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Gemtek

Gemtek Technology Co., Ltd.

2022 Annual Report

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1. Company Spokesperson

Spokesperson: Cheng-ren Yang

Title: Executive Director

Telephone: +886-3-598-5535 #1040

Email Address: kevin_yang@gemteks.com

Deputy Spokesperson: Ailish_Huang

Title: Senior Administrator

Telephone: +886-3-598-5535 #1016

Email Address: Ailish_Huang@gemteks.com

2. Contact Information

Gemtek Corporate Headquarters, Subsidiaries, and Factory

Address: No. 15-1 Zhonghua Road, Hsinchu Industrial Park, Hukou, Hsinchu, Taiwan R.O.C.

Telephone: +886-3-598-5535

3. Common Share Transfer Agent and Registrar

Company: SinoPac Register & Transfer Agency Department

Address: No. 17, Bo-ai Rd., Zhongzheng District, Taipei City, Taiwan, R.O.C.

Website: <http://www.sinotrade.com.tw>

Tel: +886-2-2382-6288

4. Auditing Firm

Company: Deloitte & Touche

Auditors: Han-ni Fang, Jing-ting Yang

Address: 20F, No. 100, Songren Rd., Xinyi Dist., Taipei 11073, Taiwan, R.O.C.

Website: <http://www.deloitte.com.tw>

Tel: +886-2-27259988

Fax: +886-2-40516888

5. Name of Exchange for Trading in Overseas Listed Securities and Information Inquiry for the Securities: Not applicable.

6. Company Website: <http://www.gemteks.com>

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I. Letter to Shareholders

Dear Shareholders,

I. Foreword

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

In the midst of global recovery, however, many businesses worldwide are still struggling in the aftermath of the pandemic. Despite the balance of supply and demand for electronic components gradually rebounding, policies implemented by governments around the world during the pandemic have had adverse consequences on factory operations. In the first half of the year, not only were the Gemtek Electronics (Kunshan) production lines in Mainland China suspended for a month, but suppliers in China also faced production stoppages, leading to a ripple effect on the supply of components. Additionally, a large-scale outbreak of confirmed cases at the Vietnamese factory just so happened to occur during the same timeframe, which overall cast a looming shadow over the revenue performance of Gemtek Technology at the beginning of the year. These uncontrollable factors posed a severe challenge to Gemtek, but with the efforts of our Chairman, General Manager, and colleagues, we managed to weather the storm and ride the wave with success. The pandemic provided an unforeseen opportunity for Gemtek Technology to learn and adjust our operational structure, including our procurement strategies, product design, coordination, and collaboration with customers. We made dynamic adjustments in these areas and put them into practice for the future. Throughout our journey, we have always upheld the principle of serving our customers first, with the hope of reducing the impact of structural factors on our company and customers in the future.

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

Despite the global pandemic and inflationary pressure brought on by the Russo-Ukrainian War, the demand for rapid deployment of broadband infrastructure equipment never wavered. Governments around the world are still eager to implement their plans to build fiber optic networks, and the deployment of 5G networks is also proceeding in full swing as customer demand remains strong. According to the 2022 Ericsson Mobility Report, despite a weaker economy and geopolitical uncertainties, service providers continue to deploy 5G. As of November 2022, 228 service providers have already launched commercial 5G services globally. Deployment of 5G standalone (SA) networks also continues, with around 35 service providers having deployed or launched 5G SA in public networks. Ericsson predicts that the 5G subscription uptake will be faster than that of 4G following its launch in 2009, with 5G expected to reach 1 billion subscriptions 2 years sooner than 4G. It is expected that by the end of 2028, the number of 5G subscribers will reach approximately 9.2 billion.

The number of smartphone users will continue to grow as well, and it is expected to reach 6.6 billion by the end of 2022, accounting for 79% of all mobile phone users. By 2028, this

number is predicted to increase to 7.8 billion, accounting for 84% of all mobile users. The demand for mobile networks will continue to strengthen, and it is predicted that FWA (Fixed Wireless Access) will grow at a strong rate of 19% per year by 2028. Furthermore, the deployment of fiber optic fixed broadband is a critical infrastructure project for many governments. As for wireless networks, plans for the operation of low-orbit satellites and the deployment of necessary infrastructure are also underway. The integration of diverse networks will continuously enhance the quality and convenience of human communication in the future.

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

Although inflation has affected the overall economy in 2023, Gemtek remains committed to its original goal of providing "Wireless Broadband Anywhere", and is fully prepared to expand its production scale and capabilities despite the economic fluctuations. Furthermore, Gemtek plans to allocate more resources to research and design of software and hardware, with the aim of meeting the expectations of our customers and shareholders. We sincerely hope that all shareholders will continue to support us in the future, and join hands with Gemtek Technology to create a better future together.

II. 2022 Business Report

(I) Business Results

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

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

(III) Research and Development

2022 R&D Achievements

- (1) Development of next-generation passive optical network/ ultra-wideband network and voice service integration systems GPON/XGSPON /10GEPON/DPoE/NGPON2 products and shared software platform. (High performance xPON integration platform development based on protoble openwrt)
- (2) Fixed broadband xDSL and G.FAST Ultra-wideband product development
- (3) Whole home WiFi with Easy Mesh development
- (4) Advanced WiFi 6/6e AP, Repeater,and Mesh development
- (5) Enterprise-grade WiFi platform development
- (6) WiFi 7 AP prototype development
- (7) Cost-effective and Advanced LTE client device development, including Cat 20, Cat 12, Cat6, Cat4, CBRS
- (8) 3GPP based CIOT client device and LGA module development (including Cat 1, Cat-M1, NB-IOT)
- (9) Cost effective 5G NR FR1 IDU/ODU CPE development
- (10) Easy installtion and cost effective 5G NR FR1+ FR2 ODU CPE development

- (11) 28/39G mmwave smart antenna phase array system platform development
- (12) 5G NR smallcell and core network platform development
- (13) Cost effective 5G NR smallcell development for sharedband CBRS
- (14) Scalable Phased Array Antenna Development for LEO application ka/ku-band

III. 2022 Business Policies

(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.

(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.

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

Chairman

Hong-wen Chen

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 TÜV.
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.

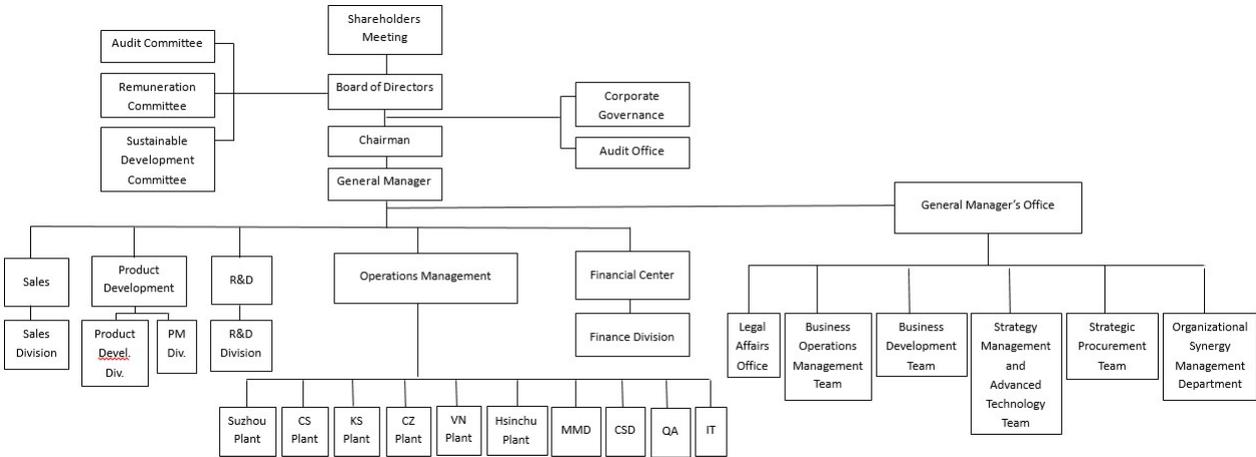
Year/Month	Key Historical Events
2017/04	1st conversion of bonds to common shares based upon the 2016 4 th issuance of convertible bonds totaling NT\$44,973,750, and reduced capital due to cancellation of employee restricted stock totaling NT\$227,800, becomes effective. Paid-in capital increased to 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.

III. Corporate Governance Report

I. Company Organization

1. Organizational Chart



Gemtek Organizational Chart

2. Major Corporate Functions

(1) General Manager’s Office

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

(2) Corporate Governance

- A. 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

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

(4) 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.

- (5) 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.
- (6) Product Development Department
- A. Responsible for product planning and marketing
 - B. In control of product planning, product development, and project management.
- (7) 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.
- (8) 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.
- (9) Hsinchu Manufacturing Plant
- A. Responsible for production planning and scheduling, production manufacturing and shipment arrangements, and technical management
- (10) Materials Planning and Logistics Department
- A. Responsible for coordinating material logistics across global offices.
- (11) Client Services Department
- A. Responsible for providing satisfactory services and support to meet customer requirements.
- (12) Quality Assurance and Control Department
- A. Responsible for the planning, establishment, integration, management and audit of the company's quality assurance and control system.
- (13) IT Department
- A. Responsible for the planning and management of IT related systems.
- (14) 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.

(15) Finance Department

A. Responsible for handling financial activities, accounting, tax affairs, corporate actions, and other financially related matters of the company.

(16) Strategy Management and Advanced Technology Team

A. Responsible for establishing and implementing innovated business strategies and goals.

(17) 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.

(18) 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.

(19) Business Operations Management Team

A. Prepare and analyze profit and loss reports

B. Cost analysis and recommendations

C. Performance tracking and management

(20) 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.

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, 2023

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%	7,391,937	1.87%	232,842	0.06%	0	0%	TSMC Syntek Semiconductor Co., Ltd. Master of Electrical Engineering, National Tsing Hua University	Chairman of Gemtek Investment Co.,Ltd Chairman of Browan Communications Inc. Chairman of Antek Networks Inc. Chairman of Polaris Group Director of SparkLAN Communications, Inc. 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.	-	-	-	
Director	Taiwan, R.O.C.	Tsai, Fu Tsan	Male 66-70	2004.04.29	2019.06.18	3Years	1,887,732	0.48%	1,935,732	0.49%	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	Senior Deputy General Manager of Gemtek Technology Co., Ltd. Supervisor of Ampak Technology Inc. Chairman of Gemtek Electronics Kunshan Co., Ltd. Chairman of Gemtek Electronics Suzhou Co. Ltd. Director of Brightech International Co., Ltd Director of INPAQ Technology Co., Ltd. Director of APAQ Technology 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%	1,464,269	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 Director of Gemtek Investment Co.,Ltd Director of Antek Networks Inc. Director of Browan Communications Inc.	-	-	-	
Director	Taiwan, R.O.C.	Hsu, Rong Hui	Male 61-65	2013.6.17	2019.06.18	3Years	1,304,927	0.33%	1,372,127	0.35%	0	0%	0	0%	Engineer at National Chung-Shan Institute of Science and Technology Bachelor of Electrical Engineering, Tatung Institute of Technology	Senior Deputy General Manager of Gemtek Technology Co., Ltd. Director of Gemtek Investment Co.,Ltd Supervisor of SparkLAN Communications, Inc. Chairman of BandRich Inc.	-	-	-	
Director	Taiwan, R.O.C.	Chang, Yuch Chi	Female 56-60	2007.06.28	2019.06.18	3Years	3,000,715	0.76%	3,000,715	0.76%	0	0%	0	0%	Master of Business and Management, National University of Kaohsiung	General Manager of BRILLIANT FOOTWEAR CORPORATION	-	-	-	
Director	Taiwan, R.O.C.	APEX ACTION INVESTMENT LIMITED		2013.6.17	2019.06.18	3Years	1,375,000	0.35%	1,375,000	0.35%	0	0%	0	0%		Supervisor of Ampak Technology Inc.	-	-	-	
	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	Director of ASANLITE CO., LTD. Chairman of CSX MATERIAL CO., LTD. Director of SWEEPOT INC. Independent Director of Allied Biotech Corp. Independent Director of Taiflex Scientific Co., Ltd. Supervisor Representative of REC TECHNOLOGY CORPORATION Juridical Person Supervisor Acting as Representative of Ampak Technology Inc.	-	-	-	
Independent 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 of Favite Inc. Director of ASANLITE CO., LTD. Dean of the College of Electrical and Communications Engineering, Yuan-Ze University	-	-	-	

Independent Director	Taiwan, R.O.C.	Wang, Zhu San	Male 56-60	2017.6.8	2019.06.18	3Years	0	0%	0	0%	0	0%	0	0%	PhD of Science in Finance, University of Tennessee Master of Polymer Science and Engineering, Case Western Reserve University CEO of IEMBA Program, National Taipei University Member 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 Compensation Committee of Alpha Microelectronics Corp.	-	-	-

(II) List of Major Institutional Investors

As of April 30, 2023

(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

Name	Qualification	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. ·Supervisor, REC Technology Corporation ·Not being a person of any conditions defined in Article 30 of the Company Act. 	N/A	1

<p>Zhao, Yao Geng (Independent Director)</p>	<p>·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.</p>	<p>·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: 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</p>	<p>1</p>
<p>Wang, Zhu San (Independent Director)</p>	<p>·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.</p>	<p>·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: 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</p>	<p>None</p>
<p>Chang, Zhi Yang (Independent Director)</p>	<p>·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.</p>	<p>·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: 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</p>	<p>1</p>

(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 7 directors who are between 60-69 years of age, and 2 directors who are between 50-59 years of age.
- D. There are 5 directors with a tenure of more than 10 years, and 4 directors with a tenure of 3-9 years.
- E. Elements of Board Diversity, categorized as follows:

