



Stock Code: 4906

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

## **2019 Annual Shareholders' Meeting Handbook**

Date: June 18, 2019 (Tuesday)  
Place: Chung Hwa Park Recreation Center Conference Room  
(located at No.79, Ln. 1, Dazhi Rd., Hukou Township, Hsinchu County, Taiwan)

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**Gemtek Technology Co., Ltd.**

**Procedures for the 2019 Annual Meeting of Shareholders**

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**Gemtek Technology Co., Ltd.**

**2018 Agenda of Annual Shareholders' Meeting**

Time: 9:00 a.m. on Tuesday, June 18, 2019

Place: Chung Hwa Park Recreation Center Conference Room

(at No.79, Ln. 1, Dazhi Rd., Hukou Township, Hsinchu County, Taiwan)

I. Call the Meeting to Order.

II. Chairperson Remarks

III. Management Presentations/ Report Items

- a. To report the business of 2018.
- b. Audit Committee's review report
- c. To report on convertible bonds.
- d. To revise company provisions on Regulations Governing Procedure for Board of Directors Meetings
- e. To revise company provisions on Ethical Corporate Management Best Practice Principles
- f. To revise company provisions on Guidelines to the Adoption of Codes of Ethical Conduct

IV. Proposed Resolutions

- a. To ratify 2018 Business Report and Financial Statements
- b. To adopt the proposal for distribution of 2018 earnings

V. Discussion Items

- a. Amendment to the Company's Articles of Incorporation
- b. Amendment to the Procedures for Election of Directors and Supervisors
- c. Amendment to the Operational procedures for Acquisition and Disposal of Assets
- d. Amendment to the Operational Procedures for Endorsements and Guarantees
- e. Amendment to the Operational Procedures for Loaning of Company Funds
- f. Amendment to the Operational Procedures for Trading Derivatives

VI. Elections

- a. The 10th Election of Directors (Including Independent Directors)

VII. Other Matters

- a. Discuss matters on waiving the non-compete agreement for newly appointed directors

VIII. Extemporaneous Motion

IX. Meeting Adjourned

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

### **Report No. 1**

2018 Business Reports

#### **Explanation:**

The 2018 Business Report is attached as Attachment A.

### **Report No. 2**

Supervisor's Review Report on the 2018 Financial Statements

#### **Explanation:**

The 2018 Supervisor's Review Report is attached as Attachment B.

### **Report No. 3**

To report on convertible bonds.

#### **Explanation**

The report on convertible bonds is attached as Attachment E.

### **Report No. 4**

To revise company provisions on Regulations Governing Procedure for Board of Directors Meetings

#### **Explanation**

- (1) In accordance with the establishment of the Audit Committee of the Company, it is proposed to revise provisions pertaining to the Regulations Governing Procedure for Board of Directors Meetings.
- (2) A comparison chart regarding the Regulations Governing Procedure for Board of Directors Meetings is attached in Attachment [F].

### **Report No. 5**

To revise company provisions on Ethical Corporate Management Best Practice Principles

#### **Explanation**

- (1) In accordance with the establishment of the Audit Committee of the Company, it is proposed to revise provisions pertaining to the Ethical Corporate Management Best Practice Principles.
- (2) A comparison chart regarding the Ethical Corporate Management Best Practice Principles is attached in Attachment [G].

### **Report No. 6**

To revise company provisions on Guidelines to the Adoption of Codes of Ethical Conduct

#### **Explanation**

- (1) In accordance with the establishment of the Audit Committee of the Company, it is proposed to revise provisions pertaining to the Guidelines to the Adoption of Codes of Ethical Conduct.
- (2) A comparison chart regarding the Guidelines to the Adoption of Codes of Ethical Conduct is attached in Attachment [G].

## **II. Proposed Resolutions**

### **Proposal No. 1**

### **Proposed by the Board**

Ratification of the 2018 Business Report and Financial Statements.

#### **Explanation:**

- (1) The 2018 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 Mr/Ms Ching-zen Yang and Mr/Ms Zhe-li Gung of Deloitte and Touche Taiwan. The 2018 Business Report and 2018 Financial Statements have been approved by the Board and inspected by the supervisors of Gemtek Technology Co., Ltd.
- (2) The 2018 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 2018 profits.

