



Stock Code: 4906

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

## **2020 Annual Shareholders' Meeting Handbook**

Date: June 9, 2020 (Tuesday)

Place: Gemtek Hsinchu Headquarters Conference Room  
(located at No. 15-1 Zhonghua Road, Hsinchu Industrial Park, Hukou,  
Hsinchu, Taiwan R.O.C.)

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

## **Procedures for the 2020 Annual Meeting of Shareholders**

I Call the Meeting to Order

II Chairperson Takes Chair

III Chairperson Remarks

IV Management Presentation (Company Reports)

V Proposals

VI Discussion

VII Questions and Extemporaneous Motions

VIII Adjournment

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

## **2020 Agenda of Annual Shareholders' Meeting**

Time: 9:00 a.m. on Tuesday, June 9, 2020

Place: Gemtek Hsinchu Headquarters Conference Room

(located at No. 15-1 Zhonghua Road, Hsinchu Industrial Park, Hukou, Hsinchu, Taiwan  
R.O.C.)

I. Call the Meeting to Order.

II. Chairperson Remarks

III. Management Presentations/ Report Items

- a. To report the business of 2019.
- b. Audit Committee's review report
- c. To report 2019 employees' profit sharing bonus and directors' compensation
- d. To report on convertible bonds.
- e. To report on implementation of Share Buyback Program.

IV. Proposed Resolutions

- a. To ratify 2019 Business Report and Financial Statements
- b. To adopt the proposal for distribution of 2019 earnings

V. Discussion Items

- a. To discuss the 2019 implementation of Cash Distribution derived from Capital Reserve
- b. To discuss Issuance of New Employee Restricted Stock Units.
- c. To discuss AMPAK Technology's share transfer plan.

VI. Extemporaneous Motion

VII. Adjournment

## **I. Management Presentations - Reports on Company Affairs**

### **Report No. 1**

2019 Business Reports

#### **Explanation:**

The 2019 Business Report is attached as Attachment A.

### **Report No. 2**

Audit Committee's Review Report on the 2019 Financial Statements

#### **Explanation:**

The 2019 Audit Committee's Review Report is attached as Attachment B.

### **Report No. 3**

To report 2019 employees' profit sharing bonus and remuneration of directors.

#### **Explanation**

- (1) According to the Articles of Incorporation Article 20, the Company shall, after deducting the employee bonuses and remuneration benefits of directors from the current year's pre-tax benefits, allocate 13.5% for employee profit sharing bonuses and 1.8% for the remuneration benefits of directors.
- (2) The 2019 distribution of employee bonuses and remuneration benefits of directors was approved by the Company's 2020 Remuneration Committee. The Company shall allocate NT\$32,207,213 to employee profit sharing bonuses; and NT\$4,294,295 to the remuneration benefits of directors, all of which, are issued in cash.
- (3) There is no significant difference between the estimation and exact amount of employee profit sharing bonuses and remuneration benefits of directors paid for the year 2019.

### **Report No. 4**

To report on convertible bonds.

#### **Explanation**

The report on convertible bonds is attached as Attachment E.

### **Report No. 5**

To report on implementation of Share Buyback Program.

#### **Explanation**

The report on implementation of Share Buyback Program is attached as Attachment F.

## II. Proposed Resolutions

### Proposal No. 1

### Proposed by the Board

Ratification of the 2019 Business Report and Financial Statements.

#### Explanation:

- (1) The 2019 Financial Statements of Gemtek Technology Co., Ltd., including the balance sheet, income statement, statement of changes in shareholders' equity, and statement of cash flows were audited by independent auditors of Deloitte and Touche Taiwan. The 2019 Business Report and 2019 Financial Statements have been approved by the Board and inspected by the Audit Committee of Gemtek Technology Co., Ltd.
- (2) The 2019 Business Report, Independent Auditors' Review Report, and the above-mentioned Financial Statements are attached in Attachment [A&C].

### Proposal No. 2

### Proposed by the Board

Adoption of the proposal for distribution of 2019 profits.

#### Explanation:

- (1) The Board has adopted the Proposal for Distribution of 2019 Profits in accordance with the Company Act and Articles of Incorporation.
- (2) The proposed aggregate amount of special reserves is NT\$183,613,702. Cash dividends will not be distributed this year due to insufficient profits.
- (3) 2019 Profit Distribution Table is attached in Attachment [D]

### III. Discussion Items

#### Proposal No. 1

#### Proposed by the Board

To discuss the 2019 Implementation of Cash Distribution derived from Capital Reserve.

#### Explanation:

- (1) The proposed aggregate amount of NT\$177,910,748 derived from capital surplus shall be distributed proportionately to shareholders; each common shareholder shall be entitled to receive NT\$0.5 per share.
- (2) According to Company Act Article 165, it is proposed that the Board of Directors be authorized to resolve the base date, ex-rights date, and other relevant issues upon the approval of the Annual Meeting of Shareholders,
- (3) Cash dividends shall be distributed only to the minimal amount of NT\$1. Any fractional amounts rendered below NT\$1 shall be transferred and reported as miscellaneous income of the Company.
- (4) In the event that the proposed profit distribution plan is affected by the buyback of the Company's common stock, transfer, conversion or cancellation of the treasury shares, the exercise of the employee stock options or the conversion of convertible bonds, it is proposed that the Board of Directors be fully authorized to adjust the dividend ratio and handle relevant matters accordingly.

#### Proposal No. 2

#### Proposed by the Board

To discuss the Issuance of New Employee Restricted Stock Units.

#### Explanation:

- (1) Pursuant to the applicable laws and regulations including Article 267, Paragraph 8 of the Company Act and the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers" promulgated by the Financial Supervisory Commission, the Company plans to issue New Employee Restricted Stocks.
- (2) The details of the Issuance of New Employee Restricted Stock as proposed in the 2020 Annual Shareholder's Meeting is explained as follows:
  - (2.1) Total Number of Shares Issued: Maximum of 4,000,000 common shares with par value of NT\$10 per share; aggregate value is NT\$40,000,000. As per relevant laws and regulations, the issuer is allowed to register multiple issues over a period of 1 year from the date of the shareholders resolution.
  - (2.2) Conditions of Issuance
    - (2.2.1) Issue Price: NT\$0 per share, distributed gratuitously to qualified employees without cash consideration.
    - (2.2.2) Vesting Conditions
      - A. 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%.