Elements of Board Diversity		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, 2023

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	Relationship
CEO	Taiwan, R.O.C.	Chen , Hong-wen	Male	1992.01.01	7,391,937	1.87%	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. Legal director representative of LIONIC CORP.	-	-	-
General Manager	Taiwan, R.O.C.	Li, Rong Chang	Male	2021.03.25	232,000	0.06%	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	Taiwan, R.O.C.	Tsai, Fu Tsan	Male	1995.07.01	1,935,732	0.49%	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	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. Legal director representative of Browan Communications Inc.	-	-	-
Senior Deputy General Manager	Taiwan, R.O.C.	Hsu, Rong Hui	Male	2013.06.17	1,372,127	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. Legal director representative of Browan Communications Inc.	-	-	-
Chief Sales Officer	Taiwan, R.O.C.	Cheng, Guang Ming	Male	2017.08.08	126,000	0.03%	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	156,554	0.04%	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.	Director representative of BandRich Inc.	-	-	-
Chief Financial Officer	Taiwan, R.O.C	Lin, Chih Hong	Male	1998.11.23	224,829	0.06%	0	0%	0	0%	Bachelor of Accounting, Soochow University Manager, Deloitte Taiwan Chairman of AMPAK Technology Inc.	Chief Finance Officer of Gemtek Technology Ltd. Director representative of Browan Communications Inc. Supervisor representative of of Gemtek Investment Co.,Ltd Director representative of SparkLAN Communications, Inc. Supervisor of Antek Networks Inc. Supervisor of BandRich Inc.	-	-	-
Chief Operating Officer (Note 2)	Taiwan, R.O.C	Lin, Tien Jin	Male	2020.04.16	0	0.00%	0	0%	0	0%	Bachelor of Electronic Engineering, Chung Yuan Christian University R&D Manager, Delta Electronics	Nil	-	-	-

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 concurrently serves as the CEO in order to improve operating efficiency and decision-making execution capabilities, and to have a high degree of understanding of the overall industry, company operating conditions, and risk control. He can also efficiently propose the best solution when facing major operating strategies. suitable plan. In order to increase the diversity of the board of directors, in recent years, independent directors with professional background in finance and accounting have been added, and in order to make the board of directors operate more timely in response to industry development and take into account independence, directors with managerial status do not exceed 1/2 of the seats. Therefore, The board as a whole remains objective.

Note 2: Chief Operating Officer Retirement Announcement was made on November 30, 2022.

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

(I) Remuneration to Board of Directors

As of April 30, 2022

Unit: NT\$ Thousands

Title	Name	Remuneration								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)		The sum of A, B, C, and D as a percentage of after-tax net profit(%)		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																					
Director	Tsai, Fu Tsan																					
Director	Yang, Jheng Ren																					
Director	Hsu, Jung Hui																					
Director	Chang, Yueh Chi	-	-	-	-	16,484	16,484	-	-	16,484 : 2.48	16,484 : 2.48	16,756	17,211	74	74	300	-	300	-	33,614 : 5.06	34,069 : 5.13	None
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, 2023 to distribute a total of NTD16,483,849 and NTD 123,628,868, respectively, for the 2022 remuneration to directors and employee compensation. The matter shall be reported at the 2023 Shareholders' Meeting.

Note 2: The 2021 remuneration to directors was NTD15,025,231.

Note 3: There was no actual retirement payment for the year 2022.

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	Chang, Yueh Chi APEX ACTION INVESTMENT LIMITED	Chang, Yueh Chi APEX ACTION INVESTMENT LIMITED
NT\$3,500,000 ~ NT\$4,999,999			Yang, Jheng Ren/ Tsai, Fu Tsan	Yang, Jheng Ren/ 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, Chang, Yueh Chi/Chang, Zhi Yang APEX ACTION INVESTMENT LIMITED	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	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	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

(II) Remuneration to the General Manager and Deputy General Manager

As of April 30, 2021

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	34,878	36,555	759	759	12,436	12,436	1,257	-	1,257	-	49,330 ; 7.42	51,007 ; 7.67	None
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 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, 2023 to distribute a total of NTD123,628,868 for 2022 employee compensation. The matter shall be reported at the 2023 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: Chief Operating Officer Retirement Announcement was made on November 30, 2022.

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	-	-
NT\$2,000,000 ~ NT\$3,499,999	Tsai, Fu Tsan,	Tsai, Fu Tsan,
NT\$3,500,000 ~ NT\$4,999,999	Liao, Hsi An,	Liao, Hsi An,
NT\$5,000,000~ NT\$9,999,999	Chen, Hong Wen, Li, Rong Chang, Hsu, Rong Hui, Lin, Chih Hong, Lin, Tien Jin Yeh, Fu Ming, Cheng, Guang Ming	Chen, Hong Wen, Li, Rong Chang, Hsu, Rong Hui, Lin, Chih Hong, Lin, Tien Jin Yeh, Fu Ming, Cheng, Guang Ming
NT\$10,000,000~ NT\$14,999,999	-	-
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, 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, 2023

	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	-	1,442	1,442	0.22
	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, 2023 to distribute a total of NTD123,628,868 for 2022 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:

- 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 as of current and previous fiscal years:

(1)The total remuneration paid to the company's directors, general manager and deputy general manager in the past two years accounted for the proportion of after-tax net income:

Ratio of total remuneration to net profit after tax				
Analysis	2021		2022	
	Gemtek	Consolidated Subsidiaries of Gemtek	Gemtek	Consolidated Subsidiaries of Gemtek
Directors	2.21	2.20	2.48	2.48
Presidents, and Vice- Presidents	8.09	8.26	7.42	7.67

2020 -4.65% ; 2021 - 10.47% ; 2022 -10.15%

In 2022, the proportion of remuneration of directors and supervisors, general manager and deputy general manager in after-tax net income decreased, mainly due to the decrease in the basic share-based payment amount in 2022.

(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. If directors and employees are involved in illegal activities that cause losses to the company, they may be punished as necessary in accordance with legal provisions.

IV. Corporate Governance

(I) Operation Status of the Board of Directors

The Board of Directors held 9 [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	9	-	100%	Board of Directors Re-elected on June 9, 2022
Director	Yang, Jheng Ren	9	-	100%	
Director	Tsai, Fu Tsan	9	-	100%	
Director	Chang, Yueh Chi	7	-	78%	
Director	Hsu, Jung Hui	9	-	100%	
Director	APEX ACTION INVESTMENT LIMITED Representative: Luo, Wen Yi	9	-	100%	
Independent Director	Zhao, Yao Geng	9	-	100%	
Independent Director	Wang, Zhu San	9	-	100%	
Independent Director	Chang, Zhi Yang	9	-	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:
 - On issues stated in Article 14-3 of the Securities and Exchange Act: None.
 - 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
- 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	2022/1/1~ 2022/12/31 Reported to board of directors on March 13, 2023	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	6	-	100%	Re-elected on June 9, 2022
Independent Director	Zhao, Yao Geng	6	-	100%	
Independent Director	Chang, Chih Yang	6	-	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
2022.03.17 10th Board of Directors 22nd Meeting	2022.03.17 1st Audit Committee 16th Meeting	<ol style="list-style-type: none"> 1. 2021 business reports and financial statements. 2. Distribution of 2021 profits. 3. Ratification of 2021 Assessment of Internal Control Effectiveness and Internal Control Statement 4. Replacement of of CPA 5. External Auditor Assessment Report regarding Independence and Competency 6. Ratification of derivatives trading. 7. To ratify acquisition and disposal of related party transactions. 8. Report on the company's ability to prepare financial statements. 	The motions are passed by all Audit Committee members.	Resolved and approved by the board of directors.
2022. 04.20 10th Board of Directors 24th Meeting	2022. 04.20 1st Audit Committee 17th Meeting	<ol style="list-style-type: none"> 1. Repurchase treasury stocks. 	The motions are passed by all Audit Committee members.	Resolved and approved by the board of directors.
2022. 04.29 10th Board of Directors 25th Meeting	2022. 04.29 1st Audit Committee 18th Meeting	<ol style="list-style-type: none"> 1. 2022 Q1 consolidated financial statements. 2. Report on the company's ability to prepare financial statements. 3. Issuance of common shares by raising capital through private placement 4. Loan to subsidiary Gemtek Vietnam Co., Ltd. ° 5. Ratification of derivatives trading. 6. To ratify acquisition and disposal of related party transactions. 	The motions are passed by all Audit Committee members.	Resolved and approved by the board of directors.
2023.06.09	2023.06.09	1. Nominate and elect convenor and	The motions	Resolved and

11th Board of Directors 1st Meeting	2nd Audit Committee 1st Meeting	chairman of Audit Committee.	are passed by all Audit Committee members.	approved by the board of directors.
2022.08.04 11th Board of Directors 3rd Meeting	2022.08.04 2nd Audit Committee 2nd Meeting	1. To ratify acquisition and disposal of related party transactions.	The motions are passed by all Audit Committee members.	Resolved and approved by the board of directors.
2022.11.10 11th Board of Directors 4th Meeting	2022.11.10 2nd Audit Committee 3rd Meeting	1. Draw up 2023 Auditing Plan 2. To ratify acquisition and disposal of related party transactions. 3. Appointment of CPA for 2022 financial statement and audit fees. 4. Long-term investment plan (Lionic Corp.)	The motions are passed by all Audit Committee members.	Resolved and approved by the board of directors.
2023.03.13 11th Board of Directors 5th 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.

(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 communicates with independent directors of the Audit Committee through the audit report on a monthly basis. Through the Audit Meeting, the execution status of audit procedures is reported at least once every quarter. In case of irregularities, such matters will be reported to the members of the Audit Committee in a timely manner.

(2) In the quarterly Audit Committee Meeting, the Company's CPA reports to independent directors 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 needed as possible.

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

Date of Discussion Meeting	Attending Members	Discussion Items	Conclusion
2022.3.17	Independent Director: Wang, Zhu San Independent Director: Zhao, Yao Geng Independent Director: Chang, Chih Yang Auditor: Huang, Ling Yi	1. Report on 2021 Q4 internal audit results. 2. 2021 Internal Audit Policy Statement	Without opinion
2022.4.29	Independent Director: Wang, Zhu San Independent Director:	1. Report on 2022 Q1 internal audit results.	Without opinion

Date of Discussion Meeting	Attending Members	Discussion Items	Conclusion
	Zhao, Yao Geng Independent Director: Chang, Chih Yang Auditor:Huang, Ling Yi		
2022.8.4	Independent Director: Wang, Zhu San Independent Director: Zhao, Yao Geng Independent Director: Chang, Chih Yang Auditor:Huang, Ling Yi	1.Report on 2022 Q2 internal audit results.	Without opinion
2022.11.10	Independent Director: Wang, Zhu San Independent Director: Zhao, Yao Geng Independent Director: Chang, Chih Yang Auditor:Huang, Ling Yi	1.Report on 2022 Q3 internal audit results. 2.2023 Audit Plan	Without opinion

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

Date of Discussion Meeting	Attending Members	Discussion Items	Conclusion
2022.3.17	Independent Director: Wang, Zhu San Independent Director: Zhao, Yao Geng Independent Director: Chang, Chih Yang CPA: Yang, Ching Zheng CPA: Yang, Jing Ting(Online)	CPA presents the audit scope, criteria, and audit results for the 2021 Financial Statements.	Without opinion
2022.12.16	Independent Director: Wang, Zhu San	CPA presents audit plans regarding the scope, approach, timing, and	Without opinion

Date of Discussion Meeting	Attending Members	Discussion Items	Conclusion
	Independent Director: Zhao, Yao Geng Independent Director: Chang, Chih Yang CPA: Fang, Han-ni(Online) CPA: Yang, Jing Ting(Online)	criteria for the 2022 Financial Statements.	

(III) Implementation Status of Corporate Governance

Corporate Governance Implementation Status and Deviations from the Corporate Governance Best Practice Listed Companies

Evaluation Item	Implementation Status (Note 1)		
	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 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 disclosed the document on the Company's website and MOPS .
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 such as investor relations, corporate actions, legal, to properly handle suggestions, doubts, disputes, and lawsuits of shareholders.
(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 structure of the board, managers, and the list of major shareholders who hold more than 10% of the shares.
(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 to separate internal control operation procedures.
(IV) Does the Company have internal policies to prohibit insiders from trading securities with undisclosed information?	V		(IV) The Company has formulated the "Procedures for Insiders Trading Securities" to prohibit insiders from trading securities with undisclosed information.