#### **Explanation:**

- (1) The Board has adopted the Proposal for Distribution of 2018 Profits in accordance with the Company Act and Articles of Incorporation.
- (2) The proposed aggregate amount of special reserves is NT\$180,681,594. Cash dividends will not be distributed this year due to insufficient profits.
- (3) 2018 Profit Distribution Table is attached in Attachment [D]



### **III. Discussion Items**

#### **Proposal No. 1**

#### **Proposed by the Board**

To discuss and revise provisions pertaining to the Company's Articles of Incorporation.

#### **Explanation:**

- (1) In accordance with the establishment of the Audit Committee of the Company, it is proposed to revise provisions pertaining to the Company Articles of Incorporation.
- (2) A comparison chart regarding the Company's Articles of Incorporation is attached in Attachment [J].

#### **Proposal No. 2**

#### **Proposed by the Board**

To discuss and revise provisions pertaining to the Procedures for Election of Directors and Supervisors.

#### **Explanation:**

- (1) In accordance with the establishment of the Audit Committee of the Company, it is proposed to revise provisions pertaining to the Procedures for the Election of Directors and Supervisors. The title of the procedure will be changed to Procedures for the Election of Directors.
- (2) A comparison chart regarding the Procedures for the Election of Directors and Supervisors is attached in Attachment [K].

#### **Proposal No. 3**

#### **Proposed by the Board**

To discuss and revise provisions pertaining to the Operational procedures for Acquisition and Disposal of Assets.

#### **Explanation:**

- (1) In accordance with the establishment of the Audit Committee of the Company, it is proposed to revise provisions pertaining to the Operational procedures for Acquisition and Disposal of Assets.
- (2) A comparison chart regarding the Operational Procedures for Acquisition and Disposal of Assets is attached in Attachment [L].

#### **Proposal No. 4**

#### **Proposed by the Board**

To discuss and revise provisions pertaining to the Operational Procedures for Endorsements and Guarantees.

#### **Explanation:**

- (1) In accordance with the establishment of the Audit Committee of the Company, it is proposed to revise provisions pertaining to the Operational Procedures for Endorsements and Guarantees.
- (2) A comparison chart regarding the Operational Procedures for Endorsements and Guarantees is attached in Attachment [M].

**Proposal No. 5****Proposed by the Board**

To discuss and revise provisions pertaining to the Operational Procedures for Loaning of Company Funds.

**Explanation:**

- (1) In accordance with the establishment of the Audit Committee of the Company, it is proposed to revise provisions pertaining to the Operational Procedures for Loaning of Company Funds.
- (2) A comparison chart regarding the Operational Procedures for Loaning of Company Funds is attached in Attachment [N].

**Proposal No. 6****Proposed by the Board**

To discuss and revise provisions pertaining to the Operational Procedures for Trading Derivatives.

**Explanation:**

- (1) In accordance with the establishment of the Audit Committee of the Company, it is proposed to revise provisions pertaining to the Operational Procedures for Trading Derivatives.
- (2) A comparison chart regarding the Operational Procedures for Trading Derivatives is attached in Attachment [O].

## **IV. Elections**

### **Proposal No. 1**

### **Proposed by the Board**

Conduct the 10th Election of Directors (Including Independent Directors)

#### **Explanation:**

- (1) The tenure of the current Board (including independent directors) ends on June 13, 2019. Nine Director Seats of the Board (including three independent directors) shall be fully re-elected in accordance with the Company's Articles of Association and Shareholders' Meeting.
- (2) The Company intends to install an audit committee in accordance with the Securities Exchange Law. Supervisors will no longer be set up within the Board according to law. The audit committee shall comprise all independent directors. The audit committee shall take over the existing responsibilities of supervisors once the Company's Articles of Association is officially amended.
- (3) The newly appointed directors (including independent directors) will serve a three-year term from June 18, 2019 to June 17, 2021, and can be re-elected for consecutive terms. The duties of former directors and supervisors shall be dismissed from the date new directors are appointed.
- (4) Pursuant to Article 13 of the Company's Articles of Association, the Election of Directors shall abide by the nomination of candidates procedures in accordance with Article 192-1 of the Company Act. The relevant profiles of the candidates have been reviewed and approved by the Board of Directors on May 7, 2019. Please refer to Attachment [P]

