, i.e. understanding employee demands and concerns.

(3) The Company regularly convenes labor-management meetings and has also established an anti-sexual harassment committee. The duty of the ad hoc committee is to address and respond to grievances regarding sexual harassment.

(II) List any losses suffered by the company in the most recent 2 fiscal years and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

The company has always attached importance to labor-management relations and has made efforts to maintain a harmonious labor-management relationship. There has been no loss due to labor disputes. It is estimated that in the future, under the company's comprehensive employee welfare measures, no labor disputes shall occur.

VI. Cyber Security Management

(I) Cyber Security Risk Management Framework:

In August 2010, our company founded the "Cyber Security Committee," led by the head of the Information Technology Department as the chairman. The committee holds management review meetings every six months to create and evaluate cyber security management objectives and policies, establish business continuity plans for information-related operations, and implement information-related activities in accordance with applicable laws and regulations. The committee is responsible for developing the cyber security management manual and supervising the implementation of the management system, in addition to other related tasks. The content includes:

1. The committee reviews and releases the cyber security management manual and regulations by assessing the company's cyber security strategies, operational needs, changes in laws and regulations, cyber security requirements, technological advancements, and acceptable risk levels,.
2. Determine the acceptable level of cyber security risk by assessing the results of the report.
3. Negotiate and establish various control measures and processing procedures for cyber security.
4. Supervise the introduction process of the cyber security management system.
5. Review and improve the current cyber security management system to enhance its operational efficiency and effectiveness.
6. Monitor and review the response and improvement measures of significant cyber security incidents.

(II) Cyber Security Policy:

To ensure robust cyber security management and compliance with the ISO 27001 Information Security Management System's requirements for confidentiality, integrity, and availability, 10 Cyber Security Policies have been defined to prevent risks such as destruction, theft, leakage, tampering, abuse, and intentional actions. These policies are intended to maintain the continuous operation of information systems and businesses while meeting applicable legal regulations and the demands of internal and external stakeholders. The policies are duly announced on the company's official website. All personnel are required to be familiar with these policies and comply with relevant cyber security control procedures and regulations.

(III) Types of Controls and Measures:

Type	Explanation	Controls and Measures
User Management	Employee User Accounts, Authorization, and System Operation	1.Manage and perform regular reviews on employee user account permissions. 2.Manage machine room access controls. 3.Email system two-factor authentication to ensure email security.
Access Control	Access to internal and external systems and information by personnel	1.Audit and management of system access permission. 2.Data access control 3.Record of operational behavior trails
Internal and External Threats	Protection measures for system vulnerabilities, antivirus and anti-hacking	1.Conduct system vulnerability scanning, system updates, and vulnerability remediation periodically. 2.Separate office and production networks. Establish next-generation firewalls (NGFW) for advanced protection based on application Layer 7 systems to prevent virus attacks. 3.Detect and prevent malicious behaviors by using virus detection softwares and updates, and introduce Managed Detection and Response (MDR) outsourced services. 4.Strengthen email security, including spam blocking and email virus detection. 5.Conduct network risk assessments through a third-party threat detection service, SecurityScorecard The company has maintained a level A rating throughout the year
System Availability	Measures for handling system availability and service interruption	1.Monitor system and network availability. 2.The uninterrupted power supply system in the data center was updated this year to a rack-mounted modular UPS system to provide higher scalability and continuous power for 90 minutes minimum. 3.Introduce new backup software and hardware to strengthen off-site data backup and enhance control for potential destruction. 4.Perform disaster recovery drills and restoration exercises periodically. A total of 19 drills and exercises were conducted this year.
Cyber Security Training and Campaigns	Strengthen employees' awareness and concepts of information security	1.There were a total of 18 cyber security awareness campaigns, including topics such as prevention engineering for email and social media, prevention of business email scams, and compliance with intellectual property rights. 2.Cyber security education and training: Different levels of training rollouts were offered to general

Type	Explanation	Controls and Measures
		employees and IT professionals. A total of 13 sessions and 902 hours were provided. 3.To enhance phishing email awareness, social engineering drills were conducted, and further education and training were provided for personnel who violated policies.

(IV) ISO 27001:2022 Certification for Cyber Security Management System:

Gemtek obtained ISO 27001 certification in August 2010 as part of its cyber security control measures to meet the requirements of cyber security management plans, international cyber security management systems, and to satisfy the cyber security demands of stakeholders. The certificate is valid from August 2022 to August 2025. This implementation has not only enhanced our cyber security management and operational capabilities but has also safeguarded the security of assets belonging to both our company and customer. In addition, this year we have joined the government's TWCERT/CC Cybersecurity Alliance to share intelligence information, strengthen cybersecurity collaborative defense systems, and enhance our self-protection capabilities.

(V)Cyber Security Breach and Incidents :

List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None

VII Important Contracts

Type of Contract	Counterparty	Contract Period	Main Content	Restrictive Clauses
Development& Manufacturing Contract	A Company	June 11, 2013~ still effective	Gemtek is commissioned by counterparty to development network communication products	Confidentiality clause
Development& Manufacturing Contract t	B Company	January 30, 1997~ still effective	Gemtek is commissioned by counterparty to development network communication products	Confidentiality clause
Development& Manufacturing Contract	C Company	February 16, 1999~ still effective	Gemtek is commissioned by counterparty to development network communication products	Confidentiality clause

VI. Financial Summary

I. Condensed Balance Sheet and Income Statement for the Past 5 Years

(I) Condensed Balance Sheet

(1) Condensed Balance Sheet (Consolidated) of Gemtek and its Subsidiaries – Based on IFRS

Unit: All numbers in NT\$ thousands

Year Item		Financial Summary (Note 1)				
		2019	2020	2021	2022	2023
Current Assets		9,548,019	12,673,645	12,009,494	15,279,055	13,525,962
Property, plant and equipment		2,867,476	3,325,158	3,471,538	4,042,505	3,411,716
Intangible assets		447,765	79,763	349,041	330,969	293,590
Other Assets		1,836,476	2,577,810	4,386,957	5,178,010	4,738,86
Total Assets		14,699,736	18,656,376	20,217,030	24,830,539	21,970,128
Current Liabilities	Before dividend distribution	4,613,772	9,043,613	8,056,708	11,212,687	7,268,534
	After dividend distribution	4,791,683	9,758,945	8,664,446	11,804,399	7,884,110
Non-current Liabilities		1,398,089	228,628	244,501	238,990	1,506,003
Total Liabilities	Before dividend distribution	6,011,861	9,272,241	8,301,209	11,451,677	8,774,537
	After dividend distribution	6,189,772	9,987,573	8,908,947	12,043,389	9,390,113
Attributable to the equity of the owner of the parent company		8,417,519	9,384,003	11,689,827	13,073,042	12,839,396
Share Capital		3,568,835	3,575,905	3,705,986	3,946,465	4,056,057
Capital Reserve	Before dividend distribution	4,761,281	4,606,007	4,441,626	4,983,065	5,329,633
	After dividend distribution	4,583,370	4,248,341	4,441,626	4,983,065	5,329,633
Retained Earnings	Before dividend distribution	1,310,513	2,583,817	2,881,142	2,867,582	2,790,506
	After dividend distribution	1,310,513	2,226,151	2,273,404	2,275,870	2,174,930
Other equity		(1,223,110)	(1,381,726)	661,073	1,275,930	663,200
Treasury Stock		-	-	-	-	-
Non-controlling interests		270,356	132	225,994	305,820	356,195
Total Equity	Before dividend distribution	8,687,875	9,384,135	11,915,821	13,378,862	13,195,591
	After dividend distribution	8,509,964	8,668,803	11,308,083	12,787,150	12,580,015

Note 1: For the years 2019 to 2023, the Company has adhered to the IFRS standards. The above financial information was audited by the CPA.

(2) Condensed Balance Sheet – Based on IFRS

Unit: All numbers in NT\$ thousands

<div>Year</div> <div>Items</div>		Financial Summary (Note 1)				
		2019	2020	2021	2022	2023
Current Assets		5,516,874	8,769,744	7,679,069	11,325,513	9,701,449
Property , plant, and equipment		1,131,078	1,321,057	1,457,078	1,431,892	1,358,858
Intangible Assets		-	-	-	-	-
Other Assets		7,197,393	7,242,756	9,439,592	10,572,855	10,422,589
Total Assets		13,845,345	17,333,557	18,575,739	23,330,260	21,482,896
Current Liabilities	Before dividend distribution	4,057,253	7,735,749	6,668,786	10,043,103	7,162,624
	After dividend distribution	4,235,164	8,451,081	7,276,524	10,634,185	7,778,200
Non-current Liabilities		1,370,573	213,805	217,126	214,115	1,480,876
Total Liabilities	Before dividend distribution	5,427,826	7,949,554	6,885,912	10,257,218	8,643,500
	After dividend distribution	5,605,737	8,664,886	7,493,650	10,848,930	9,259,076
Attributable to the equity of the owner of the parent company		-	-	-	-	-
Share Capital		3,568,835	3,575,905	3,705,986	3,946,465	4,056,057
Capital Surplus	Before dividend distribution	4,761,281	4,606,007	4,441,626	4,983,065	5,329,633
	After dividend distribution	4,583,370	4,248,341	4,441,626	4,983,065	5,329,633
Retained Earnings	Before dividend distribution	1,310,513	2,583,817	2,881,142	2,867,582	2,790,506
	After dividend distribution	1,310,513	2,226,151	2,273,404	2,275,870	2,174,930
Other Equities		(1,223,110)	(1,381,726)	661,073	1,275,930	663,200
Treasury Stock		-	-	-	-	-
Non-controlling Interests		-	-	-	-	-
Total Equity	Before dividend distribution	8,417,519	9,384,003	11,689,827	13,073,042	12,839,396
	After dividend distribution	8,239,608	8,668,671	11,082,089	12,481,330	12,223,820

Note 1: For the years 2019 to 2023, the Company has adhered to the IFRS standards The above financial information was audited by the CPA.

(II) Income Statements

(1) Condensed Income Statement (Consolidated) of Gemtek and Subsidiaries– Based on IFRS

Unit: All numbers in NT\$ thousands

<div> <div></div> <div>Year</div> <div></div> </div> <div>Items</div>	Financial Summary (Note 1)				
	2019	2020	2021	2022	2023
Operating Income	18,057,131	19,929,372	22,912,691	27,899,990	26,136,349
Gross Profit	1,772,491	2,265,576	2,060,592	2,865,274	2,771,157
Operating Profit	51,499	467,913	356,093	728,357	463,625
Non-operating income and expense	231,056	1,105,259	367,360	190,976	325,043
Profit before tax	282,555	1,573,172	723,453	919,333	788,668
Net income for the year from the continuing department	209,973	1,407,574	681,584	746,050	545,545
Loss from the discontinued department	-	-	-	-	-
Current period net profit	209,973	1,407,574	681,584	746,050	545,545
Other current comprehensive income (loss) profit(net after tax)	(475,358)	(184,190)	1,968,169	610,824	(611,436)
Total comprehensive income of current period	(265,385)	1,223,384	2,649,753	1,356,874	(65,891)
Net profit attributable to the owner of the parent company	201,193	1,370,155	679,793	664,683	609,150
Net profit attributable to non-controlling interests	8,780	37,419	1,791	81,367	(63,605)
Total current comprehensive income attributable to the owner of the parent company	(272,976)	1,186,605	2,647,962	1,275,507	(2,286)
Total current comprehensive income attributable to non-controlling interests	7,591	36,779	1,791	81,367	(63,605)
Earnings per share	0.57	3.86	1.89	1.70	1.55

Note 1: For the years 2019 to 2023, the Company has adhered to the IFRS standards. The above financial information was audited by the CPA.

(2) Condensed Comprehensive Income Statement of Gemtek – Based on IFRS

Unit: All numbers in NT\$ thousands

Items \ Year	Financial Summary				
	2019	2020	2021	2022	2023
Operating Income	14,530,958	16,484,007	20,562,652	25,763,706	24,373,051
Gross Profit	1,180,414	1,568,999	1,524,543	1,642,074	2,187,076
Net operating income (loss)	(66,480)	230,908	183,059	87,795	455,886
Non-operating income and expenses	268,551	1,228,732	523,961	687,862	240,127
Profit before tax	202,071	1,459,640	707,020	775,657	696,013
Net income for the year from the continuing department	201,193	1,370,155	679,793	664,683	609,150
Loss from the discontinued department	-	-	-	-	-
Current period net profit	201,193	1,370,155	679,793	664,683	609,150
Other comprehensive income recognized for the period (net amount after tax)	(474,169)	(183,550)	1,968,169	610,824	(611,444)
Total comprehensive income of current period	(272,976)	1,186,605	2,647,962	1,275,507	(2,294)
Earnings per share	0.57	3.86	1.89	1.70	1.55

Note 1: For the years 2019 to 2023, the Company has adhered to the IFRS standards. The above financial information was audited by the CPA.

(III) Factors that may impact the effectiveness of the above comparison: None

(IV) Audit Opinions

1. Auditors and their Audit Opinions over the Past 5 Years

Year	Audit Firm	CPA	Opinion
2018	Deloitte & Touche	Ching-zen Yang, Zhe-li Gung	Unqualified opinion
2019	Deloitte & Touche	Ching-zen Yang, Zhe-li Gung	Unqualified opinion
2020	Deloitte & Touche	Ching-zen Yang, Jing-ting Yang	Unqualified opinion & Other matter paragraph
2021	Deloitte & Touche	Ching-zen Yang, Jing-ting Yang	Unqualified opinion & Other matter paragraph
2022	Deloitte & Touche	Han-ni Fang, Jing-ting Yang	Unqualified opinion & Other matter paragraph
2023	Deloitte & Touche	Han-ni Fang, Jing-ting Yang	Unqualified opinion

2. Explanation for changing CPA in the Past 5 years: Due to internal adjustments within the accounting firm.

II. Five Year Financial Analysis

(I) Financial Analysis (Consolidated) of Gemtek and its Subsidiaries – Based on IFRS

Year		2019	2020	2021	2022	2023
Items						
Financial Structure (%)	Debt to Assets Ratio	40.90	49.70	41.06	46.12	39.94
	Long-term capital to property, plant, and equipment	351.74	289.09	343.78	336.87	430.91
Solvency(%)	Current Ratio	206.95	140.14	149.06	136.27	186.09
	Quick Ratio	150.97	92.02	99.83	94.34	140.80
	Times interest earned (times)	627.95	11,776.04	4,946.59	1,556.07	864.26
Operational abilities	Average collection turnover (times)	3.65	3.94	3.70	3.55	3.22
	Average Collection days	100	92.63	98.64	102.81	113.35
	Inventory turnover (times)	5.86	5.14	5.06	5.85	5.91
	Average payable turnover (times)	4.60	3.93	4.32	4.53	3.92
	Average inventory turnover days	62.25	71.01	72.14	62.39	61.75
	Property, plant, and equipment turnover (time)	6.28	6.44	6.74	7.43	7.01
	Total assets turnover (times)	1.17	1.19	1.18	1.24	1.12
Return on investment (%)	Return on assets	1.65	8.59	4.05	3.60	2.72
	Return on shareholders' equity	2.42	15.58	6.69	5.90	4.11
	Income before tax as a percentage of paid-in capital	7.92	43.99	19.76	23.30	19.44
	Net profit rate	1.16	7.06	2.97	2.67	2.09
	Earnings per share (NTD) (Note 2)	0.57	3.86	1.89	1.70	1.55
Cash flows (%)	Cash flow ratio	60.6	(10.03)	(7.11)	8.53	35.90
	Cash Flow adequacy ratio	163.63	40.41	2.12	17.30	78.42
	Cash Flow Reinvestment Ratio	21.47	(8.35)	(8.29)	2.01	11.30
Leverage	Operating Leverage	7.91	1.90	2.33	1.78	2.44
	Financial Leverage	(14.86)	1.07	1.09	1.13	1.33

Changes in financial ratios over the past 2 fiscal years (Analysis is not required for changes less than 20%):

1. Due to the increase in non-current debt from issuance of convertible bonds in 2023, the long-term capital to property, plant, and equipment increased by 27.9% compared with that in 2022.
2. Due to reimbursement of short-term loan with issuance of convertible bonds in 2023, the current ratio and quick ratio increased by 36.6% and 49.3%, respectively, compared with that in 2022.
3. Due to the increase of interest rate expenses from issuance of convertible bonds and short-term loan in 2023, the Times interest earned decreased by 44.5%, compared with that in 2022.

4. Due to the decrease in annual net profit after tax in 2023, return on assets, return on shareholders' equity, and net profit rate decreased by 24.5%, 31%, and 21.9%, respectively, compared with that in 2022.
5. Due to the decrease in net cash inflow from operating activities in 2023, the Cash Flow Ratio, Cash Flow adequacy ratio, and Cash Flow Reinvestment Ratio increased by 320.8%, 353.3%, and 462.6%, respectively, compared with that in 2022.
6. Due to the decrease in operating net income in 2023, the Operating Leverage increased by 37.3% compared with that in 2022.

Data source: Financial reports verified or reviewed by the CPA.

Note 1: For the years 2019 to 2023, the Company has adhered to the IFRS standards. The above financial information was audited by the CPA.

Note 2: The following formulas are applied when calculating the financial ratios.

1. Financial structure

- (1) Debt ratio = Total liabilities / Total assets
- (2) Ratio of long-term funds to property, plant, and equipment = (Total equity + Non-current liabilities) / Net property, plant, and equipment

2. Debt service ability

- (1) Current ratio = Current assets / Current liabilities
- (2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liabilities
- (3) Times interest earned ratio = Earnings before interest and taxes / Interest expenses

3. Operating ability

- (1) Accounts receivable turnover rate (including accounts receivable and bills receivable from business activities) = Net sales / Balance of average accounts receivable in each period (including accounts receivable and bills receivable from business activities)
- (2) Average days for cash receipts = 365 / Accounts receivable turnover
- (3) Inventory turnover rate = Cost of sales / Average inventory
- (4) Payables turnover rate (including accounts payable and bills payable from business activities) = Cost of sales / Balance of average accounts payable in each period (including accounts payable and bills payable from business activities)
- (5) Average days for sale of goods = 365 / Inventory turnover
- (6) Turnover rate for property, plant and equipment = Net sales / Average net property, plant, and equipment
- (7) Total asset turnover rate = Net sales / Average total assets

4. Profitability

- (1) Asset return ratio = [Profit or loss after tax + Interest expenses × (1 - Tax rate)] / Average total assets
- (2) Equity return ratio = Profit or loss after tax / Average total equity
- (3) Net profit ratio = Profit or loss after tax / Net sales
- (4) Earnings per share = (Income attributable to owners of parent company - Preferred shares dividends) / Weighted average number of shares issued

5. Cash flow

- (1) Cash flow ratio = Net cash flows from operating activities / Current liabilities
- (2) Cash flow sufficiency ratio = Net cash flow from operating activities for the most recent five years / (Capital expenditures + Inventory increment + Cash dividends) for the most recent five years
- (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends) / (Gross property, plant, and equipment + Long-term investment + Other non-current assets + Working capital)

6. Leverage

- (1) Operating leverage = (Net operating revenue - Variable operating costs and expenses) / Operating income
- (2) Financial leverage = Operating income / (Operating income - Interest expenses)

Note 3: When the above formula for calculation of earnings per share is used during measurement, give special attention to the following matters:

1. Measurement should be based on the weighted average number of common shares, not the number of issues shares at year end.
2. In any case where there is a cash capital increase of treasury stock transaction, the period of time in circulation shall be considered in calculating the weighted average number of shares.
3. In the case of capital increase out of earnings or capital surplus, the calculation of earnings per share for the past fiscal year and the fiscal half-year shall be retrospectively adjusted based on the capital increase ratio, without the need to consider the issuance period for the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividend of the current year (whether issued or not) shall be subtracted from the net profit after tax, or added to the net loss after tax. In the case of non-cumulative preferred shares, if there is net profit after tax, dividend on preferred shares shall be subtracted from the net profit after tax; if there is loss, then no adjustment need to be made.

Note 4: Give special attention to the following matters when carrying out cash flow analysis:

1. Net cash flow from operating activities means net cash in-flows from operating activities listed in the statement of cash flows.
2. Capital expenditures means the amounts of cash out-flows for annual capital investment.
3. Inventory increase will only be entered when the ending balance is larger than the beginning balance. An inventory decrease at year end will be deemed zero for calculation.
4. Cash dividend includes cash dividends from both common shares and preferred shares.
5. Gross property, plant and equipment means the total value of property, plant and equipment prior to the subtraction of accumulated depreciation.

Note 5: Issuers shall separate operating costs and operating expenses by their nature into fixed and variable categories. When estimations or subjective judgments are involved, give special attention to their reasonableness and to maintain consistency.

Note 6: In the case of a company whose shares have no par value or have a par value other than NT\$10, for the calculation of the above-mentioned paid-in capital ratio, the ratio of equity attributable to owners of the parent as stated in the balance sheet shall be substituted.

(II) Financial Analysis of Gemtek – Based on IFRS

Year		2019	2020	2021	2022	2023
Items						
Financial Structure (%)	Debt to Assets Ratio	39.20	45.86	37.07	43.97	40.23
	Long-term capital to property, plant, and equipment	865.38	726.52	817.18	927.94	1,053.85
Solvency(%)	Current Ratio	135.98	113.37	115.15	112.77	135.45
	Quick Ratio	119.18	103.03	105.65	106.69	131.34
	Times interest earned (times)	630.71	11,088.75	4,928.54	1,330.47	811.15
Operational abilities	Average collection turnover (times)	3.27	3.22	3.09	3.30	2.95
	Average Collection days	117.71	113.52	118.01	110.51	123.82
	Inventory turnover (times)	30.63	20.44	27.04	39.69	51.09
	Average payable turnover (times)	4.10	2.80	4.66	4.88	0.00
	Average inventory turnover days	11.92	17.86	13.5	9.20	7.14
	Property, plant, and equipment turnover (time)	12.63	13.44	14.80	17.84	17.47
	Total assets turnover (times)	1.00	1.06	1.15	1.23	1.22
Return on investment (%)	Return on assets	1.69	8.94	3.92	3.44	3.12
	Return on shareholders' equity	2.36	15.39	6.76	5.37	4.70
	Income before tax as a percentage of paid-in capital	5.66	40.82	19.31	19.65	17.16
	Net profit rate	1.38	8.31	3.31	2.58	2.50
	Earnings per share (NTD) (Note 2)	0.57	3.86	1.89	1.70	1.55
Cash flows (%)	Cash flow ratio	44.03	(18.65)	(13.91)	15.12	30.88
	Cash Flow adequacy ratio	139.32	34.41	(78.09)	(3.34)	107.26
	Cash Flow Reinvestment Ratio	16.30	(15.12)	(12.51)	6.24	0.10
Leverage	Operating Leverage	(0.92)	1.59	1.86	2.99	1.40
	Financial Leverage	0.55	1.15	1.20	4.82	1.33

Changes in financial ratios over the past 2 fiscal years (Analysis is not required for changes less than 20%):

1. Due to reimbursement of short-term loan with issuance of convertible bonds in 2023, the current ratio and quick ratio increased by 20.11% and 23.1%, respectively, compared with that in 2022.
2. Due to the increase of interest rate expenses from issuance of convertible bonds and short-term loan in 2023, the Times interest earned decreased by 39.03%, compared with that in 2022.

3. Due to the decrease in inventory and cost of goods sold in 2023, where the margin for inventory decrease is larger than the cost decrease, the inventory turnover rate increased by 28.72% compared with that in 2022.
4. Due to the increase in inventory turnover rate in 2023, the inventory turnover rate decreased by 22.31% compared with that in 2022, and the average sales days decreased.
5. Due to the increase in net cash inflow from operating activities in 2023, the cash flow ratio, Cash Flow adequacy ratio, and Cash Flow Reinvestment Ratio increased by 104.19%, 3126.04%, and 65.65%, respectively, compared with that in 2022.
6. Due to the increase in operating net income in 2023, the Operating Leverage and Financial Leverage decreased by 53.24% and 72.42% compared with that in 2022.

Data source: Financial reports verified or reviewed by the CPA.

Note 1: For the years 2019 to 2023, the Company has adhered to the IFRS standards. The above financial information had been audited by the CPA.

Note 2: The following formulas are applied when calculating the financial ratios.

1. Financial structure

- (1) Debt ratio = Total liabilities / Total assets
- (2) Ratio of long-term funds to property, plant, and equipment = (Total equity + Non-current liabilities) / Net property, plant, and equipment

2. Debt service ability

- (1) Current ratio = Current assets / Current liabilities
- (2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liabilities
- (3) Times interest earned ratio = Earnings before interest and taxes / Interest expenses

3. Operating ability

- (1) Accounts receivable turnover rate (including accounts receivable and bills receivable from business activities) = Net sales / Balance of average accounts receivable in each period (including accounts receivable and bills receivable from business activities)
- (2) Average days for cash receipts = 365 / Accounts receivable turnover
- (3) Inventory turnover rate = Cost of sales / Average inventory
- (4) Payables turnover rate (including accounts payable and bills payable from business activities) = Cost of sales / Balance of average accounts payable in each period (including accounts payable and bills payable from business activities)
- (5) Average days for sale of goods = 365 / Inventory turnover
- (6) Turnover rate for property, plant and equipment = Net sales / Average net property, plant, and equipment
- (7) Total asset turnover rate = Net sales / Average total assets

4. Profitability

- (1) Asset return ratio = [Profit or loss after tax + Interest expenses × (1 - Tax rate)] / Average total assets
- (2) Equity return ratio = Profit or loss after tax / Average total equity
- (3) Net profit ratio = Profit or loss after tax / Net sales
- (4) Earnings per share = (Income attributable to owners of parent company - Preferred shares dividends) / Weighted average number of shares issued

5. Cash flow

- (1) Cash flow ratio = Net cash flows from operating activities / Current liabilities
- (2) Cash flow sufficiency ratio = Net cash flow from operating activities for the most recent five years / (Capital expenditures + Inventory increment + Cash dividends) for the most recent five years

(3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends) / (Gross property, plant, and equipment + Long-term investment + Other non-current assets + Working capital)

6. Leverage

(1) Operating leverage = (Net operating revenue - Variable operating costs and expenses) / Operating income

(2) Financial leverage = Operating income / (Operating income - Interest expenses)

Note 3: When the above formula for calculation of earnings per share is used during measurement, give special attention to the following matters:

1. Measurement should be based on the weighted average number of common shares, not the number of issues shares at year end.
2. In any case where there is a cash capital increase of treasury stock transaction, the period of time in circulation shall be considered in calculating the weighted average number of shares.
3. In the case of capital increase out of earnings or capital surplus, the calculation of earnings per share for the past fiscal year and the fiscal half-year shall be retrospectively adjusted based on the capital increase ratio, without the need to consider the issuance period for the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividend of the current year (whether issued or not) shall be subtracted from the net profit after tax, or added to the net loss after tax. In the case of non-cumulative preferred shares, if there is net profit after tax, dividend on preferred shares shall be subtracted from the net profit after tax; if there is loss, then no adjustment need to be made.

Note 4: Give special attention to the following matters when carrying out cash flow analysis:

1. Net cash flow from operating activities means net cash in-flows from operating activities listed in the statement of cash flows.
2. Capital expenditures means the amounts of cash out-flows for annual capital investment.
3. Inventory increase will only be entered when the ending balance is larger than the beginning balance. An inventory decrease at year end will be deemed zero for calculation.
4. Cash dividend includes cash dividends from both common shares and preferred shares.
5. Gross property, plant and equipment means the total value of property, plant and equipment prior to the subtraction of accumulated depreciation.

Note 5: Issuers shall separate operating costs and operating expenses by their nature into fixed and variable categories. When estimations or subjective judgments are involved, give special attention to their reasonableness and to maintain consistency.

Note 6: In the case of a company whose shares have no par value or have a par value other than NT\$10, for the calculation of the above-mentioned paid-in capital ratio, the ratio of equity attributable to owners of the parent as stated in the balance sheet shall be substituted.

III. Audit Committee's review report on the financial report for the most recent fiscal year

Gemtek Technology Co., Ltd.

Audit Committee's Report

To the Shareholders Meeting

In reference to the Company's 2023 business report and financial statements compiled by the Board of Directors, the CPA firm of Deloitte & Touche has provided an audit report based on the scope of the audit engagement. In addition, the business report and financial report have been reviewed and determined to be correct and accurate by the Audit Committee members of Gemtek. In accordance with the Securities and Exchange Act and the Company Act, we hereby submit this report.

Gemtek Technologies Co., Ltd.

Convener of the Audit Committee

Wang, Zhu san

March 13, 2024

- If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the company's financial situation: None.
- Review and Analysis of Financial Position, Financial Performance, and Risk Management

I. Financial Position Analysis (CONSOLIDATED) - IFRS

Unit: NT\$, All in thousands

Items \ Year	Dec. 31, 2023	Dec. 31, 2022	Difference	(%)
Current assets	13,525,962	15,279,055	(1,753,093)	(11.47)
Long-term equity investment	4,045,215	4,564,868	(519,653)	(11.38)
Property, plant, and equipment	3,411,716	4,042,505	(630,789)	(15.60)
Other assets	987,235	944,111	43,124	4.57
Total assets	21,970,128	24,830,539	(2,860,411)	(11.52)
Current liabilities	7,268,534	11,212,687	(3,944,153)	(35.18)
Non-current liabilities	1,506,003	238,990	1,267,013	530.15
Total liabilities	8,774,537	11,451,677	(2,677,140)	(23.38)
Share capital	4,056,057	3,946,465	109,592	2.78
Capital surplus	5,329,633	4,983,065	346,568	6.95
Retained earnings	2,790,506	2,867,582	(77,076)	(2.69)
Other items under equity	663,200	1,275,930	(612,730)	(48.02)
Non-controlling interests	356,195	305,820	50,375	16.47
Total equity	13,195,591	13,378,862	(183,271)	(1.37)
1. Analysis of deviation and impact: (Amount deviation over 20% and above NT\$10 million)				
(1) Decrease in current liabilities is mainly attributed to reimbursement of short-term loans through issuance of convertible bonds in 2023.				
(2) Increase in non-current liabilities is mainly attributed to issuance of convertible bonds in 2023.				
(3) Decrease in total liabilities is mainly attributed to decrease in account payable.				
(4) Decrease in other equity was mainly attributed to the issuance of employee restricted stock in 2023 and decrease in unrealized gains and losses on financial assets measured at fair value through other comprehensive gains and losses.				
2. Countermeasures: None. The above changes have no significant impact on our company.				

II. Financial Performance
(I) Financial Performance Analysis

Unit: NTD, All in thousands

Items \ Year	2023	2022	Difference	(%)
Net operating income	26,136,349	27,899,990	(1,763,641)	(6.32)
Operating cost	23,365,192	25,034,716	(1,669,524)	(6.67)
Gross profit	2,771,157	2,865,274	(94,117)	(3.28)
Operating expenses	2,307,532	2,136,917	170,615	7.98
Operating profit	463,625	728,357	(264,732)	(36.35)
Non-operating income and expenses	325,043	190,976	134,067	70.20
Income before taxation	788,668	919,333	(130,665)	(14.21)
Income tax expense	243,123	173,283	69,840	40.30
Net profits of the current year	545,545	746,050	(200,505)	(26.88)
Other comprehensive loss	(611,436)	610,824	(1,222,260)	(200.10)
Total comprehensive income	(65,891)	1,356,874	(1,422,765)	(104.86)
<p>1. Analysis of deviation and impact: (Amount deviation over 20% and above NT\$10 million)</p> <p>(1) Decrease in operating profit was mainly attributed to the decrease in operating income and increase in R&D expenses.</p> <p>(2) Increase in non-operating income and expenses was mainly attributed to the profit from the disposal of property, plant and equipment of Gemtek Electronics (ChangShu) Co., Ltd.</p> <p>(3) Increase in income tax expense was mainly attributed to the Board of Directors of Gemtek Electronics (Kunshan) Co., Ltd. resolved to distribute retained earnings.</p> <p>(4) Concluding the above, the net profits of the current year decreased by NTD200,505,000.</p> <p>(5) Decrease in other comprehensive gains and losses was mainly attributed to the decrease in unrealized gains and losses on financial assets measured at fair value through other comprehensive gains and losses.</p> <p>(6) Concluding the above, the total comprehensive income decreased by NTD1,422,765,000.</p> <p>2. Countermeasures: None. The above changes have no significant impact on our company.</p>				

(II)Gross Profit Variance Analysis:

Unit: NTD, All in thousands

Product	Factor Analysis	Year 2023/2022
Wireless Network Card	(I)Revenue Variance Analysis:	
	$P(Q' - Q)$	(353,946)
	$Q(P' - P)$	119,030
	$\frac{(P' - P)(Q' - Q)}{P'Q' - PQ}$	(22,172)
		(257,088)
	(II)Cost Variance Analysis:	
	$P(Q' - Q)$	(278,338)
	$Q(P' - P)$	100,084
	$\frac{(P' - P)(Q' - Q)}{P'Q' - PQ}$	(18,643)
	(III) Difference:	(196,897)
Wireless Gateway	(I) Revenue Variance Analysis:	
	$P(Q' - Q)$	(2,865,104)
	$Q(P' - P)$	1,183,451
	$\frac{(P' - P)(Q' - Q)}{P'Q' - PQ}$	(147,021)
		(1,828,674)
	(II) Cost Variance Analysis:	
	$P(Q' - Q)$	(2,623,615)
	$Q(P' - P)$	968,058
	$\frac{(P' - P)(Q' - Q)}{P'Q' - PQ}$	(120,263)
	(III) Difference:	(1,775,820)
Wireless Modules	(I) Revenue Variance Analysis:	
	$P(Q' - Q)$	(102,198)
	$Q(P' - P)$	175,362
	$\frac{(P' - P)(Q' - Q)}{P'Q' - PQ}$	(85,946)
		(12,782)
	(II) Cost Variance Analysis:	
	$P(Q' - Q)$	(97,303)
	$Q(P' - P)$	182,165
	$\frac{(P' - P)(Q' - Q)}{P'Q' - PQ}$	(89,280)
	(III) Difference:	(4,418)
Others	Difference:	(8,364)
Total		27,292
		(94,117)

Note: P'Q': Current year's price and quantity ; P Q: Prior year's price and quantity

1. Wireless Network Card

For the year 2023, as the COVID-19 pandemic eases, there has been a significant decrease in demand for laptops and desktops with Wireless Network Card terminals, resulting in the Company's sales volume for Wireless Network Card decreased with an unfavorable sales revenue variance of NT\$353,946 thousand. In terms of price, due to global inflation spiking material cost, which led to a relative increase in sales prices, therefore resulting in a favorable sales revenue variance of NT\$119,030 thousand. As for cost of goods sold, due to the decrease in sales volume, a favorable cost-volume variance was NT\$278,338 thousand; and due to the decrease in volume, the decrease in economies of scale plus higher costs in material from global inflation resulted in an unfavorable price variance of NT\$100,084 thousand. For sales mix, the decrease in sales volume has led to a decrease in production volume, resulting in an unfavorable sales revenue mix variance of NT\$22,172 thousand and a favorable sales cost mix variance of NT\$18,643 thousand. To summarize the above, the gross profit from sales of Wireless Network Card in 2023 compared with that in 2022 decreased by NT\$60,191 thousand.