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
information ?			Material Inside Information" .	
<p>III. Composition and responsibilities of the Board of Directors</p> <p>(I) Does the Board develop and implement a diversified policy for the composition of its members?</p> <p>(II) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?</p> <p>(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?</p>	V		<p>(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.</p> <p>(II) The functional committees of the Company are: 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.</p> <p>(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 in charge of conducting the internal evaluation, procedures,</p>	<p>None</p> <p>None</p> <p>None</p>

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>etc. for carrying out the evaluation process. The 2022 Performance Evaluation of the Board of Directors is mainly centered on “Board Self-Evaluation” and “Evaluation of Board Effectiveness”. As per the 2022 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, 2023.(Please refer to page 30-32)</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	V		(I) The Company discloses its financial and corporate governance information on the company website and TWSE MOPS.	None

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
<p>and corporate governance information of the 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>(II) The Company's investor relations webpage is available in both 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>	<p>None</p> <p>None</p>
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	V		<p>(1) 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>(2) Investor Relations and Stakeholders: The Company has constructed a designated section on its website to address</p>	None

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
management policies and liability insurance coverage for directors and supervisors)?			<p>issues raised by stakeholders, i.e. Corporate Social Responsibility, with appropriate responses.</p> <p>(3) Suppliers: The Company adopts a coexisting business model to share profit and sustain good relationship with all of its business partners.</p> <p>(4) 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>(5) 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>(6) 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</p>	

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			partnership. (7) Directors and Officers Liability Insurance: The Company has purchased liability insurance for its directors and managers.	
<p>(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:</p> <p>(1) Performance Evaluation of Board of Directors: Per "Rules for Performance Evaluation for Board of Directors" established by the company in 2020, internal evaluation and self-evaluation of Board of Directors shall be conducted each year. The results will then be presented to the Board of Directors and subsequently disclosed in the Annual Report and company website.</p> <p>(2) Report "Directors and Officers Liability Insurance" to the Board of Directors: The Directors and Officers Liability Insurance has long been part of the Company's corporate governance and business contingency plan. The insurance policy was reported to the Board on November 10, 2022.</p> <p>(3) Specify the company's priority improvement measures regarding Corporate Governance Implementation Status and Deviations</p>				

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

Corporate Governance Implementation Status and Deviations - Company's priority improvement measures and progress

Indicator Item	Were there any improvements made?	Reason
2.5 Whether the number of directors, who are employees or first-degree relatives are less than (including) one-third of the total number of directors?	No	A suitable director candidate has not yet been found
2.9 Has the company formulated a succession plan for board members and key management levels and disclose its operations on the company's website or annual report?	No	No plans have been made
2.14 Does the company set up a non-statutory functional committee with no less than three members, and more than half of the members are independent directors, and disclose its composition, responsibilities and operations?	Yes	A "Sustainable Development Committee" was established on March 13, 2023.
2.23 Has the company's performance evaluation methods or procedures for the board of directors been approved by the board of directors, and it is specified that an external evaluation will be performed at least once every three years? If the evaluation is carried out within the specified period, and the implementation situation and evaluation results are disclosed on the company's website or annual report?	No	Insufficient resources
2.27 Whether the company has formulated an intellectual property management plan linked to its operational objectives, disclosed the implementation status on the company's website or annual report, and reported to the board of directors at least once a year?	No	Insufficient resources
3.6 Disclose the interim financial report in English within two months after the reporting period of the Chinese version of the interim financial report?	No	In progress
4.1 Whether the company has set up a designated (part-time) unit to promote corporate social responsibility, conduct risk assessments on environmental, social and corporate governance issues related to company operations in accordance with the principle of materiality, formulate relevant risk management policies or strategies, and disclose the relevant information on the company website and annual reports ?	Yes	A "Sustainable Development Committee" was established on March 13, 2023.

4.2 Whether the company has set up a designated (part-time) unit to promote corporate integrity management, responsible for the formulation and supervision of the integrity management policy and prevention plan, and explain the establishment, operation and implementation of the unit on the company's website and annual report, and report to the board of directors at least once a year?	No	Insufficient resources
4.3 Does the company regularly disclose the specific promotion plans and implementation results of corporate social responsibility in the annual report and company website?	Yes	A “Sustainable Development Committee” was established on March 13, 2023.
4.5 Has the previously disclosed CSR report obtained verification from a third-party unit?	Yes	Acquired third-party verification for CSR Report.

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
2017	Deloitte & Touche	Yang, Ching Cheng Gong, Zhe Li	Unqualified opinion
2018	Deloitte & Touche	Yang, Ching Cheng Gong, Zhe Li	Unqualified opinion
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

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> <ol 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> <ol 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> <ol 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	<p>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.</p>	v	
12	<p>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.</p>	v	
13	<p>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.</p>	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 2023 annual financial statements, are considered independent and competent. This matter is submitted to the board of directors for resolution.

2022 Continuing Education for Board Members

Title	Name	Date	Organizer	Course Name	Hours
Director	Chen, Hong Wen	2022/11/10	Taiwan Institute of Directors	Breaking the Barriers of Organizational Frameworks - Key Considerations for Corporate Transformation Strategies	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
Director	Chen, Hong Wen	2022/12/16	Taiwan Institute of Directors	Breaking the Barriers of Organizational Frameworks –Corporate Transformation Case Analysis	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

2022 Continuing Education for Management

Title/Name	Date	Organizer	Course Name	Hours
CFO/Lin, Chih Hong	2022/10/21	Accounting Research and Development Foundation	Qualifications and Professional Development Measures for Accounting Supervisors of Issuers' Securities Firms and Stock Exchanges	6 Hours
	2022/10/22			6 Hours

2022 Continuing Education for Audit Officers

Title/Name	Date	Organizer	Course Name	Hours
Audit Officer/Huang, LingYi	2022/06/30	Accounting Research and Development Foundation	Latest Policies and Internal Control Management Practices: ESG Sustainability and Financial Reports	6 Hours

	2023/11/23		Common Deficiencies and Practical Analysis of Important Internal Control Regulations for Financial Statement Review	6 Hours
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2022 Continuing Education for Corporate Governance Officers

Title/Name	Date	Organizer	Course Name	Hours
Corporate Governance Officer/Lin, Chih Hong	2022/10/19	Securities Futures Institute	2022 Insider Equity Transaction Legal Compliance Explanation Session	3 Hours
	2022/11/10	Taiwan Institute of Directors	Breaking the Barriers of Organizational Frameworks - Key Considerations for Corporate Transformation Strategies	3 Hours
	2022/11/11	Taiwan Corporate Governance Association	Three Principles and Practical Cases of Integrity Management, Corporate Governance and Corporate Social Responsibility	3 Hours
	2022/12/16	Taiwan Institute of Directors	Breaking the Barriers of Organizational Frameworks –Corporate Transformation Case Analysis	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 remuneration 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: <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

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: <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 	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: <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

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	3	-	100%	Re-elected on June 17, 2023
Member	Wang, Zhu San	3	-	100%	
Member	Chang, Chih Yang	3	-	100%	
<p>Other matters to be recorded:</p> <ol style="list-style-type: none"> 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. 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
2022.03.17 10th Board of Directors 22nd Meeting	2022.03.17 4th Remuneration Committee 8th Meeting	1.2021 remuneration of employees and the board of directors. 2.Ratify car lease contract for chairman of the board and general manager.	The items for discussion are passed by all members of the Remuneration Committee.	Resolved and approved by the board of directors.
2022.08.04 11th Board of Directors 3rd	2022.08.04 5th Remuneration Committee	1.Discuss 2022 employees salary adjustment 2.Report on distribution of restricted employee stocks after two years.	The items for discussion are passed by all members of	Resolved and approved by the board of directors.

Meeting	1st Meeting		the Remuneration Committee.	
2022.11.10 11th Board of Directors 4th Meeting	2022.11.10 5th Remuneration Committee 2nd Meeting	1.Employee Stock Ownership Trust	The items for discussion are passed by all members of the Remuneration Committee.	Resolved and approved by the board of directors.
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.

(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 "Gentek’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>	

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: 2021/5/16~2024/5/16</p>	<p>None</p> <p>None</p>
<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)Gemtek Technology actively implements measures to increase energy efficiency and reduce emissions of greenhouse gases. We purchase products that are certified and have been granted a Green Mark Label by</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		the Environmental Protection Administration, Executive Yuan, R.O.C. The Company spares no effort in improving energy efficiency and adopting eco-friendly products to reduce the environmental impacts caused by manufacturing activities and enhance corporate competitiveness. (III)The Company has included environmental protection and sustainable practices in its employee training programs and daily business operations. And followed by the adoption of ISO14064-1, the Company will be establishing strategies to effectively reduce greenhouse gas based on standard test results and analysis.	None
(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		(IV) The Company aims to promote a paperless office environment. The Company also wished to reduce carbon footprint by setting standards to regulate the average office room temperature and the consumption of water and electricity (Note 4)	

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. Social Issues				
(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?	V		(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 the company's internal control system.	None
(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		(II) The company's salary and leave policies are set up in accordance with the provisions of the Labor Standards Act. In addition, employee bonuses are offered based on business achievements and individual performances. The Company also provides recreational spaces such as an office cafe, gymnasium, and other break rooms for personal wellness. Employee group	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) Does the company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?			<p>tours are held each year.</p> <p>(III) Measures to establish a safe working environment and protect the safety of employees:</p> <p>(1) Access control: Deploys an around the clock security and surveillance system to strictly monitor and manage access control.</p> <p>(2) Employee Health Checkups: The company organizes a bi-annual employee health checkup to improve employee wellbeing.</p> <p>(3) Insurance and Workers Compensation: As mandated by the law, the company provides employees with the benefits of labor and health insurance coverage. An insurance consultant is stationed on-site to provide supplementary services to employees who are in need of accident insurances.</p> <p>(4) Maintenance and Inspection of Facilities and Equipment: The company regularly maintains and inspects the safety of company elevators, air conditioners, drinking fountains, fire-fighting appliances, and mechanical</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		equipment according to the Rules for Public Safety Inspection and the Fire Services Act. (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 recruitment of talents.	None None
(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	V		(V) The company has set up a designated unit: Customer Services Department. Offering after-sales services.	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>consumer protection policies and complaint procedures?</p> <p>(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?</p>	V		<p>(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, the Company shall terminate the business partnership accordingly. In addition, the company will ask the supplier to sign the agreement whenever necessary.</p>	
V. Has the company taken reference from the internationally accepted reporting standards or guidance when compiling CSR reports	V		Pursuant to the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed	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)	
to disclose non-financial information? Have the aforementioned reports obtained third-party verification?			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 2021 report will acquire a third-party verification accordingly.	
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.				
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	2019	2020	2021
Scope I	408.2315	412.8604	526.6635
Scope II	3937.6309	4435.6266	4416.9294
Total ghg Emission	4345.862	4848.487	4943.5929
Unit: Metric tons per capita CO2e			

(2) Water Resource Management

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	2020	2021	2022
Withdrawal	55.69	46.45	59.36
Discharge	44.55	36.74	47.49
Total Consumption	11.14	9.71	11.87
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	2020	2021	2022	Waste Disposal Method
C-0301 Liquid waste with flash point less than 60°C	0.04	0.04	0.122	Incineration (does not include recyclables)
E-0221 PCB waste materials and dust particles	0.55	1.08	1.104	Physical Methods
E-0222 Discarded PCBs	0.70	0.76	0.711	Physical Methods
E-0217 Discarded components	1.64	1.94	2.576	Physical Methods
Non-Hazardous Waste				
Category	2020	2021	2022	Waste Disposal Method
R-0106 Kitchen Waste	17.60	17.50	19.24	Recycle and Reuse
D-1502 Non-Hazardous spent lye	0.49	0.93	1.05	Incineration (does not include recyclables)
D-1801 Everyday waste from business activities	63.99	77.63	54.55	Incineration (does not include recyclables)
				Unit: Metric Ton

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

Evaluation Item	Implementation Status(Note 1)			Deviations from “The Corporate Social Responsibility Best-Practive Principles fo 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 abuse of intellectual property rights and confidential	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		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. (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	None
II. Implementation of Ethical Management (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?	V		(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	None
(II)Has the company set up a dedicated responsible unit to promote				None

Evaluation Item	Implementation Status(Note 1)			Deviations from “The Corporate Social Responsibility Best-Practive Principles fo TWSE/TPEX Listed Companies”
	Yes	No	Summary	
<p>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)?</p> <p>(III)Does the company have any policy that prevents conflict of interest, and channels that facilitate the reporting of conflicting interests?</p> <p>(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?</p>	V		(II)The company has set up a RBA Team under the supervision of the General Managers to promote ethical management policies in the company. The RBA was responsible for the establishment of the "Code of Conduct," "Integrity Management Guidelines," and "Whistleblower Protection Policy." These regulations serve as the behavioral guidelines for our board members, managers, employees, and suppliers, which advises against conflicts of interest, participation in any corrupt or bribery activities, the use of job position or influence to gain improper advantages, and retaliation against whistleblowers. The implementation status will be reported to the board of directors and disclosed in our ESG report for the year 2023. The following shows the execution status of the company’s ethical management in 2022:	None
	V		1.Signed the Integrity Declaration Letter (IDL). 2.Responsible Business Alliance (RBA) code of conduct training - 100% Completion.	None
	V		3.Unethical business practices reported: None.	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?			<p>(III)The Company has established preventive measures to mitigate any conflict of interest, and has assigned dedicated personnel to gather and compile relevant information to facilitate the reporting of conflicting interests. .</p> <p>(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.</p> <p>(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</p>	

Evaluation Item	Implementation Status(Note 1)			Deviations from “The Corporate Social Responsibility Best-Practive Principles fo TWSE/TPEX Listed Companies”
	Yes	No	Summary	
			sort of unethical engagements, such violators will be subject to prosecution or punishment by judicial or administrative authorities	
<p>III. Whistleblowing System</p> <p>(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?</p>	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
<p>(II) Has the company implemented any standard procedures and/or subsequent measures after carrying out an investigation or confidentiality measures for handling reported misconduct?</p>	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 private information.	None
<p>(III) Has the company taken appropriate measures to protect the whistle-blower from suffering any consequences of reporting an incident?</p>	V		(III) The Company fully protects the safety and identity of the whistleblower, and shall not tolerate any form of retaliation against whistleblowers.	None

Evaluation Item	Implementation Status(Note 1)			Deviations from “The Corporate Social Responsibility Best-Practive Principles fo TWSE/TPEX Listed Companies”
	Yes	No	Summary	
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, 2023

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

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.

2022 Important Resolutions of the Board

Date	Summary of Important Resolutions	Implementation Status
2022.03.17 10 th Board of Directors 22 nd Meeting	1. To approve 2021 business reports and financial statements. 2. To approve 2021 employees' profit sharing bonus and directors' compensation 3. To approve earnings distribution of 2021 4. To approve 2021 "Effectiveness Evaluation of the Declaration of Internal Control Policies" and "Internal Control System Statement" 5. To approve new CPA appointment 6. To approve external Auditor Assessment Report regarding Independence and Competency 7. To approve 2022 annual shareholders meeting 8. To approve proposals from the shareholders meeting and list of candidates for the election of directors and independent directors. 9. To approve election of board of directors (including independent directors) 10. To discuss matters on waiving the non-compete agreement for newly appointed directors and representatives 11. To discuss the amendment of Articles of Incorporation 12. To discuss the drafting of Sustainable Development Best Practice Principles and Operation Measures for the Preparation and Filing of Sustainability Reports. 13. To propose capital increase base date for conversion of the 5th issuance of convertible bonds. 14. Ratification of derivatives trading. 15. Ratification of contracts for affiliate transactions. 16. To approve credit lines proposed by Sinopac Bank, Esun Bank, Yuanta Bank, and KGI 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.
2022.04.14 10 th Board of	1. To amend Procedures for Acquisition and Disposal of Assets 2. To approve list of candidates for the election of board of directors (including independent directors).	Abide by the resolution.

Date	Summary of Important Resolutions	Implementation Status
Directors 23rd Meeting	3. To review the professional qualifications, shareholding, part-time director restrictions, nomination and selection methods, and other matters related to independent directors. 4. To approve investment in Vietnam. ° 5 .To propose the repurchase of treasury stock	
2022.04.20 10 th Board of Directors 24 th Meeting	1. To repurchase treasury stock	Abide by the resolution. Material information released by the Board of Directors shall be duly announced and disclosed on the Market Observation Post System.
2022.04.29 10 th Board of Directors 25 th Meeting	1. To propose issuance of common shares by raising capital through private placement. 2. To approve loan to subsidiary Gemtek Vietnam Co., Ltd. ° 3. Ratification of derivatives trading. 4. To ratify acquisition and disposal of related party transactions.	Abide by the resolution. Material information released by the Board of Directors shall be duly announced and disclosed on the Market Observation Post System.
2023.06.09 11th Board of Directors 1st Meeting	1.Nominate and elect chairman of the Board of Directors.	Abide by the resolution. Material information released by the Board of Directors shall be duly announced and disclosed on the Market Observation Post System.
2023.06.17 11th Board of	1.Re-elect members of the Remuneration Committee. 2. To approve base date for 2021 cash dividend distribution derived from earnings. 3. To approve credit lines proposed by local banks for business	Abide by the resolution.

Date	Summary of Important Resolutions	Implementation Status
Directors 2nd Meeting	funding. 4. Signed an industry-academia collaboration and academic feedback mechanism contract with National Taipei University.	Material information released by the Board of Directors shall be duly announced and disclosed on the Market Observation Post System.
2023. 08.04 11th Board of Directors 3rd Meeting	1.Repurchase company shares for the 10th time in the TWSE to maintain business credit and protect shareholders' equity. Capital decreased due to cancellation of stocks 2.To approve repurchase of issued new employee restricted stock and implementation of cash decrease. 3.To ratify the acquisition and disposal of assets by related parties 4. To approve credit lines proposed by local banks for business funding. 5.Remuneration of directors.	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. 11.10 11th Board of Directors 4th Meeting	1. Draw up 2023 Auditing Plan 2. To ratify acquisition and disposal of assets by related parties. 3. Appointment of CPA for 2022 financial statement and audit fees. 4. Long-term investment plan (Lionic Corp.) 5. To approve credit lines proposed by Taishin Bank, CTCB, and HSBC for business funding.	Abide by the resolution.
2023. 12.16 11th Board of Directors 5th Meeting	1.To approve amendment of partial clauses for Procedures for Handling Material Inside Information 2.To approve 2023 Business Plan and Budget. 3.Handling of Employee Stock Ownership Trust. 4.To approve repurchase of issued new employee restricted stock and implementation of cash decrease.	Abide by the resolution. Material information released by the Board of Directors shall be duly announced and disclosed on the Market Observation Post System.

Date	Summary of Important Resolutions	Implementation Status
<p>2023.03.13 11th Board of Directors 6th Meeting</p>	<ol style="list-style-type: none"> 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. 	<p>Abide by the resolution.</p> <p>Material information released by the Board of Directors shall be duly announced and disclosed on the Market Observation Post System.</p>

Jun 09, 2022 Important Resolutions of the Shareholders' Meeting

and Implementation Status

Important Resolutions	Resolution / Election Results	Implementation Status
<p>Report Items</p> <p>1. To report the business of 2021. 2. 2021 Audit Committee's review report. 3. To report 2021 employees' profit sharing bonus and directors' compensation. 4. To report on convertible bonds. 5. To report on formulation of "Sustainable Development Best Practice Principles" 6. To report on the implementation of Share Buyback Program.</p>		
<p>Proposed Resolutions</p> <p>1. To ratify 2021 Business Report and Financial Statements</p>	<p>The number of votes in favor of the matter surpasses the statutory voting requirement. As a result, the motion has been passed.</p>	<p>Shareholders resolutions should be duly announced as material information.</p>
<p>2. To ratify proposal for distribution of 2021 earnings</p>	<p>The number of votes in favor of the matter surpasses the statutory voting requirement. As a result, the motion has been passed.</p>	<p>Base date is scheduled on July 10, 2022. Cash dividend distribution date is scheduled on July 28, 2022.</p>
<p>Discussion Items</p> <p>1. To amend Articles of Incorporation</p>	<p>The number of votes in favor of the matter surpasses the statutory voting requirement. As a result, the motion has been passed.</p>	<p>Shareholders resolutions should be duly announced as material information.</p>
<p>2. To amend Procedures for Acquisition and Disposal of Assets</p>	<p>The number of votes in favor of the matter surpasses the statutory voting requirement. As a result, the motion has been passed.</p>	<p>Shareholders resolutions should be duly announced as material information.</p>

3.To discuss issuance of common shares by raising capital through private placement.	The number of votes in favor of the matter surpasses the statutory voting requirement. As a result, the motion has been passed.	
Election Item 1. The 11th election of the board of directors (including independent directors)	List of elected board of directors (including independent directors): Chen, Hong Wen Tsai, Fu Tsan Yang, Jheng Ren Chang, Yueh Chi Hsu, Rong Hui APEX ACTION INVESTMENT LIMITED Zhao, Yao Geng Wang, Zhu San Chang, Zhi Yang	The elected board of directors will assume office from June 9, 2022 to June 30, 2025. The appointment of the board of directors was approved for registration change by the Ministry of Economic Affairs on July 28, 2022, under the official letter No. 11101113940. Shareholders resolutions should be duly announced as material information.
Other Matters 1. To discuss matters on waiving the non-compete agreement for newly appointed directors	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.

(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
COO	Lin, Tien Jin	2022.11.30	Retirement
COO	Li, Rong Chang	2022.11.30	Proxy

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	2022/01/01~ 2022/12/31	5,680	-	5,680
	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	2022		As of April 30, 2023	
		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	754,000	-	-	-
Director	Tsai, Fu Tsan	101,000	-	-	-
Director	Yang, Jheng Ren	(29,000)	-	-	-
Director	Hsu, Rong Hui	137,200	-	-	-
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	50,000	-	-	-
COO	Lin, Tien Jin	48,000	-	-	-
CFO	Lin, Chih Hong	54,000	-	-	-
CSO	Cheng, Guang Ming	50,000	-	-	-

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 N0.6 of Taiwan

As of March 31, 2023

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 N0.6 of Taiwan (Note 3).		Remark
	Shares	(%)	Shares	(%)	Shares	(%)	Title or Name	Relationship	
Chen, Hong Wen	7,391,937	1.87	232,842	0.06	-	-	-	-	-
Citibank (Taiwan) in Custody for Norges Bank Investment Account	5,951,530	1.51	-	-	-	-	-	-	-
JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Emerging Markets Index Fund, a Series of Vanguard International Index Fund	5,099,000	1.29	-	-	-	-	-	-	-
Lien, Hua Rong	4,869,876	1.23	2,470,633	0.63	-	-	-	-	-
Chen, Yung Hua	4,450,000	1.13	-	-	-	-	-	-	-
JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	4,297,668	1.09	-	-	-	-	-	-	-

HSBC Bank in custody for BitGinko Investment Account	3,358,000	0.85	-	-	-	-	-	-	-
Chang, Yueh Chi	3,000,715	0.76	-	-					
Huang, Yi Jie	2,629,000	0.67	-	-					
Deutsche Bank. AG, Taipei Branch in custody for WisdomTree Emerging Markets SmallCap Dividend Fund of WisdomTree Trust	2,582,000	0.65	-	-	-	-	-	-	-

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 percentage 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 Annual 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	%
Gemtek Investment Co.,Ltd	46,946	100.00%	0	0.00%	46,946	100.00%
G-TECHNOLOGY INVESTMENT CO., LTD	78,600	100.00%	0	0.00%	78,600	100.00%
BRIGHTTECH INTERNATIONAL CO., LTD	6,145	100.00%	0	0.00%	6,145	100.00%
WI TEK INVESTMENT CO., LTD	4,000	100.00%	0	0.00%	4,000	100.00%
AMPAK TECHNOLOGY INC.	20,101	33.37%	0	0.00%	20,101	33.37%
BROWAN COMMUNICATIONS INCORPORATION	11,815	33.68%	14,164	40.38%	25,979	74.06%
5V Technologies,Taiwan Ltd.	9,000	97.92%	0	0.00%	9,000	97.92%
Gemtek Vietnam Co., Ltd.	0	100.00%	0	0.00%	0	100.00%

Note: The above intercorporate investments are recorded under the equity method.

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

As of March 31, 2023

Type of Stock	Authorized Capital			Unissued	Grand Total	Remark
	Outstanding Shares					
	Listed	Unlisted	Total			
Common Stock	394,474,477	0	394,474,477	105,525,523	500,000,000	-

(II) Shareholder Structure

As of March 31, 2023

Quantity \ Category	Government Agency	Financial Institution	Other Legal Person	Individual	Foreign Institutions and Individuals	Total
	Number of Shareholders	2	12	281	65,666	142
Shareholding	4	1,781,441	9,439,461	333,589,929	49,663,642	394,474,477
%	0	0.45	2.39	84.57	12.60	100

(III) Distribution of Shareholding

As of March 31, 2023

Range of Shares Held	Number of Shareholders	Number of Shares Held	% of Total Shareholders
1 ~ 999	24,751	1,241,699	0.31
1,000 ~ 5,000	30,975	66,506,502	16.86
5001 ~ 10,000	5,529	44,429,952	11.26
10,001 ~ 15,000	1,534	19,285,986	4.89
15,001 ~ 20,000	1,087	20,352,707	5.16
20,001 ~ 30,000	767	19,670,177	4.99
30,001 ~ 40,000	413	14,897,521	3.78
40,001 ~ 50,000	240	11,344,071	2.88
50,001 ~ 100,000	459	33,248,936	8.43
100,001 ~ 200,000	194	27,169,583	6.89
200,001 ~ 400,000	72	19,563,346	4.96
400,001 ~ 600,000	31	15,711,843	3.98
600,001 ~ 800,000	8	5,424,592	1.38
800,001 ~ 1,000,000	4	3,610,315	0.92
Above 1,000,001	39	92,017,247	23.33
Total	66,103	394,474,477	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, 2023

Name of Shareholder	Shares	Number of Shares Held	%
Chen, Hong Wen		7,391,937	1.87
Citibank (Taiwan) in Custody for Norges Bank Investment Account		5,951,530	1.51
JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Emerging Markets Index Fund, a Series of Vanguard International Index Fund		5,099,000	1.29
Lien, Hua Rong		4,869,876	1.23
Chen, Yung Hua		4,450,000	1.13
JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds		4,297,668	1.09
HSBC Bank in custody for BitGinko Investment Account		3,358,000	0.85
Chang, Yueh Chi		3,000,715	0.76
Huang, Yi Jie		2,629,000	0.67
Deutsche Bank. AG, Taipei Branch in custody for WisdomTree Emerging Markets SmallCap Dividend Fund of WisdomTree Trust		2,582,000	0.65

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

Unit: NT\$

Item		Fiscal Year		2021	2022	As of
				(Note 4)		April 30, 2023 (Note 8)
Market Price (Note 1)	Highest			36.95	33.85	31.20
	Lowest			24.25	25.55	26.70
	Average			29.73	29.65	28.26
Net Value (Note 2)	Before Distribution			32.15	33.13	-
	After Distribution			30.65	31.63	-
Earnings Per Share (Note 3)	Weighted average shares outstanding			359,145,000 shares	391,663,000 shares	-
	Before Distribution			NT\$1.89	NT\$1.7	-
	After Distribution			NT\$0.39	NT\$1.7	-
Dividends Per Share	Cash Dividends			NT\$1.5	NT\$1.5	-
	Stock Dividends	-		-	-	-
		-		-	-	-
	Accumulated unpaid dividend (Note 4)-			-	-	-
Return On Investment	Price / Earnings Ratio (Note 5)			15.73	17.44	-
	Price / Dividend Ratio (Note 6)			19.82	19.77	-
	Cash Dividend Yield (%) (Note 7)			5.05%	5.06%	-

* 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 2021, the Company board of directors approved the distribution of cash dividends NT\$607,738,466 in total, which takes up 34.89% of retained earnings.

3. Implementation Status

Earnings distribution proposed at the most recent shareholders' meeting:

Unit: NT\$

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

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

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\$123,628,868
 - B. Remuneration Benefits of Directors : NT\$16,483,849
 - (2) The 2022 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\$140,112,717 and the estimated amount recognized as expense NT\$140,112,717.
 - (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%	112,689,232	-	112,689,232
Director Remuneration 1.8%	15,025,231	-	15,025,231

Employee Compensation and Director Remuneration

Item	Stock Dividend			Cash Dividend	Total
	Stock Price	Shares	Amount	Amount	
Employee Compensation 13.5%	-	-	-	112,689,232	112,689,232
Director Remuneration 1.8%	-	-	-	15,025,231	15,025,231

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

(IX)Repurchase of Treasury Stock:

1.Implementation Status: Already Completed

As of Date: December 31, 2023

Term of Repurchase	10th
Reason	Maintain Company Credibility and Shareholder Equity
Repurchase Period	April 21, 2022 – June 20, 2022
Repurchase Price Range	NT\$28.00~NT\$38.00
Type and Number of Shares Repurchased	10,342,000 Common Shares
Total Value of Repurchased Shares	NT\$307,112,242
Ratio of the number of shares already repurchased to the number of shares intended to be repurchased (%)	51.71%
Number of Cancelled and Transferred Repurchased Shares	10,342,000 Common Shares
Accumulated number of the Company's shares held by the Company	0 shares
Ratio of the accumulated number of the Company's shares held by the Company to the total number of issued shares (%)	0%

2.Repurchase of Treasury Stock In Progress: None

II. Domestic & Overseas Corporate Bonds

III. Preferred Stock: None

IV. Global Depository 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	2 nd Issuance New Restricted Employee Shares
Effective Date	July 14, 2020
Date of Issuance	August 07, 2020
Issued Shares	4,000,000 shares
Issue Price	NTD10
Percentage of Issued New Restricted Employee Shares to Total Number of Issued Ordinary Shares	1.10%
Vesting Conditions	<p>1. If an employee still serves the Company for one year after the subscription of New Employee Restricted Stock, provided that the employee has not violated the Company's labor contract, work rules, or company regulations, and under the circumstance that the overall business operations and employee performances have reached the reasonable targets set out by the Company for the preceding year, the ratio of shares that can be vested is: 30%.</p> <p>2. If an employee still serves the Company for two years after the subscription of New Employee Restricted Stock, provided that the employee has not violated the Company's labor contract, work rules, or company regulations, and under the circumstance that the overall business operations and employee performances have reached the reasonable targets set out by the Company for the preceding year, the ratio of shares that can be vested is: 30%.</p> <p>3. If an employee still serves the Company for three years after the subscription of New Employee Restricted Stock, provided that the employee has not violated the Company's labor contract, work rules, or company regulations, and under the circumstance that the overall business operations and employee performances have reached the</p>

	reasonable targets set out by the Company for the preceding year, the ratio of shares that can be vested is: 40%.
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	526,500 shares
Cancelled Shares	2,111,500 shares
Uncancelled Shares	1,362,000 shares
Percentage of Uncancelled Shares to Issued Ordinary Shares	0.35%
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	1,710,000	0.43%	1,026,0 00	0	0	0.26%	684,000	0	0	0.17%
	General Manager	Li, Rong Chang										
	Senior Deputy General Manager	Tsai, Fu Tsan										
	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	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
E m p l o y e e (N o t e 3)	Spokesperson	Yang, Zheng Jen	1,110,000	0.28%	666,000	0	0	0.17%	444,000	0	0	0.11%
	Head of Division	Yao, Chi Sian										
	Head of Division	Lai, Zhi Hao										
	Vice President	Wang, Shih Jun										
	Deputy General Manager	Ting, Yuan Zhe										
	Manager	Lin, Jun Han										
	Senior Manager	Zheng, Chung Liang										
	Manager	Huang, Shueh Guan										
	Head of Division	Wu, Zong En										
	Mananger	Hsu, Ching Song										

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. 2022 Proportion of each product (service) to total business operations

Product	Ratio
WLAN CARD	11.89 %
WIRELESS GATEWAY	79.47 %
WIRELESS TELECOMMUNICATION MODULE	0.94 %
OTHERS	7.70 %
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 Research and Development Plans

- A. 5G NR R16 Standardized CPE
- B. 5G Small Cell End To End System Development
- C. Computer vision-based Wireless SIP Module Multi-Scan Solution
- D. Enterprise-grade WiFi platform development
- E. GPON/XGSPON 2-in-1 Passive Optical Network access to Ultra-wideband Network Integration System development plan
- F. High performance enterprise xPON/g.fast integration universal platform development based on open software architecture
- G. Easy deployment and cost effective 5G NR FR1+ FR2 ODU CPE development
- H. Cost effective 5G NR smallcell development for sharedband CBRS
- I. Scalable Phased Array Antenna Development for LEO application ka/ku band
- J. High performance WiFi 7 AP platform development
- K. Tiny compact WiFi 7 extender development
- L. Cost-effective WiFi 6/6e AP platform development
- M. Universal smart element management system software platform development
- N. Cost-effective switch platform development

(II) Industry Overview

1. The Status and Development of Industry

Ericsson's 2022 Mobility Report reveals that the 5G penetration rate is steadily growing and is estimated to reach the milestone of one billion subscribers by the end of 2022. Furthermore, 2023 will bring more 5G smart devices with more capabilities, which is expected to increase the demand for 5G in the market. Ericsson predicts that the number of 5G subscribers will surpass five billion by 2028. As of 2022, North America and North East Asia are expected to have the highest 5G subscription penetration by the end of 2022 at around 35 percent, followed by the Gulf Cooperation Council countries at 20 percent and Western Europe at 11 percent. The United States is still leading the market with 80% coverage nationwide.

Looking ahead to 2023, the commercialization of 5G technology is about to enter its fourth year, and the global 5G industry is expected to experience accelerated growth from this year forward. Growth will depend on several factors, including macroeconomic development and component availability. In 2023, 5G devices are expected to evolve with more spectrum aggregation capabilities (4CC DL, 2CC UL and NR-DC) plus improved power efficiency and low-latency capabilities. With the gradual evolution and maturity of 5G, we can expect an increase in demand and application for 5G in both commercial and consumer markets. As more 5G spectrum bands become available, service providers are able to strategize deployment in various approaches via three different radio spectrum bands, each with its own set of characteristics and benefits (mid-band, low-band, and millimeter wave), enabling 5G services with the flexibility to serve multiple use cases with different requirements by ensuring that devices are connected using the most appropriate band.

As of March 2023, smartphone subscriptions were estimated to account for 51.4% of all 5G mobile subscriptions globally. Fixed wireless access (FWA) connections come in second, comprising 15.3% of all 5G subscriptions worldwide. FWA is a low-cost, easy-to-deploy and flexible broadband solution compared to fixed networks. For 5G service providers, FWA allows for the same base station to serve both mobile and home users simultaneously, reducing the cost for building base stations. In addition, FWA is an efficient and scalable alternative to wired connections for reliable home broadband, enabling wireless communications service providers to compete with cable TV providers.

According to Ericsson's 2022 Mobility Report, more than three-quarters of service providers surveyed in over 100 countries are now offering Fixed Wireless Access (FWA) services (including LTE and 5G). Nearly one-third of service providers are now offering it over 5G, compared to one-fifth a year ago. As the penetration rate of 5G increases, FWA is growing strong, with 300 million connections projected in 2028.

The report also predicts that 5G mobile subscriptions are to reach 5 billion in 2028

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.

Ever since the outbreak of COVID-19 in 2020, it has led to an increase in the demand for broadband network infrastructure due to the rise in remote work and distance learning. While the pandemic's peak has passed, the continuous mutation of the virus over the past year has caused a resurgence of the epidemic globally. Consequently, numerous companies have implemented hybrid work models to adapt to this phenomenon and expedited their digital transformation strategies. Furthermore, people's lifestyles have undergone a significant shift, and individuals and companies alike continue to have a high demand for bandwidth. They anticipate service providers to deliver faster and more reliable network services. 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 by 2021-2023. 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,

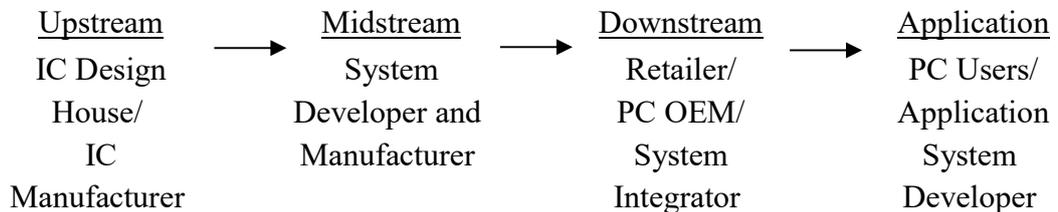
to encourage service providers to adopt broadband technologies, such as fiber, to deliver networks with speeds of 100Mbps or higher. Intense competition among service providers is also fueling the adoption of optic fiber services.

In Europe, the European Commission is supporting EU businesses, project managers and authorities in increasing network coverage. The connectivity objectives of the Gigabit Society for 2025 and the Digital Decade for 2030 includes access to Gigabit connectivity, 5G coverage, and connectivity offering at least 100 Mbps for all European households by 2025 and 1 Gbps by 2030. The Commission has launched a fund to develop broadband network infrastructure across underserved areas of Europe, such as the UK, Germany, and Italy, and encourage service providers to increase their investment in fiber optic infrastructure. Fiber optic connection penetration rates among European countries differ immensely. For example, Germany's fiber optic penetration rate is only 6%, while Spain's is 76.2%. However, since the rollout of EU's broadband support, demand for fiber optic deployment in European countries have increased.

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. As of January 2023, American satellite service provider SpaceX has launched a total of 3,300 LEO satellites, making it the leader among service providers, offering services in 45 countries. UK LEO satellite service provider OneWeb now has a total of 542 satellites in orbit, with more than 80% of its first-generation constellation launched. That leaves two launches remaining to complete its first-generation constellation and activate global coverage in 2023. Canadian service provider Telesat is expected to enter the commercialization phase in the second half of 2023, having already launched 188 satellites. Research institutions have predicted that the global LEO satellite market size will grow from \$4.29 billion in 2022 to \$5.26 billion in 2023, at a compound annual growth rate of 22.6%.

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

As we head towards 2023, with increasing vaccination rates and the pandemic gradually coming under control, many countries are starting to ease their lockdowns, and the trend of staying at home is gradually diminishing.

Nevertheless, the virus has continued to mutate over the past year, causing recurring outbreaks of the pandemic worldwide. Consequently, numerous companies have implemented hybrid work models and expedited their digital transformation strategies. Additionally, people's lifestyles have undergone a complete transformation. Therefore, the outlook for the future market of communication products remains optimistic.

During 2022, the market witnessed an explosive growth in two emerging technologies, namely Wi-Fi 6 and 10 GPON, which were highly favored by consumers. Wi-Fi 6 garnered a remarkable penetration rate of approximately 50-60% within the PC market, while routers were able to achieve a rate of around 40%. Compared to the previous year (2021), the rise in the adoption rate of Wi-Fi 6 was quite substantial. Furthermore, prominent chip manufacturers have been introducing Wi-Fi 7 solutions, one after the other. However, owing to factors such as the overall economic climate and the emergence of new application scenarios, it is anticipated that there won't be a significant surge in demand until 2025.

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	<p>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.</p>	<p>Wi-Fi 6 technology can increase the number of devices 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.</p>	<p>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.</p>	<p>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.</p>

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	2021	2022
Investments	753,460	916,227
Operating Revenue	22,912,691	27,899,990
As a percentage of total revenue	3.29	3.28

Note: No financial forecasts have been prepared for 2023

2. Recent Research and Development Achievements

Year	Achievements
2021	<ol style="list-style-type: none">1. GPON/XGSPON /10GEPON/DPoE/NGPON2 product development.2.xDSL, G.FAST equipment3. Whole home WiFi with Easy Mesh development4.Advanced WiFi 6/6e AP, Repeater, and Mesh development5. Cost-effective and Advanced LTE client device development, including Cat 20, Cat 12, Cat6, Cat4, UER6. 3GPP based CIOT client device and LGA module development (Cat 4, Cat 1, Cat-M1, NB-IOT)7.5G NR FR1/FR2 CPE development8. mmwave smart antenna phase array system platform development9. 5G mmwave repeater system platform development10. Tern smart mesh WiFi 6/6e system development11. 5G smallcell and core network platform development12. Low earth orbit satellite smart antenna CPE system research and development
2022	<ol 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 protoble 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 installtion and cost effective 5G NR FR1+ FR2 ODU CPE

	development 11.28/39G mmwave smart antenna phase array system platform development 12.5G NR smallcell and core network platform development 13.Cost effective 5G NR smallcell development for sharedband CBRS 14.Scalable Phased Array Antenna Development for LEO application ka/ku-band
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(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		2021		2022	
		Amount	%	Amount	%
Domestic		997,342	4.35	682,028	2.44
Overseas	Asia	6,389,047	27.89	6,038,146	21.64
	Europe	5,506,879	24.03	6,047,532	21.68
	America	10,007,502	43.68	14,931,672	53.52
	Pacific	0	0.00	156,825	0.56
	Africa	11,921	0.05	43,787	0.16
Total		22,912,691	100.00	27,899,990	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.