#### **Election Results**

## **V. Other Matters**

### **Proposal No. 1**

### **Proposed by the Board**

Discuss matters on waiving the non-compete agreement for newly appointed directors

#### **Explanation:**

- (1) Pursuant to the provisions of Article 209 of the Company Act, when a director is to conduct any sort of activity for himself/herself or on behalf of others that is associated with the business scope of the company, is subject to explain the essential purpose of his/her actions and gain approval from shareholders at the shareholders' meeting.
- (2) It is proposed to seek resolution from the shareholders' meeting to waive the non-compete agreement for newly appointed directors. The requirement derives from the Company's need to expand businesses by way of adopting diverse development approaches and leveraging the expertise of experienced directors.
- (3) For more information on non-compete agreement for directors and independent directors, please refer to Attachment [Q]).

## **VI. Extemporaneous Motion**

## **VII. Adjournment**

**Gemtek Technology Co., Ltd.**  
**2018 Business Report**  
(Translation)

## **I. Foreword**

Just a few years back, the 5G technology was merely fathomed as a radical and revolutionary innovation within the network industry. Nevertheless, in a short matter of time, due to the rapid growth of network technology, 5G has now become the core initiative for various industries in terms of strategical planning and development. By the end of 2017, the first specifications for 5G NSA (Non-Stand Alone) networking standard was officially signed off by the 3rd Generation Partnership Project (3GPP). At the same time, many telecommunications equipment vendors have been eagerly seeking new deployment plans for 5G networks by way of co-operating with existing 4G networks. As 3GPP will be delivering the Release 15 Full specifications for 5G in June 2018, it will undoubtedly set off a fierce competition among 5G technology manufacturers in 2018 that is beyond our imagination.

As the 5G specifications standard is moving towards the final stage of completion, and based on the fact that the plethora of application scenarios is becoming more globally-aligned, the growing demand for 5G applications is significantly obvious. In light of this trend, in order to meet the exponential demands for data traffic, the deployment of Small Cells can unequivocally satisfy the thriving requirements and is vital for the development of 5G. According to an estimation based on the topology theory, the number of Small Cell equipments installed worldwide will reach 2.838 million units in 2018, and will continue to grow to 4.329 million units in 2019, with an annual turnover rate of 52.5%. Small Cell will be the key to successfully implementing 5G and mobile edge computing.

Gemtek Technology Co., Ltd. has accumulated years of experience in the development of 3G and 4G small base stations, shipping and selling far and wide across the world. Now that the 5G era has arrived, Gemtek will certainly play an essential role in the industry, providing complete and high-quality solutions to assist customers in exploring new market opportunities.

In addition to the development of mobile communications in the vertical applications market, the Internet of Things is regarded as the fourth wave of the IT industry revolution. Gemtek continues to invest in the research and development of LPWAN and artificial intelligence technologies, introducing cutting-edge products along the way. As far as the overall development timeline is concerned, the Internet of Things still has a long way to go as it is still in the early stages of development; hence, it is no surprise that merely a handful of industries have started to warm up to this new concept. In any case, according to the statistics of Gartner and Machine Research, in 2020, the number of global connected devices will reach 26 billion units and the related business revenue will be approximately USD300 billion. This huge business opportunity derives from the many different IoT network applications that can be generally applied to everyday life. Recently, AI has become a new topic in the IT industry. The combination of AI and the Internet of Things will make the Internet of Things more intelligent and further deepen the influences of smart applications across numerous fields.

5G is the term for 5th Generation Mobile Networks, which boasts ten times more bandwidth and extraordinary computing speed thousands of times faster than any modern communication means. According to Ericsson's 5G Business Potential report, the estimated number of 5G users worldwide may reach 500 million in 2022, covering approximately 15% of the world's population. Many countries have already invested an extensive amount of resources in exploring the vast playing fields of 5G technology. If one is capable of gaining a dominant position in the 5G market, securing key advantages is presumably guaranteed for the 10 years to come.

Over the past two years, Taiwan has been eagerly putting together solutions and plans for the advent of the 5G technology era. Based on Ericsson's statement, the 5G market will be at the brink of feasibility when technologies such as edge computing, