

# **Gemtek Technology Company, Ltd.**

## **Notice of 2023 Annual Shareholders' Meeting**

The Gemtek Technology Company, Ltd. 2023 Annual Shareholders' Meeting will be convened at 9:00 a.m. on Monday, May 29, 2023 at the Chung Hwa Park Recreation Center Conference Room (located at No.79, Ln. 1, Dazhi Rd., Hukou Township, Hsinchu County, Taiwan). Registration shall start at 8:30 a.m. (CST).

Pursuant to Company Act Article 165, there will be a 60-day book closure period for the Annual Shareholders' Meeting, which will begin on March 31, 2023, and end on May 29, 2023.

The proposed meeting agenda is as follows:

### **I. Report Items**

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

### **II. Proposed Resolutions**

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

### **III. Discussion Items**

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

### **IV. Extemporary Motion**

## **[Attachment 1]**

### **Issuance of Employee Restricted Stock Awards ("RSAs")**

I. In accordance with Article 267, Paragraph 9 of the Company Act for "Regulations Governing the Offering and Issuance of Securities by Securities Issuers " published by the Financial Supervisory Commission, as well as other related regulations, the Company intends to issue Employee Restricted Stock Awards ("RSAs") for the year 2023.

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

- (I) Total amount (shares) of issuance: The total number of restricted shares to be issued under

this plan is 4,300,000 ordinary shares. Each share has a face value of NT\$10, in which the total value is NT\$43,000,000. The Company may, as deemed necessary, issue shares either in one or more tranches within two years from the date of receipt of the effective notification from the competent authority. The actual date of issuance shall be determined by the Chairman under the authorization of the Board of Directors.

(II) Conditions for Issuance of Employee Restricted Stock Awards

1. Issue price: NT\$0 per share. Each Employee Restricted Stock will be issued without consideration.

2. Vesting conditions:

(1) If an employee is still in service on the vesting date, the actual number of restricted stocks credited for that year will be determined based on the results of the employee's individual performance evaluation for the previous year.

(2) Individual performance indicators: Based on the actual results of the employee's performance evaluation during the most recent fiscal year, stocks will be awarded accordingly when the length of the vesting period is fulfilled:

A. Employees with an individual performance rating of 4 (inclusive) to 5 will be eligible to receive 100% of the restricted stocks vested for that fiscal year.

B. Employees with an individual performance rating of 3.5 (inclusive) to 4 will be eligible to receive 80% of the restricted stocks vested for that fiscal year.

C. Employees with an individual performance rating of 3 (inclusive) to 3.5 will be eligible to receive 60% of the restricted stocks vested for that fiscal year.

D. Employees with an individual performance rating below 3 (excluding 3) will not be eligible to receive any vested stocks for that fiscal year, and will therefore lose their qualification to receive restricted stocks for that year.

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

A. Employees who are still in service after 1 year from the date of grant are eligible to receive up to 30% of the vested shares.

B. Employees who are still in service after 2 years from the date of grant are eligible to receive up to 30% of the vested shares.

C. Employees who are still in service after 3 years from the date of grant are eligible to receive up to 40% of the vested shares.

This policy applies only to employees who are still employed by the Company at the expiration of the Restricted Stock Awards subscription period and have not violated the Company's labor contract, work rules, or other company regulations.

Additionally, eligible employees must have achieved their individual performance targets set by the Company in the preceding year to be eligible for vested stock options.

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

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

1. Qualification criteria for employees:

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

2. Number of shares granted:

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

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

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

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

1. Calculated expense amount:

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

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

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

(VI) The Chairman is authorized to amend relevant provisions if any revisions regarding the Employee Restricted Stock Awards Guidelines of the Company are required based on instructions by the competent authority during the review process. The issuance of the guidelines shall only proceed after obtaining subsequent ratification from the Board of Directors.