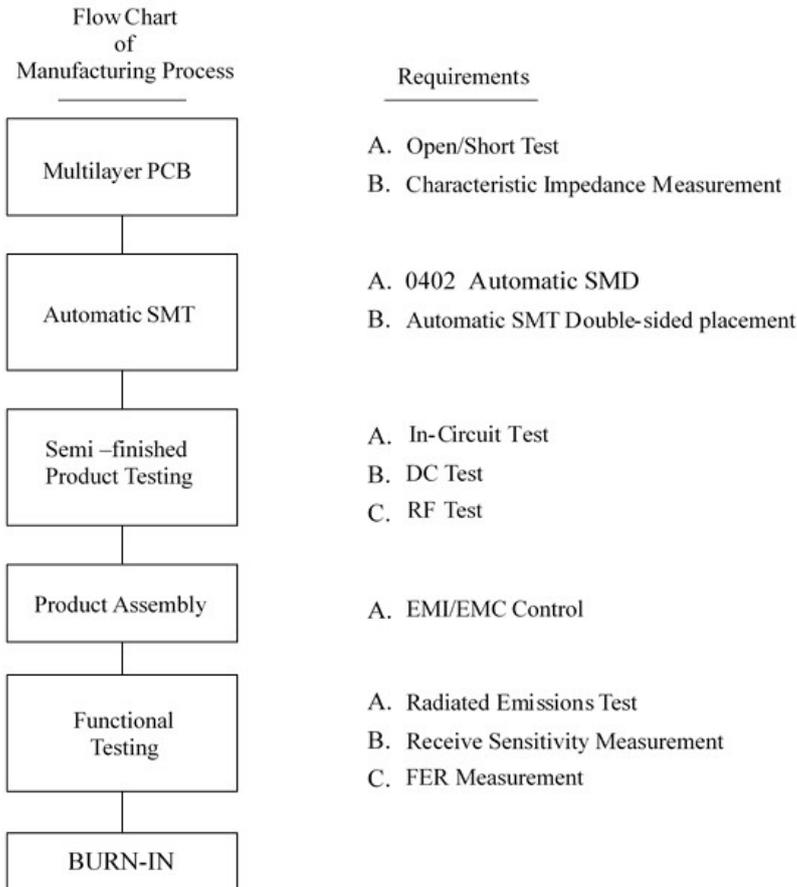
Gemtek provides a whole series of new-generation fixed-line broadband products, including PON, xDSL/G.fast, and DPU, which can all be customized to meet customers' diverse network requirements and develop terminal equipment that render a higher competitive edge in the market.

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	2021				2022				As of 2023 Q1			
	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	Name	Amount	As a percentage of total net procurement (%)	Relationship with the Company
1	Client A	5,247,644	22.90	None	Client A	7,914,002	28.37	None	Client A	2,084,448	29.51	None
2	Client B	3,020,934	13.18	None	Client B	3,560,406	12.76	None	Client B	1,346,822	19.07	None
3	Client C	2,934,853	12.81	None	Client C	3,114,297	11.16	None	Client E	822,983	11.65	None
4.	Client D	2,568,061	11.21	None	Client D	1,811,356	6.49	None	Client F	723,461	10.24	None
	Others	9,141,199	39.90		Others	11,499,929	41.22		Others	2,085,295	29.53	
	Net Sales	22,912,691	100.00		Net Sales	27,899,990	100.00		Net Sales	7,063,009	100.00	

2. YoY Sales Variance Analysis:

Our company maintains a long and stable cooperative relationship with our primary clients. Throughout the 2021 and 2022 fiscal years, our top four clients remained largely unchanged with no significant changes.

3. Procurement Data

Item	2021				2022				As of 2023 Q1			
	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	Name	Amount	As a percentage of total net procurement (%)	Relationship with the Company
1	Client A	1,609,490	8.49	None	Client A	2,784,721	12.18	None	Client B	681,653	10.66	None
	Others	17,356,135	91.51		Others	20,081,852	87.82		Others	5,714,282	89.34	
	Net Procurement	18,965,625	100.00		Net Procurement	22,866,573	100.00		Net Procurement	6,395,935	100.00	

4. YoY Procurement Variance Analysis:

Our company maintains a long and stable cooperative relationship with our primary clients. Throughout the 2021 and 2022 fiscal years, our top four clients remained largely unchanged with no significant changes.

(V) Production Analysis for the Past Two Years

Unit: All numbers in NT\$ thousands ;SET

Production Product	Year	2021			2022		
		Capacity	Volume	Value	Capacity	Volume	Value
WLAN CARD		126,226,919	120,216,113	2,274,166	103,286,813	73,776,295	1,427,166
WIRELESS GATEWAY		12,086,041	11,621,193	16,495,471	13,851,271	11,542,726	20,818,294
WIRELESS TELECOMMUNICATION MODULE		13,109,217	12,852,174	244,602	10,474,009	9,521,826	921,179
Total		151,422,177	144,689,480	19,014,239	127,612,093	94,840,847	23,166,639

(VI) Sales Analysis for the Past Two Years

Unit: All numbers in NT\$ thousands;SET

Sales Product	Year	2021				2022			
		Domestic Sales		International Sales		Domestic Sales		International Sales	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
WLAN CARD		48,557	10,973	119,778,120	2,714,452	69,263	21,688	74,893,484	1,878,472
WIRELESS GATEWAY		576,536	493,577	12,418,793	17,714,496	120,855	127,872	12,573,071	22,934,813
WIRELESS TELECOMMUNICATI ON MODULE		13,135,486	214,755	-	-	1,708,223	37,262	8,542,805	171,259
OTHERS		-	278,037	-	1,486,401	-	495,095	-	2,233,529
Total		13,760,579	997,342	132,196,913	21,915,349	1,898,341	681,917	96,009,360	27,218,073

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		2021	2022	As of March 31, 2023
Number of Employee(s)	As of the Previous Year	1138	1563	1403
	New Hire Count for the Current Year	2515	2749	2444
	Total	3653	4312	3847
Average Age		37.1	33.90	33.39
Average Tenure		7.1	4.53	4.38
Distribution of education background (%)	Doctorate or Professional Degree	0.11%	0.12%	0.13%
	Master's Degree	10.27%	8.86%	10.06%
	Bachelor's Degree	33.07%	29.06%	29.87%
	High School Degree	41.77%	44.64%	41.30%
	Less Than High School	14.78%	17.32%	18.64%

(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 2022, Gemtek's total number of employee training hours is 14,250.5 hours, which is 14.04 training hours per person. The aggregate amount of training expenses was NT\$401,710 (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. 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:

On June 21, 2021, our company was issued a NT\$60,000 fine by the Hsinchu County Environmental Protection Bureau in accordance with Article 31, Paragraph 1, Subparagraph 2 of the Waste Disposal Act. The penalty was due to wrongful reporting and measuring of waste. In consequence, the Company has undergone changes in our internal process to eliminate any probabilities of law violation. In the year 2022, no penalty was imposed on our company for any wrongdoing or violation.

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 the 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 Areas 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. Up to the present, no pension payments have been claimed.

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) Regular health checks.

(4) A specialized team is set up to protect the Company against the threat of infectious diseases. Team members are in charge of collecting news sources about disease prevention, organizing employee vaccination sessions, and administering infection control kits to colleagues who are required to go on business travels overseas.

(5) Holds workplace safety and health inspections on a regular basis to ensure the quality of the work environment and protect the health and safety of employees.

(6) Gemtek received a Taiwan i Sports enterprise certification award in 2021 for its efforts in providing employees with adequate recreational spaces and equipment, promoting diverse workplace activities, and encouraging health fitness. The Company regularly holds competitive sports events and hires professional trainers for group exercises like aerobics workouts and yoga in order to allow employees to embrace a better work-life quality.

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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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 employees and IT professionals. A total of 13

Type	Explanation	Controls and Measures
		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 customers.

(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~	Gemtek is commissioned by counterparty to development network communication products	Confidentiality clause
Development& Manufacturing Contract	B Company	January 30, 1997~	Gemtek is commissioned by counterparty to development network communication products	Confidentiality clause
Development& Manufacturing Contract	C Company	February 16, 1999~	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)				
		2018	2019	2020	2021	2022
Current Assets		10,995,489	9,548,019	12,673,645	12,009,494	15,279,055
Property, plant and equipment		2,886,755	2,867,476	3,325,158	3,471,538	4,042,505
Intangible assets		389,010	447,765	79,763	349,041	330,969
Other Assets		1,824,977	1,836,476	2,577,810	4,386,957	5,178,010
Total Assets		16,096,231	14,699,736	18,656,376	20,217,030	24,830,539
Current Liabilities	Before dividend distribution	7,234,900	4,613,772	9,043,613	8,056,708	11,212,687
	After dividend distribution	7,234,900	4,791,683	9,758,945	8,664,446	11,804,399
Non-current Liabilities		218,612	1,398,089	228,628	244,501	238,990
Total Liabilities	Before dividend distribution	7,453,512	6,011,861	9,272,241	8,301,209	11,451,677
	After dividend distribution	7,453,512	6,189,772	9,987,573	8,908,947	12,043,389
Attributable to the equity of the owner of the parent company		8,603,133	8,417,519	9,384,003	11,689,827	13,073,042
Share Capital		3,565,540	3,568,835	3,575,905	3,705,986	3,946,465
Capital Reserve	Before dividend distribution	4,669,276	4,761,281	4,606,007	4,441,626	4,983,065
	After dividend distribution	4,669,276	4,583,370	4,248,341	4,441,626	4,983,065
Retained Earnings	Before dividend distribution	1,106,780	1,310,513	2,583,817	2,881,142	2,867,582
	After dividend distribution	1,106,780	1,310,513	2,226,151	2,273,404	1,275,870
Other equity		(738,463)	(1,223,110)	(1,381,726)	661,073	1,275,930
Treasury Stock		-	-	-	-	-
Non-controlling interests		39,586	270,356	132	225,994	305,820
Total Equity	Before dividend distribution	8,642,719	8,687,875	9,384,135	11,915,821	13,378,862
	After dividend distribution	8,642,719	8,509,964	8,668,803	11,308,083	12,787,150

Note 1: For the years 2018 to 2022, the Company has adhered to the IFRS standards. The above financial information was audited by the CPA.

Note 2: For the year 2023, the Company has adhered to the IFRS standards. The Financial information as of March 31, 2023 was reviewed by the CPAs.

(2) Condensed Balance Sheet – Based on IFRS

Unit: All numbers in NT\$ thousands

Year Items		Financial Summary (Note 1)				
		2018	2019	2020	2021	2022
Current Assets		6,442,789	5,516,874	8,769,744	7,679,069	11,325,513
Property , plant, and equipment		1,170,049	1,131,078	1,321,057	1,457,078	1,431,892
Intangible Assets		-	-	-	-	-
Other Assets		7,463,753	7,197,393	7,242,756	9,439,592	10,572,855
Total Assets		15,076,591	13,845,345	17,333,557	18,575,739	23,330,260
Current Liabilities	Before dividend distribution	6,263,933	4,057,253	7,735,749	6,668,786	10,043,103
	After dividend distribution	6,263,933	4,235,164	8,451,081	7,276,524	10,634,185
Non-current Liabilities		209,525	1,370,573	213,805	217,126	214,115
Total Liabilities	Before dividend distribution	6,473,458	5,427,826	7,949,554	6,885,912	10,257,218
	After dividend distribution	6,473,458	5,605,737	8,664,886	7,493,650	10,848,930
Attributable to the equity of the owner of the parent company		-	-	-	-	-
Share Capital		3,565,540	3,568,835	3,575,905	3,705,986	3,946,465
Capital Surplus	Before dividend distribution	4,669,276	4,761,281	4,606,007	4,441,626	4,983,065
	After dividend distribution	4,669,276	4,583,370	4,248,341	4,441,626	4,983,065
Retained Earnings	Before dividend distribution	1,106,780	1,310,513	2,583,817	2,881,142	2,867,582
	After dividend distribution	1,106,780	1,310,513	2,226,151	2,273,404	2,275,870
Other Equities		(738,463)	(1,223,110)	(1,381,726)	661,073	1,275,930
Treasury Stock		-	-	-	-	-
Non-controlling Interests		-	-	-	-	-
Total Equity	Before dividend distribution	8,603,133	8,417,519	9,384,003	11,689,827	13,073,042
	After dividend distribution	8,603,133	8,239,608	8,668,671	11,082,089	12,481,330

Note 1: For the years 2018 to 2022, 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

Items	Year	Financial Summary (Note 1)				
		2018	2019	2020	2021	2022
Operating Income		17,333,751	18,057,131	19,929,372	22,912,691	27,899,990
Gross Profit		1,600,685	1,772,491	2,265,576	2,060,592	2,865,274
Operating Profit		(58,779)	51,499	467,913	356,093	728,357
Non-operating income and expense		86,088	231,056	1,105,259	367,360	190,976
Profit before tax		27,309	282,555	1,573,172	723,453	919,333
Net income for the year from the continuing department		(21,846)	209,973	1,407,574	681,584	746,050
Loss from the discontinued department		-	-	-	-	-
Current period net profit		(21,846)	209,973	1,407,574	681,584	746,050
Other current comprehensive income (loss) profit(net after tax)		(1,112,689)	(475,358)	(184,190)	1,968,169	610,824
Total comprehensive income of current period		(1,134,535)	(265,385)	1,223,384	2,649,753	1,356,874
Net profit attributable to the owner of the parent company		(22,804)	201,193	1,370,155	679,793	664,683
Net profit attributable to non-controlling interests		958	8,780	37,419	1,791	81,367
Total current comprehensive income attributable to the owner of the parent company		(1,135,533)	(272,976)	1,186,605	2,647,962	1,275,507
Total current comprehensive income attributable to non-controlling interests		998	7,591	36,779	1,791	81,367
Earnings per share		(0.07)	0.57	3.86	1.89	1.70

Note 1: For the years 2018 to 2022, the Company has adhered to the IFRS standards The above financial information was audited by the CPA.

Note 2: For the year 2023, the Company has adhered to the IFRS standards The Financial information as of March 31, 2023 was reviewed by the CPAs.