B. 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%.

C. 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 reasonable targets set out by the Company for the preceding year, the ratio of shares that can be vested is: 40%.

(2.2.3) Type of Issued Shares: New Common Stock of the Company

(2.2.4) Measures to be taken when employees fail to meet the vesting conditions or in the event of inheritance: If the employee fails to meet the vesting conditions, the Company shall redeem the shares under no additional cost and consideration, and holds the right to cancel the shares according to law. In the event of inheritance, the Company shall handle the shares according to the applicable laws that govern the Issuance of New Restricted Employee Shares.

(2.3) Eligibility and Vesting Limits:

(2.3.1) Eligibility:

The eligible employee has to be a regular staff member of the company. The number of New Restricted Employee Stocks paid to eligible employees are based on each employee's seniority, rank, job performance, overall contribution, and other determining factors.

(2.3.2) Vesting Limits:

Where an issuer issues employee stock warrants under Article 56-1, paragraph 1 of the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers", the cumulative number of shares subscribable by a single warrant holder of the employee stock warrants, in combination with the cumulative number of new restricted employee shares obtained by the single warrant holder, may not exceed 0.3 percent of the issuer's total issued shares. And the above in combination with the cumulative number of shares



subscribable by the single warrant holder of employee stock warrants issued by an issuer under Article 56, paragraph 1 of the “Regulations Governing the Offering and Issuance of Securities by Securities Issuers” may not exceed 1 percent of the issuer’s total issued shares.

(2.4) Purpose of Issuance

The purpose of granting New Employee Restricted Stock Rewards is to attract and retain professional talents, and to strengthen employee’s sense of coherence and belonging to the Company as a means to foster the best interests of the Company and its shareholders.

(2.5) Estimated expensable amount, and dilution of the company's earnings per share and other factors affecting shareholders' equity:

(2.5.1) Estimated Expensable Amount:

The Company shall value the shares' fair market value and record expenses during the vesting period annually.

The proposed number of New Employee Restricted Stocks in the 2020 Annual Shareholders’ General Meeting is 4,000,000 shares maximum; NT\$0 per share. If all Employee Restricted Stocks are vested, the estimated expensable amount would be around NT\$81,600,000 (Calculation is based on Gemtek’s closing stock price as of April 27, 2020: NT\$20.40/share). The respective annual expensable amounts would be approximately: NT\$9,066,667 (As of April of 2020), NT\$27,200,000 (As of 2021) and NT\$18,133,333 (As of August of 2012).

(2.5.1) Dilution of the Company's Earnings Per Share (EPS), and other factors affecting shareholders' equity:

The current number of Company shares outstanding is 356,883,496 shares. The EPS dilution from 2020 to 2023 based on the outstanding shares will be projected as NT\$0.03, NT\$0.08, NT\$0.08, and NT\$0.05 respectively. There is limited dilution to the Company’s future EPS, and there is no material impact on the existing shareholders’ equity

(2.6) All applicable laws that govern the Issuance of Employee Restricted Stocks are subject to requested amendments made by the competent authority and revisions of the law. It is proposed that the Board of Directors ought to be vested with the full power and authority by the Annual Shareholders’ Meeting to handle all matters related to the Issuance of New Employee Restricted Stocks.

- (3) After the aforesaid contents are approved by the shareholders' meeting, the Board of Directors shall, in accordance with the relevant laws and regulations, formulate measures to administer the Issuance of New Employee Restricted Stocks, and is to file in a single lot or on the basis of separate allotments with the competent authorities.

**Proposal No. 3****Proposed by the Board**

To discuss matters on AMPAK Technology's share transfer plan.

**Explanation:**

- (1) The share transfer plan is to facilitate the Company's subsidiary "AMPAK Technology Co., Ltd." (hereinafter referred to as "AMPAK") in boosting its business developments and efforts to retain professional talents as well as considering the prospects of AMPAK's future financing requirements, achieving financial autonomy, and maximization of its equity value.
- (2) Pursuant to the "Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings" Article 19-1, Paragraph 3, the total number of shares of "AMPAK Technology Co., Ltd." that are held by the Company and its subsidiaries and affiliates shall not exceed 70% of its total issuance. The Company and G-Technology Investment Co. Ltd. (Gemtek's wholly owned subsidiary) plans to collectively transfer a maximum number of 25,000,000 shares of "AMPAK". According to Company Act Article 197, the number of shares held by the Company subsequent to the transfer shall not be less than half of the shareholdings as recorded during the time the Company was elected as director.
- (3) In view of the business outcome of "AMPAK" shared by the shareholders of the Company, and upon the approval of the Board of Directors, it is proposed that the shareholder's meeting shall resolve on the share transfer plan to grant shareholders of the Company the priority subscription right based on shareholding ratio. Shareholders that are recorded in the latest book closure date after the 2020 Annual Shareholder's Meeting shall be entitled to subscribe. Due to costs arising from transfer agency fees and shareholders' willingness to invest in the company, it is proposed that only those who have purchased more than 100 shares (inclusive) have the right to participate in the subscription.
- (4) After the above share transfer plan is resolved by the 2020 Shareholders Meeting, the Shareholders' Meeting shall authorize the Board of Directors to establish the subscription base date, the actual number of shares released, the actual price of the shares released, and other related matters. Note that the issue price at the time of release should not be lower than the net value per share as recorded in the latest financial statement of AMPAK, and an independent professional shall be consulted to render a sound opinion regarding the price.

**IV. Extemporary Motion****V. Adjournment**

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

## **2019 Business Report**

(Translation)

### **I. Foreword**

In recent years, state-of-the-art technologies such as 5G and the newest generation of Wi-Fi have set off a wild wave of research and development in the network industry. Changes in the external environment such as the US-China Trade War and the COVID-19 Pandemic have also brought many new opportunities and challenges to the electronics industry.

In the face of many uncertainties, Gemtek Technology still manages to stand firm amidst all the impacts that are changing the original course of the industry. With a long-term foundation in research and development and strong business adaptability, Gemtek is able to expedite a new production line in Vietnam and develop new products as a solution to respond to market changes and provide continuous services to our customers. 2019 is the beginning year of 5G. Many 5G related applications have emerged in the market at a rapid pace ever since. The Wi-Fi Alliance has also established the latest standards for the Wi-Fi 6 generation. Fortunately, with Gemtek's profound experiences in the research and development of LTE over the years, we have the innovative ability to come up with many wireless network related softwares, hardwares, application solutions, and other market leading products to accommodate the newest technologies.

Looking forward to the coming year, although we continue to encounter challenges in the world around us, Gemtek will strive to carry out adaptive business strategies and worldwide deployment plans to help mitigate future obstacles. We look forward to taking advantage of the challenges before us and ascend our business to a whole new level.

## **II. 2019 Business Report**

### **1. Business Results**

In 2019, the total consolidated operating income was NT\$18,057,131,000. The combined operating costs and operating expenses was NT\$18,005,632,000. The consolidated non-operating income was NT\$317,450,000. The consolidated non-operating expenses was NT\$86,394,000. The pre-tax net profit was NT\$282,555,000; income tax expense was NT\$72,582,000. Therefore, the consolidated net profit after tax for this year is NT\$209,973,000. Earnings per share (after tax) is NT\$0.57.

### **2. Financial Status and Profitability**

The Company has always adhered to the conservatism principle in its financial operations, laying out timely plans for the use of long and short-term funds. In 2019, the current ratio was 206.95% and the debt ratio was 40.90%, indicating that the composition of the company's financial structure was adequately sound and stable.

### **3. Research and Development**

2019 R&D Achievements

- (1) Next-generation passive optical network/ ultra-wideband network and voice service integration systems GPON/XGSPON /10GEPON/DPoE/NGPON2 product development.
- (2) G.FAST equipment.
- (3) Whole home WiFi with Mesh development
- (4) Tern smart mesh WiFi System development
- (5) Advanced WiFi Router 11.ax development
- (6) Cost-effective and Advanced LTE client device development, including Cat 20, Cat 12, Cat6, Cat4, UER
- (7) 3GPP based CIOT client device and LGA module development (Cat 4, Cat 1, Cat-M1, NB-IOT)
- (8) 5G NR CPE development
- (9) 1W CBRS LTE Small Cell System development
- (10) IIOT software System platform MERC development
- (11) New-generation Timestamp and High-end Switch products.
- (12) mmWave System Platform development

### **III. 2019 Business Policies**

#### **1. Marketing Strategy**

- (1) Strengthen existing customer relationships and develop new customers.
- (2) Launch new products according to market trends with new technical specifications.
- (3) Identify market initiatives and strengthen the ability to collect market information.
- (4) Understand market demands and actively explore emerging markets.
- (5) Approach new clients and seek new business opportunities..

#### **2. Production Policy**

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

#### **3. Industrial Development**

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

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

#### **IV. Conclusion**

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

Chairman: Hong-wen Chen

General Manager: Hui-hao Su

Accounting Supervisor: Zhi-hong Lin

**Gemtek Technology Co., Ltd.**  
**2019 Audit Committee's Review Report**  
(Translation)

To Shareholders of Gemtek Technology Co., Ltd.,

The Board of Directors is responsible for the issuance of the Company's 2019 Business Reports, Financial Statements and Proposed Discussions on Capital Surplus Distributions.

The CPA firm of Deloitte & Touche was retained to audit Gemtek's Financial Statements and has issued an audit report with reference to the Financial Statements. The Business Report, Financial Statements, and profit distributions proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Gemtek Technology Co., Ltd. Based on the applicable laws of the Securities and Exchange Act and the Company Law, we hereby submit this report.

Gemtek Technology Co., Ltd.

Chairman of the Audit Committee: Zhu-san Wang

Date: March 10, 2020

# Auditor's Review Report

(Translation)

To Gemtek Technology Co., Ltd.,

## Audit Opinions

Our auditors have reviewed the Individual Balance Sheet provided by Gemtek Technology Co., Ltd. (the "Company") pertaining to fiscal years 2019 and 2018, as of December 31, which comprises the Company's Individual Comprehensive Income Statement, Individual Equity Statement, Individual Cash Flow Statement, and the Attachment for Individual Financial Statement (includes summary of major accounting policies) pertaining to fiscal years 2019 and 2018, months ranging from January 1 to December 31.

Based on the collective opinions of our auditors (please refer to the paragraph for Additional Matters), we hereby certify that the contents of the Individual Financial Statements were compiled in accordance with the aspects and guidelines established by the Regulations Governing the Preparation of Financial Reports by Securities Issuers to truthfully reflect the Individual Financial Status of Gemtek Technology Co., Ltd. pertaining to fiscal years 2019 and 2018, as of December 31, based on the details provided for Individual Financial Performances and Individual Cash Flow for fiscal years 2019 and 2018, dates ranging from January 1 to December 31.

## Basis for Audit Opinions

Auditors shall perform their work in accordance with rules pertaining to the Financial Statements audit and the Generally Accepted Auditing Standards. The responsibilities of the auditors when auditing the individual financial statements under these practices will be further explained in one of the following sections in this report. Auditors are also obliged to act in accordance with the auditor independence regulations and the associated principles of their affiliated CPA firm to maintain their attribute of independence with Gemtek Technology Co., Ltd. It is believed that sufficient and appropriate materials have been obtained and validated in advance as the basis for auditors to address their audit opinions.

## Critical Audit Matters

The Critical Audit Matters refers to the critical findings being assessed by the professional judgement of the auditors to determine the truthfulness and integrity of the 2019 Individual Financial Statements provided by Gemtek Technology Co., Ltd. The disclosure of specified matters have been duly communicated and documented during the articulation of audit opinions. Auditors are not subject to express their individual opinions on the specified matters.

We hereby summarize the Critical Audit Matters of the 2019 Individual Financial Statements of



Gemtek Technology Co., Ltd. as follows:

### Revenue Recognition

The 2020 operating income of Gemtek Technology Co., Ltd. is NT\$14,530,958,000, in which NT\$2,219,535,000 sales revenue is attributed to the sale of a major customer product, accounting for 15% of the operating income. Due to the fact that the sales revenue makes up a consequential part of the operating income and sales revenue is upped 32% in contrast to the year 2018, the operating income for the sale of the specific customer product is listed as a Critical Audit Matter. For related accounting policies pertaining to revenue recognition, please refer to Note 4 and 21.

Main Audit Procedures conducted by the CPA are as follows:

1. Assess the quality of composition and implementation of the Company's Internal Control Policy that are related to sales income conjointly with the Company's Sales Revenue Recognition Policy.
2. Conduct inspections on selected materials acquired from income reports that are related to sales transactions and receivables, etc. to verify whether the origins of the operating income is documented truthfully.
3. Verify whether the customer has received any substantial sales return or discounts after the transaction.

## Duties and Responsibilities of Management and Corporate Governance

The responsibilities of the Company's management team is to compile the Individual Financial Statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers in addition to exercising and maintaining the necessary internal controls relevant to the preparation of the statements. This practice is to ensure that the Individual Financial Reports are unsusceptible to significant fraud or errors that may unavoidably lead to material misstatement.

The management team of the Company shall also be liable for evaluating the business capacity of the Company and the disclosure of relevant information in addition to the adoption of the continuous accounting approach, unless the management team intends to liquidate the Company or cease business operations, or no alternative options other than liquidation or closure is feasible.

The Corporate Governance Unit (includes the Audit Committee) of Gemtek Technology Co., Ltd. is responsible for monitoring the Financial Reporting Process.

## Responsibilities of Auditors for the audit of Individual Financial Statements

The purpose of auditors inspecting the Individual Financial Statements is to obtain reasonable assurance as to whether the Individual Financial Statements are free of material misstatement, either caused by error or fraud, and thereby compile a constructive audit report. Reasonable assurance is the level of confidence confirming that the financial statements are not materially misstated, which is to be conducted under the professional expertise of the auditor who follows the general principles and guidelines. Individual amounts or aggregate figures that are falsely expressed may well be suspected to negatively impact the business decisions made by users of the Individual Financial Statements. In short, reasonable assurance fortifies the credibility of the financial statements.

Auditors are obliged to conduct audits with professional judgement according to the generally accepted auditing standards and maintain professional skepticism when performing their work. Auditors also carry out the following tasks:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, establish and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or management override of internal control;
2. Obtain a thorough understanding of the internal control relevant to the audit in order to install audit procedures that are appropriate for designated circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
3. Evaluate the appropriateness of accounting policies being used and the fairness of

accounting estimates and related disclosures being made by management;

4. Based on the audit evidence obtained, confirm the appropriateness of the going concern basis of accounting adopted by the management, and whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If the auditor concludes that a material uncertainty exists, the auditor is required to articulate the importance of listing relevant financial statement disclosures, or if such disclosures are inadequate, to modify their audit opinion. Audit conclusions are drawn based on the audit evidence used to compile the auditor's report. However, unforeseen future events or conditions may cause the Company to lose its capacity in continuing the business;

5. Evaluate the overall presentation (includes explanatory notes), structure, and content of the financial statements, including the relevant disclosures; and

6. Evaluate whether the Company's individual financial statements represent the underlying transactions and events in a manner that achieves fair presentation. Auditors are responsible for directing, supervising, and performing the audit, and have ultimate responsibility over the formation of the opinion.

The auditor and the corporate governance unit ought to communicate the goals and objectives for the audit plan, which include a definite scope and timeframe, as well as the major inspection findings based on a mutually recognized standpoint (including the obvious lack of consistent internal control identified during the audit process).

The auditor also presents the corporate governance unit with the auditor independence statements pertaining to the Code of Ethics for Professional Accountants exercised by the affiliated CPA firm, and discusses with the corporate governance unit the probable relations and matters that may be considered to impact the integrity of auditor independence (including relevant protective measures).

In regard to the matters discussed with the corporate governance unit, it is decided that our auditors are to conduct the audit for the Company's 2018 Individual Financial Statements. The auditors shall state the matters of emphasis in the audit report, unless the law does not allow the disclosure of specific issues, or in rare cases, the auditor decides not to communicate certain issues in the audit report due to concerns of negative impacts overriding public interests.

Deloitte & Touche Taiwan

Deloitte & Touche Taiwan

Certified Public Accountant

Certified Public Accountant

Ching-zen Yang

Zhe-li Gung

Securities and Futures Commission  
Approved Document Number:  
6-0920123784

Financial Supervisory Commission  
Approved Document Number:  
1000028068

Date: March 10, 2020

# **Auditor's Review Report**

(Translation)

To Gemtek Technology Co., Ltd.,

## **Audit opinions**

Our auditors have reviewed the Consolidated Balance Sheet of Gemtek Technology Co., Ltd.(the "Company") and its subsidiaries pertaining to fiscal years 2019 and 2018, as of December 31, which comprises the Company's Consolidated Income Statement, Consolidated Equity Statement, Consolidated Cash Flow Statement, and the Attachment for Consolidated Financial Statement (includes summary of major accounting policies) pertaining to fiscal years 2019 and 2018, months ranging from January 1 to December 31.

Based on the collective opinions of our auditors (please refer to the paragraph for Additional Matters), we hereby certify that the contents of the Consolidated Financial Statements were compiled in accordance with the International Financial Reporting Standards, International Accounting Standards, Interpretations, and Announcements established by the Regulations Governing the Preparation of Financial Reports by Securities Issuers that has been approved by the Financial Supervision and Management Committee to truthfully reflect the Consolidated Financial Status of Gemtek Technology Co., Ltd. and its subsidiaries pertaining to fiscal years 2019 and 2018, as of December 31, based on the details provided for Consolidated Financial Performances and Consolidated Cash Flow for fiscal years 2019 and 2018, dates ranging from January 1 to December 31.

## **Basis for Audit Opinions**

Auditors shall perform their work in accordance with rules pertaining to the Financial Statements audit and the Generally Accepted Auditing Standards. The responsibilities of the auditors when auditing the individual financial statements under these practices will be further explained in one of the following sections in this report. Auditors are also obliged to act in accordance with the auditor independence regulations and the associated principles of their affiliated CPA firm to maintain their attribute of independence with Gemtek Technology Co., Ltd. and its subsidiaries. It is believed that sufficient and appropriate materials have been obtained and validated in advance as the basis for auditors to address their audit opinions.

## **Critical Audit Matters**

The Critical Audit Matters refer to the critical findings being assessed by the professional judgement of the auditors to determine the truthfulness and integrity of the 2019 Consolidated Financial Statements provided by Gemtek Technology Co., Ltd. and its subsidiaries. The disclosure of specified matters have been duly communicated and documented during the articulation of audit opinions. Auditors are not subject to express their individual opinions on the specified matters.

We hereby summarize the Critical Audit Matters of the 2019 Consolidated Financial Statements of Gemtek Technology Co., Ltd. and its subsidiaries as follows:

### **Revenue Recognition**

The 2020 operating income of Gemtek Technology Co., Ltd. and its subsidiaries is NT\$18,057,131,000, in which NT\$2,219,535,000 sales revenue is attributed to the sale of a major customer product, accounting for 12% of the operating income. Due to the fact that the sales revenue makes up a consequential part of the operating income and sales revenue is upped 32% in contrast to the year 2018, the operating income of the sale of the specific customer product is listed as a Critical Audit Matter. For related accounting policies pertaining to revenue recognition, please refer to Note 4 and 23.

Main Audit Procedures conducted by the CPA are as follows:

1. Assess the quality of composition and implementation of the Company's Internal Control Policy that are related to sales income conjointly with the Company's Sales Revenue Recognition Policy.
2. Conduct inspections on selected materials acquired from income reports that are related to sales transactions and receivables, etc. to verify whether the origins of the operating income is documented truthfully.
3. Verify whether the customer has received any substantial sales return or discounts after the transaction.

### **Additional Matters**

Having inspected the Individual Financial Statements of Gemtek Technology Co., Ltd. for years 2019 and 2018, our auditors hereby present the Audit Review Report, which includes Additional Matters, with no withheld opinions for further reference.

## Duties and Responsibilities of Management and Corporate Governance

The responsibilities of the Company's management team is to compile the Consolidated Financial Statements in accordance with the International Financial Reporting Standards, International Accounting Standards, Interpretations, and Announcements established by the Regulations Governing the Preparation of Financial Reports by Securities Issuers that has been approved by the Financial Supervision and Management Committee in addition to exercising and maintaining the necessary internal controls relevant to the preparation of the statements. This practice is to ensure that the Consolidated Financial Statements are unsusceptible to significant fraud or errors that may unavoidably lead to material misstatement.

The management team shall also be liable for evaluating the business capacities of the Company and its subsidiaries, and the disclosure of relevant information in addition to the adoption of the continuous accounting approach, unless the Management team intends to liquidate or cease business operations of the the Company and its subsidiaries, or no alternative options other than liquidation or closure is feasible.

The Corporate Governance Unit (includes the Audit Committee) of Gemtek Technology Co., Ltd. and its subsidiaries are responsible for monitoring the Financial Reporting Process

## Responsibilities of Auditors for the audit of Consolidated Financial Statements

The purpose of auditors inspecting the Consolidated Financial Statements is to obtain reasonable assurance as to whether the Consolidated Financial Statements are free of material misstatement, either caused by error or fraud, and thereby compile a constructive audit report. Reasonable assurance is the level of confidence confirming that the financial statements are not materially misstated, which is to be conducted under the professional expertise of the auditor who follows the general principles and guidelines. Individual amounts or aggregate figures that are falsely expressed may well be suspected to negatively impact the business decisions made by users of the Consolidated Financial Statements. In short, reasonable assurance fortifies the credibility of the financial statements.

Auditors are obliged to conduct audits with professional judgement according to the generally accepted auditing standards and maintain professional skepticism when performing their work. Auditors also carry out the following tasks:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, establish and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or management override of internal control;

2. Obtain a thorough understanding of the internal control relevant to the audit in order to install audit procedures that are appropriate for designated circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
3. Evaluate the appropriateness of accounting policies being used and the fairness of accounting estimates and related disclosures being made by management;
4. Based on the audit evidence obtained, confirm the appropriateness of the going concern basis of accounting adopted by the management, and whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company and its subsidiaries to continue as a going concern. If the auditor concludes that a material uncertainty exists, the auditor is required to articulate the importance of listing relevant financial statement disclosures, or if such disclosures are inadequate, to modify their audit opinion. Audit conclusions are drawn based on the audit evidence used to compile the auditor's report. However, unforeseen future events or conditions may cause the Company and its subsidiaries to lose their capacity in continuing business;
5. Evaluate the overall presentation (includes explanatory notes), structure, and content of the financial statements, including the relevant disclosures; and
6. Evaluate whether the consolidated financial statements of the Company and its subsidiaries represent the underlying transactions and events in a manner that achieves fair presentation. Auditors are responsible for directing, supervising, and performing the audit, and have ultimate responsibility over the formation of the opinion.

The auditor and the corporate governance unit ought to communicate the goals and objectives for the audit plan, which include a definite scope and timeframe, as well as the major inspection findings based on a mutually recognized standpoint (including the obvious lack of consistent internal control identified during the audit process).

The auditor also presents the corporate governance unit with the auditor independence statements pertaining to the Code of Ethics for Professional Accountants exercised by the affiliated CPA firm, and discusses with the corporate governance unit the probable relations and matters that may be considered to impact the integrity of auditor independence (including relevant protective measures).

In regard to the matters discussed with the corporate governance unit, it is decided that our auditors are to conduct the audit for the 2019 Consolidated Financial Statements of the Company and its subsidiaries. The auditors shall state the matters of emphasis in the audit report, unless the law does not allow the disclosure of specific issues, or in rare cases, the auditor decides not to communicate certain issues in the audit report due to concerns of negative impacts overriding public interests.

Deloitte & Touche Taiwan  
Certified Public Accountant  
Ching-zen Yang

Deloitte & Touche Taiwan  
Certified Public Accountant  
Zhe-li Gung

Securities and Futures Commission  
Approved Document Number:  
6-0920123784

Financial Supervisory Commission  
Approved Document Number:  
1000028068

Date: March 19, 2020



## Gemtek Technology Co., Ltd.

### 2019 Profit Distribution Table

Unit: NT\$

Item	Amount
2018 Retained Earnings	0
Less: Retained earnings from investment adjustments made with the Equity Accounting Method-	6,421,642
Less: Retained earnings from Measurement and Recognition of Defined Benefit Plans	4,087,975
Add: Transfer accumulated profit or loss to retained earnings for the disposal of unrealized equity investment instruments measured at fair value through other comprehensive income	13,050,008
<b>Adjusted unappropriated retained earnings</b>	<b>2,540,391</b>
2019 Profit after tax	201,192,568
Less: Legal Capital Reserve (10%)	20,119,257
Less: Special Capital Reserve	<b>183,613,702</b>
<b>Profit available for distribution for the current period</b>	-

Chairman: Hong-wen Chen

General Manager: Hui-hao Su

Accounting Supervisor: Zhi-hong Lin

## Report on Convertible Bonds

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

- (1) The offering and issuance of unsecured convertible bonds for the 5th term was listed in the market on March 15th, 2019.
- (2) The amount of unsecured convertible bonds offered and issued for the 5th term is NT\$1.2 billion.
- (3) The conversion price of the convertible bonds at the time of issuance is NT\$26.9.
- (4) As of April 30, 2020, the number of shares requested to be converted into ordinary shares by the bondholder per conversion procedure was 0 shares, the conversion amount was NT\$0.

## Share Repurchase Report

As of Date: April 29, 2020

Term of Repurchase	9th
Reason	Maintain Company Credibility and Shareholder Equity
Repurchase Period	March 24, 2020 – May 23, 2020
Repurchase Price Range	NT\$13.8~NT\$26.0
Type and Number of Shares Repurchased	1,062,000 Common Shares
Total Value of Repurchased Shares	NT\$21,106,982
Number of Cancelled and Transferred Shares	0 shares
Cumulative Number of Company Shares Held	0 shares
Percentage of Cumulative Shareholding (%)	0 shares

## Notes on Shareholder Proposals

1. Pursuant to Company Act Article 172-1, shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may submit a proposal for discussion to the Company at a regular shareholders' meeting, provided that only one discussion matter shall be allowed in each single proposal. The proposed case is limited to 300 words.
2. Shareholder proposals are to be submitted between April 6, 2020 to April 16, 2020 according to the company-made public announcement on the Market Observatory Post System. Shareholder proposals that are not duly submitted within the specified period will not be discussed at the 2020 shareholders meeting.

**ARTICLES OF INCORPORATION  
OF  
GEMTEK TECHNOLOGY CO., LTD. (the "Company")**

**Section I - General Provisions**

- Article 1      The Company is incorporated in accordance with the Company Law of the Republic of China, and its name is Gemtek Technology Co., Ltd.
- Article 2      The scope of business of the Company shall be as follows:
1.    Research, development, manufacture, purchase and sale of electronic components, semi-finished products and finished products;
  2.    Research, development, manufacture, purchase and sale of computer software, hardware and peripheral equipment;
  3.    Import-export trading business in relation of the foregoing products;
  4.    CC01101 Restricted telecom radio frequency equipment and materials manufacturing;
  5.    F401021 Restricted telecom radio frequency equipment and materials import;
  6.    E701031 Restrained telecom radio frequency equipment and materials construction;
  7.    F113070 Wholesale of telecom instruments; and
  8.    F213060 Retail sale of telecom instruments.
- Article 2-1    The Company may provide guarantees to others when necessary for its business.
- Article 3      The Company shall have its headquarters in Hsinchu County, Taiwan and may, wherever and whenever the Company deems it necessary, set up branch offices or representative offices within and outside of the territory of Taiwan pursuant to a resolution adopted at a meeting of the board of directors and the approvals of government authorities.
- Article 4      The Company may act as other limited company's shareholder when necessary for its business. The total amount of the Company's reinvestment in other companies is not subject to the restriction stipulated in Article 13 of the Company Law.

## Section II - Capital Stock

- Article 5      The total authorized capital of the Company shall be in the amount of NT\$5,000,000,000 divided into 500,000,000 shares, at a par value of NT\$10 each, and shall be issued in installments subject to the resolution of the board of directors. Within the aforementioned share quota, 50,000,000 shares shall be reserved for use when any option attached to the Company's corporate bonds, preferred shares with stock options or warrants, if any, has been exercised.
- Article 6      Deleted.
- Article 7      The Company may issue shares without printing share certificate(s) and shall appoint a centralized securities custody enterprise/ institution to make recordation of the issue of such shares.
- Article 8      Registration for share transfer shall be suspended for sixty days immediately before the date of any regular shareholders' meeting, and thirty days immediately before the date of any special shareholders' meeting, and five days before the day on which dividend, bonus, or any other benefit is scheduled to be paid by the Company.

## Section III - Shareholders' Meetings

- Article 9      There shall be two types of shareholders' meetings, namely: regular shareholders' and special shareholders' meetings. Regular shareholders' meetings shall be convened once a year, within 6 months of the end of each fiscal year. Special shareholders' meetings shall be held as necessary and organized according to the relevant laws, rules and regulations of the Republic of China.
- Article 10     Pursuant to Company Act Article 177, if a shareholder is unable to attend a shareholders' meeting, such shareholder may appoint a proxy to attend the meeting by executing a power of attorney in the form as printed by the Company specifying therein the scope of power authorized to the proxy. According to regulatory requirements, shareholders may also vote via an electronic voting system, and those who do shall be deemed as attending the shareholders' meeting in person; electronic voting shall be conducted in accordance with the relevant laws and regulations.
- Article 11     Shareholders shall be entitled to one vote for each share held except for those as provided in the Company Law of the Republic of China.
- Article 12     Any resolutions at a shareholders' meeting shall, unless otherwise provided for in the relevant laws, rules and regulations of the Republic of China, be adopted if voted in favor of by the majority of shareholders present at a shareholders' meeting at which shareholders of more than one-half of the issued and

outstanding shares are present.

- Article 12-1 The resolutions of the shareholders' meeting shall be recorded in the minutes, and such minutes shall be signed by or sealed with the chop of the chairman of the meeting. Meeting minutes shall detail the date, venue, name of the chairman, and resolutions, and shall be distributed to shareholders within 20 days after the adjournment of the meeting.
- Such minutes, together with the attendance list and proxies, shall be filed and kept at the head office of the Corporation. The aforementioned minutes shall be compiled and distributed via electronic media or other means of announcements.

#### Section IV – Directors

- Article 13 The Company shall have nine directors to be elected at a shareholders' meeting from among persons of legal capacity, with a term of office of three (3) years each. The directors may be eligible for re-election.
- Article 13-1 The Company shall purchase liability insurance for its director for their respective term lengths and within the scope of their duties.
- Article 13-2 The Company shall have at least three independent directors among the aforesaid number of directors. Independent directors shall be elected based on the adoption of the candidates nomination system. Shareholders shall elect the independent directors from among the nominees listed in the roster of independent director candidates. The election of independent and non-independent directors shall be conjointly held, and the votes shall be calculated separately. The relevant regulations pertaining to the professional qualifications, restrictions on shareholding and concurrent positions held, nomination and election, and other compliance requirements of the independent directors as stipulated by the competent securities authority should be followed accordingly.
- Pursuant to Article 14-2 of the Securities and Exchange Act, a listed company shall establish either an audit committee in place of supervisors. The audit committee shall be composed of the entire number of independent directors. It shall not be fewer than three persons in number, one of whom shall be the convener, and at least one of whom shall have accounting or financial expertise. The exercise of power by audit committee and independent directors and related matters shall be set forth in accordance with the Securities and Exchange Act, the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, and the rules and regulations of the TWSE or

TPEx.

- Article 14      The board of directors shall be composed of the directors, who shall elect one Chairperson of the board from among themselves by a majority at a meeting attended by two thirds or more of the directors. The Chairperson of the board of directors shall externally represent the Company.
- Article 14-1    Each director shall attend the meeting of board of directors in person. In case a director is unable to attend the meeting in person, the director may designate one of the other directors to act for and on his/her behalf. A director may only act for one other director.
- Article 14-2    The notice for convening a meeting of the board of directors shall be in written form, E-mail, or facsimile.
- Article 15      In the event that the Chairperson is on leave or cannot exercise his powers and authority for any reason, Article 208 of the Company Law shall govern her/his agency.
- Article 16      The remuneration of the directors shall be determined by resolution of a shareholders' meeting, and shall conform to the standard generally adopted by other enterprises in the same industry, and shall be paid regardless whether the Company earns profits or suffers losses.

#### Section V - Managerial Officers

- Article 17      The Company may have one president. The appointment, removal and remuneration of the president shall be determined and effected in accordance with Article 29 of the Company Law.

#### Section VI – Accounting

- Article 18      At the end of each fiscal year, the board of directors shall prepare and review: (1) operation reports (2) financial statements and (3) proposal for allocation of net profits or making up losses, and shall submit those reports and documents to the regular shareholders' meeting for ratification.
- Article 19      Deleted.
- Article 20      The Company shall, after deducting the employee bonuses and remuneration benefits of directors from the current year's pre-tax benefits, allocate 13.5% for employee profit sharing bonuses and 1.8% for the remuneration benefits of directors. Employee profit sharing bonuses are to be granted in the form of securities or cash to qualified company employees, which the occurrences are to



be mentioned and reported in the shareholders' meeting. The Company shall not distribute bonuses in the event of accumulated losses.

Article 20-1 Upon the closing of the Company's annual financial accounts, if surplus profit is determined, the Company shall first pay taxes and make up for all past losses; then, set aside a 10% legal capital reserve and a special capital reserve in accordance with applicable laws, rules and regulations. The remainder of the profits after deducting the foregoing shall be allocated as shareholders' dividends, subject to proposal by the board of directors and approval by shareholders at a shareholders' meeting.

Considering the current development status of the Company and the overall conditions of the industrial environment, other factors such as the Company's financial measures that might influence the financial structure and profit earnings are the key elements for determining the amount and type of surplus distributed. Bearing in mind the Company's capital requirements, long-term financial goals, and shareholders' demands for liquidity, the distribution of surplus profit shall be made preferably by way of cash and stock dividends. The distribution of cash dividends per year shall not be lower than 10% of the aggregate amount of the stock dividends and cash dividends distributed for that particular year.

Article 21 If the Company plans to transfer shares to employees at less than the average actual repurchase price, the Company must pursuant to applicable laws, rules and regulations have obtained the consent of the most recent shareholders meeting.

Article 22 In the event that the Company plans to issue employee stock warrants, at the exercise price lower than the closing price of the Company stocks as of the issue date, the Company must pursuant to applicable laws, rules and regulations have obtained the consent of the most recent shareholders meeting.

Article 23 Matters not provided for in these Articles of Incorporation shall be governed by the Company Law of the Republic of China.

Article 24 These Articles of Incorporation were entered into on June 17, 1988.  
The first amendment was made on July 22, 1991;  
The second amendment was made on October 21, 1994;  
The third amendment was made on July 30, 1996;  
The fourth amendment was made on July 10, 1997;  
The fifth amendment was made on December 14, 1997;  
The sixth amendment was made on January 8, 1998;  
The seventh amendment was made on June 16, 1999;  
The eighth amendment was made on November 26, 1999;  
The ninth amendment was made on June 30, 2000;  
The tenth amendment was made on April 18, 2001;  
The eleventh amendment was made on May 13, 2002;

The twelfth amendment was made on May 13, 2002;  
The thirteenth amendment was made on June 23, 2003;  
The fourteenth amendment was made on April 29, 2004;  
The fifteenth amendment was made on June 14, 2006.  
The sixteenth amendment was made on April 26, 2007.  
The seventeenth amendment was made on June 28, 2007  
The eighteenth amendment was made on June 15, 2010  
The nineteenth amendment was made on June 21, 2012  
The twentieth amendment was made on June 15, 2015  
The twenty-first amendment was made on June 14, 2016  
The twenty-first amendment was made on June 18, 2019

Gemtek Technology Co., Ltd.  
Chairman of Board of Directors  
Hung-wen Chen

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

### **RULES AND PROCEDURES OF SHAREHOLDERS' MEETING**

1. The Shareholders' Meeting of the Company (herein referred to as the "Meeting") shall be conducted in accordance with the Rules and Procedures delineated in the following articles.
2. Shareholders and their proxies (herein collectively referred to as "shareholders") shall be admitted to the Meeting by presenting the attendance card, sign-in card, or other certificates of attendance during registration. Attendance and voting shall be calculated based on the number of shares present at the Meeting, which is determined according to the shares indicated on the sign-in cards and proxy forms presented, plus the number of shares whose shareholder voting rights are exercised via written correspondence or electronic media.

A shareholder exercising voting rights via written correspondence or electronic media will be deemed to be attending the meeting in person, but to have waived his/her rights with respect to the extratemporary motions and amendments to original proposals of that meeting.

Resolutions shall be recorded in the meeting minutes.

3. The Chairperson shall call the Meeting to order at the time scheduled for the Meeting when the numbers of shares in attendance meets  $\frac{1}{2}$  of the outstanding common shares. If the number of shares represented by the shareholders present at the Meeting has not yet constituted the quorum at the time scheduled for the Meeting, the Chairperson may postpone the Meeting. The postponements shall be limited to no more than two times and the aggregate time postponed shall not exceed one hour. If no quorum can yet be constituted after two postponements but the shareholders present at the Meeting represent more than  $\frac{1}{3}$  of the total outstanding shares, tentative resolutions may be made in accordance with Company Act Article 175.

If during the process of the Meeting the number of outstanding shares represented by the shareholders present becomes sufficient to constitute the quorum, the Chairperson may submit the tentative resolutions to the Meeting for approval in accordance with Company Act Article 174.

4. The agenda of the Meeting shall be set by the Board of Directors if the Meeting is convened by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution from the Shareholders' Meeting.
5. When a shareholder present at the Meeting wishes to make a statement, a Speech Slip should be filled out, which include the subject and summary of the speech, the

shareholder's account number (or the Attendance Card number), and the name of the shareholder. The order of speaking shall be arranged by the Chairperson.

6. The duration of each speech shall not exceed 5 minutes, unless permitted by the Chairperson, the speaker may gain the permission to prolong the speech once for 3 minutes maximum.
7. Each shareholder shall not, for each discussion item, speak more than two times.
8. In case the duration of the speech exceeds the limited time granted, or the content delivered is irrelevant to the discussion item, the Chairperson may request the speaker to discontinue the speech.
9. The Chairperson may promptly announce the end of a discussion if the Chairperson deems it appropriate.
10. The Chairperson may initiate a voting session upon the end of a discussion.
11. The Chairperson may call for an intermission during the Meeting at personal discretion. If a force majeure event occurs, the Meeting shall be reconvened within five days, subject to the schedule resolved by the Meeting, and is not obliged to provide further notice or public announcements to shareholders.
12. After an attending shareholder has spoken, the chair may respond to the statement in person or direct relevant personnel to respond
13. The Chairperson shall announce the end of a proposed discussion and proceed with the voting if he/she feels the remainder of the discussion will affect the smooth proceeding of the meeting, or sufficient discussion has been made and no further statements are required.
14. Any matters and circumstances not specified in the Rules and Procedures shall be carried out in accordance with relevant laws and regulations.
15. These Rules, and any amendments hereto, shall be implemented after adoption by Shareholders' Meetings

**Gemtek Technology Co., Ltd.**  
**Shareholdings of the Board of Directors**  
**Book Closure Date: April 11, 2020**

Position	Name	Shareholdings		Remark
		Number of Shares	Shareholding Ratio	
Chairperson of the Board	Hung-wen Chen	6,182,937	1.73 %	
Director	Apex Action Investment Limited Representative: Wen-yi Lo	1,375,000	0.39 %	
Director	Cheng-ren Yang	1,271,269	0.36 %	
Director	Fu-zan Tsai	1,584,732	0.44 %	
Director	Jong-hui Hsu	860,927	0.24 %	
Director	Yue-ji Chang	3,000,715	0.84 %	
Director	Yao-geng Zhao	-	-	Independent Director
Director	Zhu-san Wang	-	-	Independent Director
Director	Zhe-yang Chang	-	-	Independent Director
Total Shares Held by Directors		14,275,580	4.00 %	

Note: As of April 11, 2020, the total number of issued shares is 356,883,496 common shares.

The total number of statutory shares held by all directors is 14,275,340 shares.