2. Wireless Gateway

As the demand for existing Wireless Gateway equipment was fulfilled in 2022, the sales volume in 2023 decreased, resulting in unfavorable sales revenue variance of NT\$2,865,104 thousand. In terms of price, due to global inflation spiking material cost, which led to a relative increase in sales prices, therefore resulting in a favorable sales revenue variance of NT\$1,183,451 thousand. As for cost of goods sold, due to the decrease in sales volume, which led to a decrease in production, therefore resulting in a favorable cost variance of NT\$2,623,615 thousand. On the other hand, due to the fact that there's higher costs in material from global inflation, therefore resulting in an unfavorable cost variance of NT\$968,058 thousand. For sales mix, the decrease in sales volume and increase in sales price in addition to the decrease in production volume and increase in cost resulted in an unfavorable sales revenue mix variance of NT\$147,021 thousand and a favorable sales cost mix variance of NT\$120,263 thousand. To summarize the above, the gross profit from sales of Wireless Gateway in 2023 compared with that in 2022 decreased by NT\$52,854 thousand.

3. Wireless Modules

For the year 2023, due to decrease in contract manufacturing for AMPAK Technology, resulting in unfavorable sales revenue variance of NT\$102,198 thousand. In addition, due to partial increase in price due to the increase in cost, resulting in favorable sales revenue variance of NT\$175,362 thousand. As for cost of goods sold, due to the decrease in sales volume, resulting in a favorable cost variance of NT\$97,303 thousand. However, due to the cost variance in raw material and human labor, resulting in an unfavorable cost variance of NT\$182,165 thousand. For sales mix, the decrease in sales volume and increase in sales price resulted in an unfavorable sales revenue mix variance of NT\$12,782 thousand; and the decrease in sales volume and increase in cost of raw materials resulted in a favorable sales cost mix variance of NT\$4,418 thousand. To summarize the above, the gross profit from sales of Wireless Modules in 2023 compared with that in 2022 decreased by NT\$8,364 thousand.

III.Cash Flow

1.Cash Flow Analysis

Items \ Year	2023	2022	(%)
Cash Flow from operating activities	2,609,198	956,420	172.81
Cash Flow from investment activities	(83,390)	(662,691)	(87.42)
Cash Flow from financing activities	(520,397)	(704,106)	(26.09)
Analysis of Deviation: <u>Operating Activities:</u> Increase in net cash profit from operating activities, due to decrease in inventory for 2023. <u>Investment Activities:</u> Decrease in net cash profit from investment activities due to disposal of property, plant and equipment of Gemtek Electronics (ChangShu) Co., Ltd in 2023. <u>Financing Activities:</u> Decrease in net cash profit from financing activities due to reimbursement of short-term loan from issuance of convertible bonds in 2023.			

2.Remedial Actions for Liquidity Shortfall: As a result of positive operating cash flows and cash on-hand, remedial actions are not required.

3.Cash Flow Projection for Next Year:

Unit: NTD, All in Thousand

Beginning Cash Balance	Cash Flow from operating activities	Cash Flow from investment activities	Cash Flow from financing activities	Cash Surplus (Deficit)	Remedies for Cash Deficit	
					Investment Plans	Financing Plans
2,945,341	256,834	(197,047)	761,784	3,766,912	N/A	N/A
Analysis of Cash Flow: (1)Operating Activities: The projected net cash profit from operating activities for the upcoming year is NT\$256,834,000. (2)Investment and Financing Activities: The projected amount invested in deferred assets as in equipment and software, distribution of cash dividends, and remuneration of directors and supervisors are NT\$230,636,000, NT\$615,576,000, and NT\$14,791,000, respectively, for the forthcoming year. (3)Remedies for Cash Deficit and Cash Flow Analysis: N/A						

IV.Impact of major capital expenditures on the company's financial operations for the most recent fiscal year:

As of the date of this annual report's publication, there are no major capital expenditures.

V. Reinvestment policies, main reasons for profit/losses generated, improvement plans, and investment plans for the coming year:

1.Reinvestment Policy:

Gemtek primarily focuses on reinvesting in the wireless network communication industry and follows a conservative, long-term investment strategy. In compliance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" set by regulatory authorities, the company has established a "Procedure for Handling the Acquisition and Disposal of Assets" to guide our reinvestment decisions and provide transparency in relevant business and financial conditions. To ensure effective supervision and management of our reinvestment companies, Gemtek has also created a subsidiary management policy as part of our internal control system. This policy sets standards for information disclosure, financial management, business operations, inventory management, and financial control. Periodic audits are conducted to establish risk management mechanisms that maximize the value of our reinvestment business.

2.Reinvestment Analysis for Current Year- Main reasons for Profit/Loss, Improvement Plans, and Future Investment Plans

Unit: NTD/US, All in thousands

Investee	Profit/Loss for the Current Year	Main Reasons for Profit/Loss	Improvement Plans	Future Investment Plans
Gemtek Investment Co.,Ltd.	(9,089)	Recognition of loss in reinvestment.	-	-
G-Technology Investment Co.,Ltd.	(34,521)	Recognition of loss due to reinvestment in subsidiaries located in the Mainland Area	-	-
Brightech International Co., Ltd	(4,055)	Recognition of loss due to reinvestment in subsidiaries located in the Mainland Area	-	-
Ampak Technology, Inc.	71,968	Production achieved projected profit.	-	-
Wi Tek Investment Co.,Ltd	(4,735)	Browan Communications (XI AN) INC is a cloud application research and development center. R&D investment resulted in current loss.	Strengthen R&D Management	-
Browan Communications Incorporation	(59,084)	Production achieved projected profit.	-	-
Gemtek Vietnam Co., Ltd.	178,545	Recognition of profit gain in reinvestment.	-	-
Antek Networks Inc.	(2,549)	Restructuring cloud technologies into online educational services. The revenue generated from the sale of applications and features is	-	-

		insufficient to cover operational expenses.		
Genix Networks Inc. (Former: Lionic Networks Inc.)	(2,854)	New establishment		
BandRich Inc.	(426)	Increase in product transition expenses.		
5V Technologies, Ltd.	815	Production achieved projected profit.		

3. Future Investment Plans: None for the upcoming year.

VI.Organizational Risk Management

Risk Management Framework

Over the years, Gemtek has continued to strengthen its corporate risk management framework by adopting internal control practices that involve risk detection, evaluation, reporting, and handling. The Internal Control System developed by Gemtek is implemented on two levels. Corporate divisions and members form the Primary Level, which is the first line of defense, is to identify underlying risks, and to assess and manage ongoing risk mitigation policies. The Advanced Level consists of individuals from the upper level of the management hierarchy (i.e. Deputy General Manager and above) who are in charge of evaluating the feasibility of business and its risk factors, while final decisions are subject to the consideration of the chairman of the board.

Despite having comprehensive risk control measures in place, the Company has not established a permanent risk management division to overlook relevant matters. The plan is for all employees to be aware of risks and escalate matters at all times to prevent any avoidable events. In cases of emergencies, the Company shall activate its Business Continuity Management Plan to support business operations. The Company's risk management framework is as illustrated in the following chart.

Risk Management Framework

Evaluation of Risk Factors	Direct Risk Management (Divisions) (Primary Level)	Risk Assessment and Control (Advanced Level)
I. Climate change	Corporate Efficiency Division	Activation of Business Continuity Management Plan and Implementation: (General Manager, COO, Manufacturing Division, Sales Division, Logistics Division, Human Resources Division, General Management Division, Factory Management Division, EHS Division etc.) Final conclusions of the chairman shall be reported to the board of directors
II. Impact on production capacity caused by natural disasters	Factory Management, HR, General Management, EHS	
III. Fire emergencies, power outages, and other anomalies	Manufacturing Division, Information Division	
IV. Terrorist attack	Logistics Division, Information Division	
V. Supply shortages	Logistics Division	
VI. Financial risks	Finance Division	
VII. High-risk investments, lending funds to other parties, and derivative transactions	Finance Division	
VIII. Investment in the Mainland area and subsidiaries	Finance Division	
IX. Expansion of manufacturing plant and production	Factory Management Division	

Risk Management and Assessment:

(I) Impacts of interest and foreign exchange rate fluctuations and inflation on the Company's profit and loss, and countermeasures:

(1) Interest Rate

In 2023, the company's financial expenses, including interest expenses on bank loans and amortization of interest expenses on convertible bonds, amounted to NT\$114,436 thousands. The company's financial status is sound. The company's financial division closely monitors interest rate trends and maintains close communication with banks to obtain favorable borrowing rates. The company also adjusts its funding sources by adopting various financing methods in the capital market to avoid any significant negative impact on its profit and loss caused by interest rate fluctuation.

(2) Foreign Exchange Rate Fluctuations and Inflation

The company has foreign currency positions arising from exports and overseas purchases, with receivables and payables primarily denominated and settled in US dollars as a means to hedge exchange rate fluctuations. In 2023, the company recorded a foreign exchange gain (loss) of NT\$175,412 thousand. To mitigate the risks associated with foreign currency positions, the company's financial division continuously monitors foreign exchange market trends and seek advice from foreign exchange banks. In order to mitigate exposures to exchange rate fluctuations and inflation, the company uses currency swaps to hedge currency risks. If the remaining foreign currency positions are higher than expected, the cash will be sold by spot transaction.

(3) Inflation

Throughout the 2023 fiscal year and as of the printing date of this Annual Report, the company has not experienced any adverse effects on its operations due to inflation. The company has always maintained good relationships with its suppliers and will continue to strive to reduce costs in the future, while closely monitoring changes in raw material prices and taking appropriate measures in a timely manner.

(II) Policies for high-risk, high-leverage investments, capital lending, endorsements, guarantees, and derivatives transaction, main reasons for the profits or losses generated thereby, and countermeasures:

The company and its subsidiaries have always focused on their main business operations and have not ventured into other high-risk industries. The financial policy is based on a conservative approach, and there is no involvement in high-risk and high-leverage investments or transactions. Therefore, the associated risks should be limited.

The company follows its policies and measures in accordance with its "Procedures for Acquisition and Disposal of Assets," "Procedures for Loaning of Funds," "Procedures for Endorsement / Guarantees," and "Guidelines for Monitoring and Managing Subsidiaries" for loaning of funds, endorsements, guarantees, and derivative transactions with others.

All the above-mentioned endorsements, guarantees, and financing with others are handled in accordance with the relevant operating procedures, and overall, have no significant impact on the consolidated profit and loss. Furthermore, company and its subsidiaries have always focused on their main business operations and have not ventured into other high-risk industries. The financial policy is based on a conservative approach, and there is no involvement in high-risk and high-leverage investments or transactions. Therefore, the associated risks should be limited.

(III) Research and development (R&D) projects and estimated R&D expenditures:

Self-research and self-developed technologies are the backbones of our products. To support this, we invested NT\$1,069,512 thousand in research and development during the fiscal year 2023. Moving forward, our research and development efforts will focus on integrating various technologies and equipment for our products. We will also collaborate with domestic enterprises to achieve these goals. By leveraging the latest wireless communication technologies, including 5G and Wi-Fi next-generation standards, we aim to stay ahead of market trends and develop niche products with high profitability and growth potential. Our ultimate goal is to maximize profits in the long run.

(IV) Impacts of changes in domestic and foreign government policies and laws on the Company's financial operations, and future countermeasures:

The U.S.-China Trade War and the emergence of Covid-19 pandemic have driven up the demand for manufacturing capacities outside China and growth in global networking equipment, forcing Europe and the United States to actively seek alternative production in countries like Taiwan and Vietnam. Being ahead of the game, in 2018, the Company had built a branch factory located in Vietnam, which the production capacity is currently fully booked, and therefore, in order to meet heavy demands, the Company plans on purchasing a new plot of land in Vietnam to build a second manufacturing base. The new plant is expected to mitigate the impact of tariffs caused by the U.S.-China Trade War, and to reshape the Company's globalization strategies as well.

(V) Impacts of industry and technology changes to the Company's financial operations, and future countermeasures:

As a sector of the high-tech industry, the rapid growth of the telecommunication industry has accelerated the innovative development and advancement of numerous wireless network communications products. Based upon this economic atmosphere, the Company should strive to keep up with the technology trends to continue to grow and expand its business. For decades, the Company's operations were mainly focused on the research and development of wireless network communications equipment. The Company has been a leader in the field propelled by a group of dedicated professionals, backed by cutting edge manufacturing equipment and technology. The Company is now working towards a more diversified R&D approach, and has continued to innovate over the years. Technological evolution will contribute to the development of the Company's business. However, successful business expansion must also be accompanied by a good management and cost control system, as well as a strong financial backbone to allow the Company to grow at a steady pace. Therefore, the Company has to strengthen its internal controls on all aspects to maintain business efficiency.

Cybersecurity is a crucial component of risk management. To mitigate potential risks stemming from cybersecurity threats, ensure smooth business operations and meet the specific requirements of information security, our company adopted ISO 27001 certification in August 2010 as our benchmark for risk management standards. The certificate remains valid from August 2022 to August 2025. Through the implementation of this cybersecurity management system, we've established a robust framework to effectively strengthen our information security management and implementation capabilities, and further safeguard the assets of both our company and our clients.

In response to external changes and emerging breach methods, our company regularly updates rigorous cybersecurity measures. We utilize a range of information security mechanisms and system architectures to counter constantly evolving cybersecurity threats. Precautionary measures include establishing appropriate security control mechanisms for computers, controlled information devices, and network resources.

To prevent and mitigate the damage inflicted by malicious software attacks, our company has implemented several reinforcement mechanisms and systems. For instance, we mandate the installation of antivirus software on computers and devices, strengthen firewalls and network controls to prevent the infiltration of computer viruses, establish measures to prevent hacking attempts, and employ advanced solutions for detecting and addressing malicious software. Furthermore, we regularly engage external professionals to perform cybersecurity assessments.

Despite the comprehensive cybersecurity measures implemented at Gemtek for network and computer-related security, we cannot guarantee complete immunity to cybersecurity risks or hacker attacks. In response, Gemtek has instituted cybersecurity incident reporting and handling procedures. Should a cybersecurity incident occur, prompt action will be taken to efficiently address new types of cybersecurity threats, thereby minimizing their impact on operations.

(VI) Impacts of changes in corporate image on the company's crisis management and future countermeasures:

The Company is dedicated to the development and manufacturing of wireless network products and has always upheld a good reputation throughout its years of doing business. The Company has no negative publicity and therefore the corporate image has never been affected.

(VII) Expected benefits and potential risks related to mergers and acquisitions:

The Company has no plans for mergers and acquisitions as of the publication of this report. However, if the Company does have plans in the future, it will take proactive measures to assess whether the merger can bring synergies to the company as well as guarantee the rights and interests of shareholders.

(VIII) Expected benefits and potential risks of capacity expansion:

Our company's second manufacturing base located in Vietnam was completed in the second quarter of 2023 and commenced production operation near the end of the year, raising Gemtek's production capacity from 45% to 65%. Currently, our first and second Vietnam factories have a total of 13 SMT production lines in operation, which we expect to replace 70% of the production capacity of our Mainland Chinese factories. As new telecommunications operators in the United States become part of

our client base and potential European telecommunications customers emerge, Gemtek is currently assessing the feasibility of expanding SMT equipment in its third Vietnam factory to align with business requirements and meet shipping demand. The launch of the third Vietnam factory is projected for 2024.

Nevertheless, business expansion requires a well-coordinated management system to allow for steady growth. In other words, if the Company allows business to expand too rapidly, all aspects of management may have trouble keeping pace, resulting in irreversible damages to the Company. Therefore, aside from working towards the goal to increase manufacturing capacity, the Company must also know how resources can be efficiently allocated in terms of internal control and financial funding.

(IX) Risk of procurement and sales concentration, and future countermeasures:

(1) Purchases:

The Company is a supplier of wireless network equipment and products, therefore, it is relatively important to maintain a close relationship with upstream and downstream manufacturers throughout the supply chain. And due to the fact that wireless network product specifications need to be certified in particular, in the process of strategic sourcing, the Company's main approach is to partner with the selected few who are capable of developing the necessary chip modules firsthand. The Company is well aware that the approach would result in procurement concentration in which supply disruption may be a lurking issue, therefore, inventory management and advanced preparation of supplies and raw materials are the key measures to avoid such risks. As of the date of printing this report, our company has not experienced any shortages or disruptions in the supply of goods due to procurement concentration.

(2) Sales:

The Company's major clients at present are retail distributors located in the United States and Europe on account of the region's soaring demand for wireless communication products. In addition, the need for embedded modules found in products such as laptop computers is equally on the rise, resulting in the increase of the Company's worldwide OEM sales volume over the years. In order to prevent sales concentration in the market, the Company plans to take proactive measures in building new marketing channels by strengthening cooperation with manufacturers located across Japan and Asia.

(X) Impacts and risks arising from major transfer or replacement of shares by Directors, Supervisors, or shareholders with over 10% of shares in the Company: None

(XI) Impact of change in Company management and associated risks:

There have been no changes in the ownership of our company as of fiscal year 2023 and up to the date of printing this report. Our management team is dedicated to upholding sound business principles and good management practices, with the goal of achieving operational growth and profitability to increase shareholder value.

(XII) Litigious or non-litigious matters:

- (1) The major litigious, non-litigious or administrative disputes that have been concluded by means of a final and definitive judgment, or are still under litigation,

where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of printing of this annual report shall be disclosed:

Chang Hwa Bank Ltd. (hereinafter referred to as the Chang Hwa Bank) has an outstanding debt claim against Foho Technology Corp (hereinafter referred to as Foho) awaiting settlement. Consequently, the Chang Hwa Bank filed for a provisional attachment order at the Taiwan New Taipei District Court (hereinafter referred to as New Taipei Court) to acquire the obligatory right of Foho's accounts receivable from Gemtek, and as a result, based on this particular authorization, an attachment order was issued to Gemtek by the Taiwan Hsinchu District Court (hereinafter referred to as Hsinchu Court). After determining that the amount owed to the Bank was USD31,502.94, the order was thereby executed accordingly. However, coincidentally, Hua Nan Commercial Bank Ltd. (hereinafter referred to as Hua Nan Bank) also has an outstanding debt claim against Foho Technology Corp. We believe that our part of the claim should be offset by the USD31,502.94 transferred by Gemtek to Foho's Hua Nan Bank account on the same day, and Gemtek should have no further liabilities tied to Foho's accounts payable henceforth. Nevertheless, Chang Hwa Bank proceeded to sue Gemtek for violating the attachment order, claiming that Foho's outstanding debt claim of USD31,502.94 against our company still stands despite our company's apparent efforts to settle the debt. On January 6, 2023, the Hsinchu Court ruled against our company in the first instance, which was considered final because our company did not file an appeal. Given the circumstances, Gemtek still strongly believes that the USD31,502.94 initially wired to Hua Nan Bank should be sufficient to serve as our right to offset the debt claim with Foho in the first place. However, the crux of the matter was that Hua Nan Bank took advantage of its position and declared itself the first-priority creditor, forcefully prioritizing its repayment and infringing upon the rights of other creditors. Therefore, in conclusion, Hua Nan Bank should be held liable for the matter and reimburse our losses in return. Gemtek has already sent a letter to Hua Nan Bank on March 30, 2023, to address the issue and request a response. Yet, as the amount involved was not significant, the outcome of the trial did not pose a material impact on our finances or operations.

- (2) The major litigious, non-litigious or administrative disputes that have been concluded by means of a final and definitive judgment, or are still under litigation that involves any director, any supervisor, the general manager, any person with actual responsibility of the Company, any major shareholder holding a stake greater than 10 %, and/or any company or companies controlled by Gemtek, and the status of the dispute as of the date of printing of this annual report shall be disclosed:

Mr. Wang Zhu-san, one of our independent directors, is involved in a property dispute with Mr. Chen and 8 other individuals. As this is a personal affair of Mr. Wang Zhu-san, therefore the outcome of the trial should not pose any material impact on our company's finances, operations, shareholder rights, or securities prices.

- (3) The occurrence of any event set forth under Article 157 of the Securities and Exchange Act that involves a company director, supervisor, its general manager, or any major shareholder with a stake of more than 10 percent, provided the event

occurred in the most recent 2 fiscal years or during the current fiscal year, and the status of the event as of the date of printing of this annual report shall be disclosed:
None

(XIII) Other material risks and countermeasures:

(1) Macroeconomic deterioration may reduce the Company's profits.

In recent years, the Company has experienced extremely high growth rates due to the rapid development of the wireless communications industry. However, in the event of economic reversal fueled by macroeconomic instability, consumer's willingness to pay and global demands may possibly decline, which would cause direct impact to the wireless communications market and the company's profitability.

(2) Consumer acceptance and use of new technology may not be as high as expected. Wireless communications is an emerging technology. The Company is a highly-dedicated wireless communications system manufacturer that focuses on the fundamental research and development of the technology as well as the creation of multiple trending products and components in the market. Nevertheless, if consumer acceptance and use of new technology does not turn out as high as expected, the market direction will bring adverse impacts to the Company's future business performances.

(3) Price wars will affect the Company's profit.

Competition among wireless communications system manufacturers has been intense over the past years. Business competitors have been cutting prices and finding ways to scale down profit margins in order to win clients. If the price war persists, low margins will cause a long-term impact on the Company's ability to profit.

(4) Downstream market size is relevant to the Company's sales outcome.

Embedded modules for laptop computers has contributed a fair share to the Company's sales revenue in recent years aside from conventional wireless network cards and routers sold to existing customer base. If demands for laptop computers should drop dramatically, the ensuing effects would not be optimistic for the Company.

(5) The Company adheres to its steady operation philosophy and has been able to maintain a high level of business growth in the past three years. Nevertheless, in truth, one cannot use the Company's past operating performances to earn a guaranteed profit from investing in the Company's stock as the market price is constantly fluctuating under the influence of systematic risk-factors. Economic cycles and price volatility may result in unfavorable outcomes for investors.

(6) The Company needs to draw an effective talent management strategy.

Talented people are the foundation of the Company's innovative drive, allowing the Company to constantly develop, operate, and maintain competitiveness in the industry. The Company must continue to improve and enhance its employee welfare and work environment as a means to retain and attract talents, keeping the source of innovative capacity abundant and secure.

(7) Natural disasters and severe infectious diseases may cause adverse impacts on the Company's operations

Taiwan has experienced large-scale earthquakes and severe hurricanes as well as mass infectious diseases in the past. Both natural disasters and epidemics have caused great damage to Taiwan's overall economic environment. The recurrence of such events will bring negative impacts to the Company's operations.

(8) Intellectual property disputes

R&D capabilities and manufacturing abilities are the core of the Company's operations. Therefore, protecting intellectual property rights is extremely vital to the Company. Patents applications are filed immediately once the Company finds the results of a R&D project suitable for protection. As the number of the Company's patents continue to increase, potential disputes over intellectual property rights with companies who have similar endeavors in the industry may begin to emerge. Litigation may have a negative effect on the Company's bottom line.

(9) Business risks in China

The Company's manufacturing policies in recent years focuses on the development of more diversified, high value-added products made in limited quantities in Taiwan. Low-margin products are now mostly manufactured in the Mainland. In view of the unstable cross-strait relations, any deterioration of the status quo will inevitably cause an adverse effect on the Company's operations.

VII.Other Material Matters: None

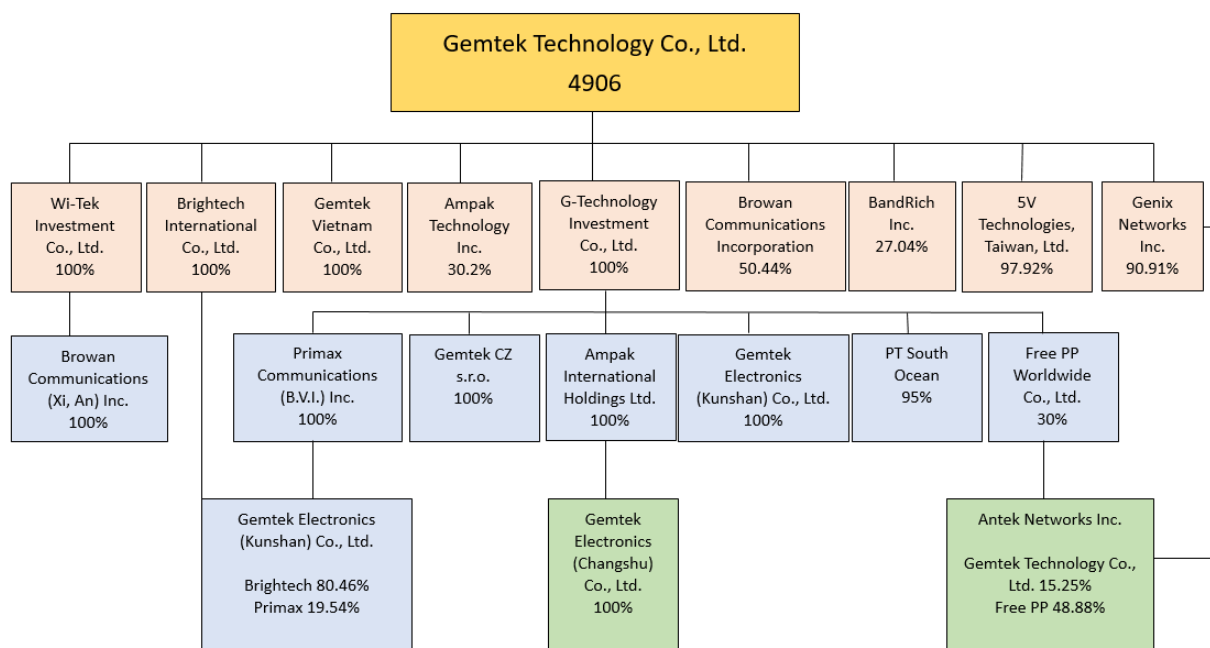
VII.Special Disclosure

I.Information on Company Affiliates

1.Company Affiliates Overview

(1) Corporate Organization Chart

Dec. 31, 2023



(2) Basic information on affiliates

Unit: NTD/US thousands

Names of affiliates	Date of Incorporation	Address	Paid-in Capital	Principal business
G-Technology Investment Co., Ltd	Oct 31,2002	PO BOX 1787, George Town,Grand Cayman	US\$78,600	Investment
Brightech International Co.,Ltd	Oct 11,2002	Suite 802, St James Court St Denis Street, Port Louis,Mauritius	US\$6,145	Investment
Ampak International Holdings Ltd	Oct 12,2005	Portcullis TrustNet Chambers P.O.Box 1225 Apia,SAMOA	US\$36,000	Investment
WiTek Investment Co., Ltd	May 22,2007	4th Floor,Harbour Centre,P.O.Box613,Grand Cayman KY1-1107,Cayman Islands	US\$4,000	Investment
Gemtek Vietnam Co.,Ltd	Nov 7,2018	Second Tongwen Industrial Zone, Baishang Township, Weixian County, Henan Province, Vietnam	USD40,000	Manufacturing

Names of affiliates	Date of Incorporation	Address	Paid-in Capital	Principal business
Genix Networks Inc.(Formerly: Lionic Networks Inc.)	Jan 17, 2023	1013 Centre Rd. Suite 403-A, Wilmington, DE,19805 County of New Castle,Delaware, U.S.A.	US\$1,100	Communications industry
Gemtek CZ,s.r.o.	Nov 30,2009	Chebská 555/7, 322 00 Plze-Kimice Czech Republic	US\$692	Manufacturing
Free PP Worldwide Co.,Ltd	Mar 6,2017	No.24,Lesperance Complex,Providence Industrial Estate,Mahe,Seychelles	US\$3,340	Investment
Gemtek Electronics (Suzhou) Co., Ltd	Nov 11,2002	No. 58, Yangdong Road, Loufeng High-tech Development Zone, Suzhou Industrial Park	US\$8,350	Manufacturing
Gemtek Electronics (Kunshan) Co., Ltd.	May 20,2004	88 Xinzhu Road, Export Processing Zone, Kunshan City, Jiangsu Province	US\$15,000	Manufacturing
Gemtek Electronics (ChangShu) Co., Ltd	Feb 17,2006	NO.1, Zheng Wen Road. New & High Tech Industrial Park, Changshu Economic Development Zone , JiangSu	US\$36,000	Manufacturing
ANTEK NETWORKS INC.	May 18,2000	15-1, Zhonghua Road, Hsinchu Industrial Park, Hukou, Hsinchu, Taiwan	NT\$59,000	Electronics
Ampak Technology, Inc.	Dec 14,2000	15-1, Zhonghua Road, Hsinchu Industrial Park, Hukou, Hsinchu, Taiwan	NT\$662,269	R&D and sales of wireless communications modules
Sparklan Communications Inc.	Nov 13,2002	8F., No. 257, Sec. 2, Tiding Blvd., Neihs Dist., Taipei City , Taiwan	NT\$102,034	Communications industry
Browan Communications Incorporation	Oct 26,1999	15-1, Zhonghua Road, Hsinchu Industrial Park, Hukou, Hsinchu, Taiwan	NT\$400,695	Communications industry
Browan Communications (Xi'an) Inc	Aug 24,2007	6 F, No. 72, Keji 2nd Road, High-tech Zone, Xi'an	US\$4,000	Information Software Service Industry
Primax Communication (B.V.I.) Inc.	Jun 1,2001	P.O.Box3444,Road Town,Tortola,British Virgin Islands.	US\$2,350	Investment
PT. South Ocean	Mar 12,2010	Menara Karya, 28th Floor, Jl. H.R. Rasuna Said Blok, X-5, Kav.1-5, Jakarta, 12950 Indonesia.	US\$238	Communications industry
BandRich Inc.	Apr 11,2006	6F., No. 71, Zhouzi St., Neihs Dist., Taipei City Taiwan	NT\$203,400	Communications industry
5V Technologies, Taiwan	Mar 28,2005	6F., No. 19-9, Sanchong Rd., Nangang Dist., Taipei City , Taiwan	NT\$13, 786	Communications industry

(3) Where there is considered to be a controlled and subordinate relation, the information of the same shareholders: None.

(4) Information on directors, supervisors, and presidents of affiliate.

Company name	Title	Names or legal representatives	Current Shareholdings	Shareholding Ratio
G-Technology Investment Co.,Ltd	Director	Gemtek Technology Co., Ltd. : Howard Chen	73,600,120	100.00%
Brightech International Co., Ltd	Director	Gemtek Technology Co., Ltd. : Jorson Tsai	6,145,000	100.00%
WiTek Investment Co.,LTD	Director	Gemtek Technology Co., Ltd. : Howard Chen	4,000,000	100.00%
Gemtek Vietnam Co., Ltd.	Director	Gemtek Technology Co., Ltd. : Randy Hsu	-	100.00%
Genix Networks Inc.(Formerly: Lionic Networks Inc.)	Director	Gemtek Technology Co., Ltd.: Peter Hsieh	1,000,000	90.91%
BandRich Inc.	Director/ Supervisors	Gemtek Technology Co., Ltd.: Randy Hsu 、 Fred Yeh 、 Charlin Lin	5,500,000	27.04%
5V Technologies, Taiwan	Director	Gemtek Technology Co., Ltd. : Arena Yao 、 Chungen Wu 、 Sunrise Ho	1,350,000	97.92%
Ampak International Holdings Ltd	Director	G-TECHNOLOGY INVESTMENT CO., LTD : Jorson Tsai	36,000,000	100.00%
Free PP Worldwide Co.,Ltd	Director	G-TECHNOLOGY INVESTMENT CO., LTD : Howard Chen	1,002,000	30.00%
Gemtek Electronics (Suzhou) Co., Ltd.	Director	BRIGHTTECH INTERNATIONAL CO.,LTD : Jorson Tsai	6,718,410	80.46%
Gemtek Electronics (Kunshan) Co., Ltd.	Director	G-TECHNOLOGY INVESTMENT CO., LTD : Jorson Tsai	15,000,000	100.00%

ANTEK NETWORKS INC.	Director	Free PP Worldwide Co.,Ltd : Howard Chen 、 Kevin Yang 、 Wala Tan	2,883,980	48.88%
Browan Communications (Xi'an) Inc	Director	WiTek Investment Co.,LTD : Howard Chen	4,000,000	100.00%
Ampak Technology, Inc.	Director	Gemtek Technology Co., Ltd. : Charlin Lin	20,000,595	30.20%
GemtekElectronics(ChangShu) Co., Ltd.	Director	Ampak International Holdings Ltd : Stephen Liao	36,000,000	100.00%
Browan Communications Incorporation	Director	Gemtek Technology Co., Ltd. : Howard Chen, Charlin Lin, Stephen Liao	20,213,706	50.44%
Gemtek CZ,s.r.o.	Director	G-TECHNOLOGY INVESTMENT CO., LTD: Rong-Chang Li	12,000,000	100.00%
Primax Communication (B.V.I.) Inc.	Director	G-TECHNOLOGY INVESTMENT CO., LTD: Jorson Tsai	2,350,000	100.00%
PT. South Ocean	Director	G-TECHNOLOGY INVESTMENT CO., LTD : Howard Chen	24,000	95.00%

2.Business Operations Overview

(1)Financial Status and Result of Affiliated Companies

Dec. 31, 2023 / Unit: NTD,USD,RMB, IDR,CZK thousands

Company name	Currency	Paid-in Capital	Total assets	Total liabilities	Net Value	Operating income	Operating profit	Current period net profit
G-TECHNOLOGY INVESTMENT CO.,LTD	USD	73,600	188,851	58	188,793	0	-381	-1,147
BRIGHTECH INTERNATIONAL CO.,LTD	USD	6,145	2,052	0	2,052	0	-4	-132
Wi TEK INVESTMENT CO.,LTD	USD	4,000	-44	0	-44	0	0	-152
Gemtek Vietnam Co., Ltd.	USD	40,000	125,093	68,043	57,050	393,957	7,511	5,828
AMPAK INTERNATIONAL HOLDINGS LTD.	USD	36,000	39,540	0	39,540	0	0	3,214
Gemtek Electronics (Suzhou) Co., Ltd.	RMB	68,870	18,054	1	18,052	0	-1,304	-1,100
Gemtek Electronics (Kunshan) Co., Ltd.	RMB	124,148	1,219,334	823,654	395,680	2,143,392	-3,254	-6,578
GemtekElectronics(ChangShu) Co., Ltd.	RMB	241,419	280,845	796	280,049	202,257	-13,067	23,468
ANTEK NETWORKS INC.	NTD	59,000	6,142	63,040	-56,898	1,053	-16,978	-16,715
Ampak Technology, Inc.	NTD	662,269	2,740,917	788,966	1,951,951	1,939,694	223,937	277,749
Sparklan Communications Inc.	NTD	102,034	608,301	304,178	304,123	281,256	47,151	43,357
Browan Communications Incorporation	NTD	400,695	765,511	100,470	665,041	627,610	-142,729	-111,906
Browan Communications (Xi'an) Inc	RMB	28,570	2,449	2,762	-313	407	-1,071	-1,071
Free PP Worldwide Co.,Ltd	USD	3,340	2,451	0	2,451	0	-156	-419

Primax Communication (B.V.I.) Inc.	USD	2,350	498	0	498	0	0	-31
PT. South Ocean	IDR	2,250,000	1,173,767	23,387	1,150,380	0	0	0
BandRich Inc.	NTD	203,400	10,454	2,197	8,257	726	-4,831	-4,577
Gemtek CZ,s.r.o.	CZK	12,000	28,374	32,928	-4,554	155,416	1,159	-2,192
5V Technologies, Taiwan	NTD	13,787	29,055	13,036	16,019	24,630	-1,201	329
Genix Networks Inc. (Formerly: Lionic Networks Inc.)	USD	1,100	1,001	0	1,001	0	-107	-99

(2)Consolidated Financial Report of Affiliated Companies: Please see relevant pages.

(3)Relationship Report of Affiliated Companies: None

II. Private placement of securities of the past year as of the publication date of this Annual Report: None.

III.Holding or disposal of the Company's shares by the subsidiaries of the most recent year as of the publication date of this Annual Report:
None.

IV.Other necessary supplementary items to be included: None.

V. Any event which has a material impact on the shareholders' equity or securities prices as prescribed in Subparagraph 2, Paragraph 2, Article 36 of the Securities and Exchange Act that has occurred in the most recent year as of the publication date of this Annual Report: None.

Gemtek Technology Co., Ltd.

Chairman: Hong Wen Chen