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

Unit: All numbers in NT\$ thousands

Items \ Year	Financial Summary (Note 1)				
	2018	2019	2020	2021	2022
Operating Income	14,248,465	14,530,958	16,484,007	20,562,652	25,763,706
Gross Profit	1,190,357	1,180,414	1,568,999	1,524,543	1,642,074
Net operating income (loss)	(10,659)	(66,480)	230,908	183,059	87,795
Non-operating income and expenses	7,520	268,551	1,228,732	523,961	687,862
Profit before tax	(3,139)	202,071	1,459,640	707,020	775,657
Net income for the year from the continuing department	(22,804)	201,193	1,370,155	679,793	664,683
Loss from the discontinued department	-	-	-	-	-
Current period net profit	(22,804)	201,193	1,370,155	679,793	664,683
Other comprehensive income recognized for the period (net amount after tax)	(1,112,729)	(474,169)	(183,550)	1,968,169	610,824
Total comprehensive income of current period	(1,135,533)	(272,976)	1,186,605	2,647,962	1,275,507
Earnings per share	(0.07)	0.57	3.86	1.89	1.70

Note 1: For the years 2018 to 2022, 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
2022	Deloitte & Touche	Han-ni Fang, Jing-ting Yang	Unqualified opinion & Other matter paragraph
2021	Deloitte & Touche	Ching-zen Yang, Jing-ting Yang	Unqualified opinion & Other matter paragraph
2020	Deloitte & Touche	Ching-zen Yang, Jing-ting Yang	Unqualified opinion & Other matter paragraph
2019	Deloitte & Touche	Ching-zen Yang, Zhe-li Gung	Unqualified opinion
2018	Deloitte & Touche	Ching-zen Yang, Zhe-li Gung	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

Items	Year	2018	2019	2020	2021	2022
Financial Structure (%)	Debt to Assets Ratio	46.31	40.90	49.70	41.06	46.12
	Long-term capital to property, plant, and equipment	305.59	351.74	289.09	343.78	336.87
Solvency(%)	Current Ratio	151.98	206.95	140.14	149.06	136.27
	Quick Ratio	110.09	150.97	92.02	99.83	94.34
	Times interest earned (times)	198.39	627.95	11,776.04	4,946.59	1,556.07
Operational abilities	Average collection turnover (times)	3.58	3.65	3.94	3.70	3.55
	Average Collection days	101.94	100	92.63	98.64	102.81
	Inventory turnover (times)	6.50	5.86	5.14	5.06	5.85
	Average payable turnover (times)	4.77	4.60	3.93	4.32	4.53
	Average inventory turnover days	56.19	62.25	71.01	72.14	62.39
	Property, plant, and equipment turnover (time)	6.12	6.28	6.44	6.74	7.43
	Total assets turnover (times)	1.11	1.17	1.19	1.18	1.24
Return on investment (%)	Return on assets	0.02	1.65	8.59	4.05	3.60
	Return on shareholders' equity	(0.25)	2.42	15.58	6.69	5.90
	Income before tax as a percentage of paid-in capital	0.77	7.92	43.99	19.76	23.30
	Net profit rate	(0.13)	1.16	7.06	2.97	2.67
	Earnings per share (NTD) (Note 2)	(0.07)	0.57	3.86	1.89	1.70
Cash flows (%)	Cash flow ratio	(12.05)	60.6	(10.03)	(7.11)	8.53
	Cash Flow adequacy ratio	43.48	163.63	40.41	2.12	16.47
	Cash Flow Reinvestment Ratio	(9.62)	21.47	(8.35)	(8.29)	2.01
Leverage	Operating Leverage	(4.69)	7.91	1.90	2.33	1.78
	Financial Leverage	0.64	(14.86)	1.07	1.09	1.13

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 interest expenses from borrowed funds in 2022, the times interest earned decreased by 68.54% compared with that in 2021.

2. Due to the increase in net cash inflow from operating activities in 2022, the cash flow ratio, Cash Flow adequacy ratio, and Cash Flow Reinvestment Ratio increased by 219.27%, 676.89%, and 124.23% , respectively, compared with that in 2021.

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

Note 1: For the years 2017 to 2022, 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 issued 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

Items		Year				
		2018	2019	2020	2021	2022
Financial Structure (%)	Debt to Assets Ratio	42.91	39.20	45.86	37.07	43.97
	Long-term capital to property, plant, and equipment	753.19	865.38	726.52	817.18	927.94
Solvency(%)	Current Ratio	102.86	135.98	113.37	115.15	112.77
	Quick Ratio	99.56	119.18	103.03	105.65	106.69
	Times interest earned (times)	108.50	630.71	11088.75	4928.54	1,330.47
Operational abilities	Average collection turnover (times)	3.12	3.27	3.22	3.09	3.30
	Average Collection days	117.16	117.71	113.52	118.01	110.51
	Inventory turnover (times)	83.62	30.63	20.44	27.04	39.69
	Average payable turnover (times)	4.49	4.10	2.80	4.66	4.88
	Average inventory turnover days	4.37	11.92	17.86	13.5	9.20
	Property, plant, and equipment turnover (time)	12.12	12.63	13.44	14.80	17.84
	Total assets turnover (times)	0.97	1.00	1.06	1.15	1.23
Return on investment (%)	Return on assets	0.01	1.69	8.94	3.92	3.44
	Return on shareholders' equity	(0.25)	2.36	15.39	6.76	5.37
	Income before tax as a percentage of paid-in capital	-	5.66	40.82	19.31	19.65
	Net profit rate	(0.16)	1.38	8.31	3.31	2.58
	Earnings per share (NTD) (Note 2)	(0.07)	0.57	3.86	1.89	1.70
Cash flows (%)	Cash flow ratio	(16.66)	44.03	(18.65)	(13.91)	15.12
	Cash Flow adequacy ratio	91.69	139.32	34.41	(78.09)	(3.34)
	Cash Flow Reinvestment Ratio	(13.98)	16.30	(15.12)	(12.51)	6.24
Leverage	Operating Leverage	(10.47)	(0.92)	1.59	1.86	2.99
	Financial Leverage	0.26	0.55	1.15	1.20	4.82

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 interest expenses from borrowed funds in 2022, the times interest earned decreased by 73.00% compared with that in 2021.
2. Due to the increase in sales and cost of goods sold in 2022, the inventory turnover rate increased by 46.79% compared with that in 2021, and the average sales days decreased by 31.88%.
3. Due to the increase in operating income in 2022 in contrast to the average increase for property, plant, and equipment, the property, plant, and equipment turnover rate increased by 20.51% compared with that in 2021.

4. Due to the increase in operating revenue in 2022 in contrast to net profit after tax, the Net profit rate decreased by 22.06% compared with that in 2021.

5. Due to the increase in net cash inflow from operating activities in 2022, the cash flow ratio, Cash Flow adequacy ratio, and Cash Flow Reinvestment Ratio increased by 208.70%, 95.73%, and 100.50%, respectively, compared with that in 2021.

6. Due to the decrease in operating net income in 2022, the Operating Leverage increased by 60.86% compared with that in 2021.

Due to the increase in interest expenses in 2022, the Financial Leverage increased by 301.59% compared with that in 2021.

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

Note 1: For the years 2017 to 2022, 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 2022 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, 2023

VI.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.

VII.Review and Analysis of Financial Position, Financial Performance, and Risk Management

I. FINANCIAL POSITION ANALYSIS (CONSOLIDATED) - IFRS

Unit: NT\$, All in thousands

Items	Year		Difference	(%)
	Dec. 31, 2022	Dec. 31, 2021		
Current assets	15,279,055	12,009,494	3,269,561	27.22
Long-term equity investment	4,564,868	3,953,476	611,392	15.46
Property, plant, and equipment	4,042,505	3,471,538	570,967	16.45
Other assets	944,111	782,522	161,589	20.65
Total assets	24,830,539	20,217,030	4,613,509	22.82
Current liabilities	11,212,687	8,056,708	3,155,979	39.17
Non-current liabilities	238,990	244,501	(5,511)	(2.25)
Total liabilities	11,451,677	8,301,209	3,150,468	37.95
Share capital	3,946,465	3,705,986	240,479	6.49
Capital surplus	4,983,065	4,441,626	541,439	12.19
Retained earnings	2,867,582	2,881,142	(13,560)	(0.47)
Other items under equity	1,275,930	661,073	614,857	93.01
Non-controlling interests	305,820	225,994	79,826	35.32
Total equity	13,378,862	11,915,821	1,463,041	12.28
<p>1. Analysis of deviation and impact: (Amount deviation over 20% and above NT\$10 million)</p> <p>(1) The increase in current assets was mainly attributed to increase in net accounts receivable.</p> <p>(2) The increase in other assets is mainly attributed to increase in right-of-use asset.</p> <p>(3) The increase in total assets is mainly attributed to increase in current assets.</p> <p>(4) The increase in current liabilities is mainly attributed to increase in short-term loan and accounts payable.</p> <p>(5) The increase in total liabilities is mainly attributed to increase in short-term loan and account payable.</p> <p>(6) The increase in other equity was mainly attributed to the increase in unrealized gains and losses on financial assets measured at fair value through other comprehensive gains and losses</p> <p>(7) The increase in non-controlling interests was mainly attributed to increase in current net profit of non-controlling interests.</p> <p>2. Countermeasures: None. The above changes have no significant impact on our company.</p>				

II.FINANCIAL PERFORMANCE
(I)Financial Performance Analysis

Unit: NTD, All in thousands

Year	2022	2021	Difference	(%)
Net operating income	27,899,990	22,912,691	4,987,299	21.77
Operating cost	25,034,716	20,852,099	4,182,617	20.06
Gross profit	2,865,274	2,060,592	804,682	39.05
Operating expenses	2,136,917	1,704,499	432,418	25.37
Operating profit	728,357	356,093	372,264	104.54
Non-operating income and expenses	190,976	367,360	(176,384)	(48.01)
Income before taxation	919,333	723,453	195,880	27.08
Income tax expense	173,283	41,869	131,414	313.87
Net profits of the current year	746,050	681,584	64,466	9.46
Other comprehensive loss	610,824	1,968,169	(1,357,345)	(68.96)
Total comprehensive income	1,356,874	2,649,753	(1,292,879)	(48.79)

1. Analysis of deviation and impact: (Amount deviation over 20% and above NT\$10 million)

(1) Increase in net operating income was mainly attributed to the increase in 2022 operating income and the inclusion of increased shareholding and control in Browan Communications on December 27, 2021 in our consolidated financial statements for the year 2022.

(2) Increase in operating cost was mainly attributed to the increase in operating profit and the inclusion of acquisition of Browan Communications in our consolidated financial statements.

(3) Increase in gross profit was mainly attributed to the increase in the sale of high-priced fiber optic network equipment to new customers in the year 2022 and the inclusion of Browan Communications in December 2021 in our consolidated financial statements.

(4) Increase in operating expenses was mainly attributed to the inclusion of Browan Communications in our consolidated financial statements, increase in number of employees, salary adjustment, increase in bonuses, increase in R&D programs, and increase in product promotion due to the easing of COVID restrictions.

(5) Increase in operating profit was mainly attributed to the increase in sales gross profit.

(6) Decrease in non-operating income was mainly attributed to the inclusion of Browan Communications in December 2021 in our consolidated financial statements. According to the provisions of IFRS 3, because our company held shares in Browan Communications prior to its acquisition, we were required to re-measure the previously held equity of the acquiree at fair value as of the acquisition date. This resulted in a disposal of interests of Browan Communications, the associated company.

(7) Increase in income tax expenses was mainly attributed to the increase in 2022 income tax and increase in Profit-seeking Enterprise Income Tax for undistributed earnings.

(8) 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.

(9) Decrease in comprehensive income for the current year was mainly attributed to the 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)Gross Profit Variance Analysis:

Unit: NTD, All in thousands

Product	Factor Analysis	Year 2022/2021
Wireless Gateway	(I)Revenue Variance Analysis:	
	$P(Q' - Q)$	(1,020,418)
	$Q(P' - P)$	311,948
	$\frac{(P' - P)(Q' - Q)}{P'Q' - PQ}$	(116,795)
	$P'Q' - PQ$	(825,265)
	(II)Cost Variance Analysis:	
	$P(Q' - Q)$	(862,365)
	$Q(P' - P)$	85,266
	$\frac{(P' - P)(Q' - Q)}{P'Q' - PQ}$	(31,924)
	$P'Q' - PQ$	(809,023)
	(III) Difference:	(16,242)
Wireless Network Card	(I) Revenue Variance Analysis:	
	$P(Q' - Q)$	(423,234)
	$Q(P' - P)$	5,403,445
	$\frac{(P' - P)(Q' - Q)}{P'Q' - PQ}$	(125,600)
	$P'Q' - PQ$	4,854,611
	(II) Cost Variance Analysis:	(396,809)
	$P(Q' - Q)$	4,550,122
	$Q(P' - P)$	(105,765)
	$\frac{(P' - P)(Q' - Q)}{P'Q' - PQ}$	4,047,548
	$P'Q' - PQ$	
	(III) Difference:	807,063
Wireless Modules	(I) Revenue Variance Analysis:	
	$P(Q' - Q)$	(47,159)
	$Q(P' - P)$	52,440
	$\frac{(P' - P)(Q' - Q)}{P'Q' - PQ}$	(11,515)
	$P'Q' - PQ$	(6,234)
	(II) Cost Variance Analysis:	
	$P(Q' - Q)$	(46,404)
	$Q(P' - P)$	43,079
	$\frac{(P' - P)(Q' - Q)}{P'Q' - PQ}$	(9,460)
	$P'Q' - PQ$	(12,785)
	(III) Difference:	6,551
Others	Difference:	7,310
Total		804,682

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

1. Wireless Gateway

For the year 2022, due to the easing of the COVID-19 pandemic, 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 Gateway decreased with an unfavorable sales revenue variance of NT\$1,020,418 thousand. In terms of price, due to the fact that a significant portion of wireless network card production was moved back to Taiwan from Mainland China, which led to a relative increase in sales prices, therefore resulting in a favorable sales revenue variance of NT\$311,948 thousand. As for cost of goods sold, due to the decrease in sales volume, a favorable cost-volume variance was NT\$862,365 thousand; and due to the decrease in volume, the decrease in economies of scale plus higher labor costs in Taiwan resulted in an unfavorable price variance of NT\$85,266 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\$116,795 thousand and a favorable sales cost mix variance of NT\$31,924 thousand. To summarize the above, the gross profit from sales of wireless gateway in 2022 compared with that in 2021 decreased by NT\$16,242 thousand.

2. Wireless Network Card

As the demand for existing wireless gateway equipment was fulfilled in 2021, the sales volume in 2022 decreased, resulting in unfavorable sales revenue variance of NT\$423,234 thousand. Nevertheless, due to stable growth in the North American network communication market, coupled with an increase in purchases of high-priced fiber optic network equipment by major customers, resulted in a favorable price sales revenue variance of NT\$5,403,445 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\$396,809 thousand. On the other hand, due to the fact that high-priced fiber optic network equipment requires high-quality materials and technology, therefore resulting in an unfavorable cost variance of NT\$4,550,1229 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\$125,600 thousand and a favorable sales cost mix variance of NT\$105,765 thousand. To summarize the above, the gross profit from sales of Wireless Network Card in 2022 compared with that in 2021 decreased by NT\$807,063 thousand.

3. Wireless Modules

For the year 2022, due to decrease in contract manufacturing for AMPAK Technology, resulting in unfavorable sales revenue variance of NT\$47,159 thousand. In addition, due to partial increase in price due to the increase in cost, resulting in favorable sales revenue variance of NT\$46,404 thousand. As for cost of goods sold, due to the decrease in sales volume, resulting in a favorable cost variance of NT\$46,404 thousand. However, due to the cost variance in raw material and human labor, resulting in an unfavorable cost variance of NT\$43,079 thousand. For sales mix, the decrease in sales volume and increase in sales price resulted in an unfavorable sales revenue mix variance of NT\$11,515 thousand; and the decrease in sales volume and increase in cost of raw materials resulted in a favorable sales cost mix variance of NT\$9,460 thousand. To summarize the above, the gross profit from sales of Wireless Modules in 2022 compared with that in 2021 increased by NT\$6,551 thousand.

III.CASH FLOW

1.Cash Flow Analysis

Year	2022	2021	(%)
Cash flow ratio	956,420	(572,906)	266.94
Cash flow adequacy ratio	(662,691)	(167,976)	(294.52)
Cash flow reinvestment ratio	(704,106)	308,623	(328.14)
Explanation of Deviation: <u>Operating Activities:</u> Due to increase in net cash inflow from operating activities, and decrease in accounts payable paid in cash for 2022. <u>Investment Activities:</u> Due to the increase in Property, plant and equipment in 2022. <u>Financing Activities:</u> Due to decrease in bank loans and purchase of treasury stocks in 2022.			

Analysis of Deviation:

- (1) Cash Flow Ratio increased as compared to 2020 due to operating activities net cash outflow of 2021 is relatively less than 2020.
- (2) Cash Adequacy Ratio decreased by 94.8% as compared to 2020 due to decrease in operating cash flow over the past 5 years.

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
1,009,501	231,201	(135,427)	1,235,413	2,340,688	N/A	N/A

Analysis of Cash Flow:

- (1)Operating Activities: Increase in cash flow due to projection of continued growth in revenue and improved control over costs and expenses.
- (2)Investment Activities: Due to the increase in Property, plant and equipment.
- (3)Financing Activities: Due to distribution of share dividends, repay bank loans, and conversion of the 6th domestic unsecured convertible bonds.

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 PROFITS/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.	46,861	Profit from financial investment.	-	-
G-Technology Investment Co.,Ltd.	38,342	Recognition of profit and loss due to reinvestment in subsidiaries located in the Mainland Area	-	-
Brightech International Co., Ltd	(1,155)	Recognition of profit and loss due to reinvestment in subsidiaries located in the Mainland Area	-	-
Ampak Technology, Inc.	145,393	Production achieved projected profit.	-	-
Wi Tek Investment Co.,Ltd	(4,882)	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	55,052	Production hasn't met projected profit.	-	-
Gemtek Vietnam Co., Ltd.	316,125	Recognition of profit gain in reinvestment.	-	-
Antek Networks Inc.	(1,566)	Restructuring cloud technologies into online educational services. The revenue generated from the sale of applications and features is insufficient to cover operational expenses.	-	-

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 (Factory anagement, Human Resources, General Management, Corporate Safety)	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, Corporate Safety Division etc.) Final conclusions of the chairman shall be reported to the board of directors
II. Impact on production capacity caused by natural disasters	Manufacturing Division, Information Division	
III. Fire emergencies and power outages	Logistics Division,	
IV. Terrorist attack	Human Resources 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 2022, the company's financial expenses, including interest expenses on bank loans and amortization of interest expenses on convertible bonds, amounted to NT\$82,357 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 2022, the company recorded a foreign exchange gain (loss) of NT\$67,418 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 2022 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\$916,227 thousand in research and development during the fiscal year 2022. 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.

Information security is an important item of operational risk. In order to reduce the probability of information security accidents and manage the risks caused by

accidents, ensure the normal operation of the company's business, comply with the specific information security management plan, and meet the information security needs of stakeholders, this document The company has introduced ISO 27001 certification in August 2010 and obtained the certificate. The current certificate is valid from August 2022 to August 2024. Through the introduction of this information security management system, it can effectively strengthen information security management and execution capabilities, and protect The assets of the company and its customers are safe. In response to external changes and ever-changing attack methods, the company has implemented and continuously updated rigorous information security measures, using various information security mechanisms and system architecture designs to block the constantly evolving information security threats. Preventive measures include establishing appropriate security control mechanisms for the use of computers, regulated information equipment and network resources; in order to prevent and reduce the damage caused by malware attacks, the company has established relevant strengthening mechanisms and systems, such as: requirements Install anti-virus software on computers and devices, strengthen firewalls and network controls to prevent the spread of computer viruses across regions, establish endpoint anti-virus and anti-hacking measures, introduce advanced solutions to detect and deal with malicious software, and regularly entrust external experts to perform information execution An evaluation, etc. Even if Zhengwen has established comprehensive network and computer-related security protection measures, there is still no guarantee that the company will not be affected by information security risk threats and hacker attacks. In response to the occurrence of information security incidents, Zhengwen has established information security incident reporting and handling procedures. If an information security incident unfortunately occurs, it can be handled promptly to effectively block new types of information security threats and reduce the impact or 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 third quarter of fiscal year 2022 and commenced production near the end of the year. Going forward, we plan to gradually install sufficient equipment and machinery to support production capacity based on order status. Currently, our Vietnam factory has 11 SMT production lines, which we expect to replace 70% of the production capacity of our Mainland Chinese factories. We also plan to add three additional SMT production lines in Vietnam this year, and equipment installation is currently underway. 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 2022 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

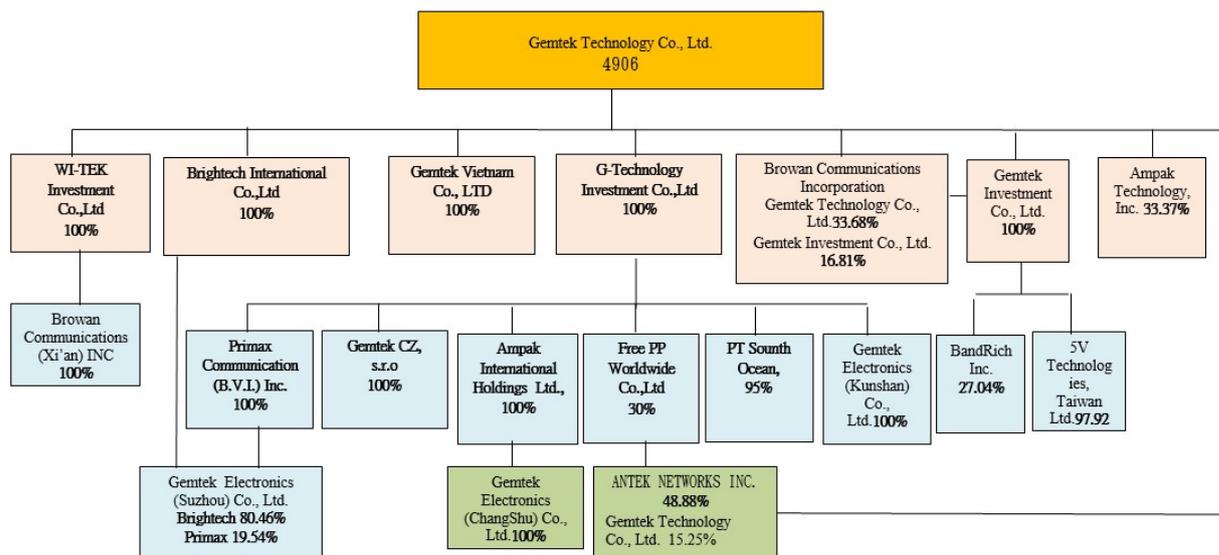
VIII.Special Disclosure

I.Information on Company Affiliates

1.Company Affiliates Overview

(1) Corporate Organization Chart

Dec. 31, 2022



(2) Basic information on affiliates

Unit: NTD/US thousands

Names of affiliates	Date of Incorporation	Address	Paid-in Capital	Principal business
Gemtek Investment Co., Ltd.	Mar 23,2001	15-1, Zhonghua Road, Hsinchu Industrial Park, Hukou, Hsinchu, Taiwan	NT\$469,457	Investment
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	USD20,000	Manufacturing
Gemtek CZ,s.r.o.	Nov 30,2009	Chebská 555/7, 322 00 Plze-Kimice Czech Republic	US\$692	Manufacturing

Names of affiliates	Date of Incorporation	Address	Paid-in Capital	Principal business
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\$29,000	Electronics
Ampak Technology, Inc.	Dec 14,2000	15-1, Zhonghua Road, Hsinchu Industrial Park, Hukou, Hsinchu, Taiwan	NT\$662,329	R&D and sales of wireless communications modules
Sparklan Communications Inc.	Nov 13,2002	8F., No. 257, Sec. 2, Tiding Blvd., Neihu 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\$350,800	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., Neihu 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
Gemtek Investment Co., Ltd.	Director	Gemtek Technology Co., Ltd. : Howard Chen 、 Kevin Yang 、 Randy Hsu	46,945,670	100.00%
G-Technology Investment Co.,Ltd	Director	Gemtek Technology Co., Ltd. : Howard Chen	78,600,020	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%
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	BRIGHTECH 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	20,100,595	33.37%

Gemtek Electronics(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	11,814,893	33.68%
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	2,297,000	100.00%
PT. South Ocean	Director	G-TECHNOLOGY INVESTMENT CO., LTD : Howard Chen	24,000	95.00%
BandRich Inc.	Director/	Gemtek Investment Co., Ltd. : Randy Hsu 、 Fred Yeh 、 Charlin Lin	5,500,000	27.04%
5V Technologies, Taiwan	Supervisors	Gemtek Investment Co., Ltd. : Arena Yao 、 Chunggen Wu 、 Sunrise Ho	9,000,000	97.92%

2.Business Operations Overview

(1)Financial Status and Result of Affiliated Companies

Dec. 31, 2022 / Unit: NTD,USD,IDR,CZK thousands

Company name	Currency	Paid-in Capital	Total assets	Total liabilities	Net Value	Operating income	Operating profit	Current period net profit
Gemtek Investment Co., Ltd.	NTD	469,457	1,041,306	0	1,041,306	0	-227	46,861
G-TECHNOLOGY INVESTMENT CO.,LTD	USD	73,600	203,545	56	203,489	0	-652	1,321
BRIGHTTECH INTERNATIONAL CO.,LTD	USD	6,145	2,218	0	2,218	0	-3	-39
Wi TEK INVESTMENT CO.,LTD	USD	4,000	109	0	109	0	0	-164
Gemtek Vietnam Co., Ltd.	USD	30,000	162,752	121,434	41,318	430,013	13,276	10,379
AMPAK INTERNATIONAL HOLDINGS LTD.	USD	36,000	36,841	0	36,841	0	0	347
Gemtek Electronics (Suzhou) Co., Ltd.	RMB	68,870	19,154	1	19,153	0	-691	-297
Gemtek Electronics (Kunshan) Co., Ltd.	RMB	124,148	1,189,040	586,782	602,258	1,534,797	11,002	11,063
GemtekElectronics(ChangShu) Co., Ltd.	RMB	241,419	554,411	297,830	256,581	1,127,596	5,402	3,152
ANTEK NETWORKS INC.	NTD	59,000	22,878	63,061	-40,183	1,220	-15,332	-20,671
Ampak Technology, Inc.	NTD	662,269	3,173,725	1,065,436	2,108,289	3,145,981	406,367	496,528
Sparklan Communications Inc.	NTD	102,034	696,457	333,745	362,712	390,934	100,208	108,671
Browan Communications Incorporation	NTD	350,800	719,796	166,954	552,842	1,015,545	155,812	179,286
Browan Communications (Xi'an) Inc	RMB	28,570	2,205	1,447	758	367	-1,110	-1,102

Free PP Worldwide Co.,Ltd	USD	3,340	2,873	0	2,873	0	-156	-496
Primax Communication (B.V.I.) Inc.	USD	2,350	537	0	537	0	0	9
PT. South Ocean	IDR	2,250,000	1,173,767	23,387	1,150,380	0	0	0
BandRich Inc.	NTD	203,400	13,721	2,443	11,279	48	-1,491	-1,505
Gemtek CZ,s.r.o.	CZK	12,000	67,979	71,342	-3,363	149,083	1,612	-124
5V Technologies, Taiwan	NTD	13,787	37,070	4,246	32,824	101,150	10,225	23,016

(2)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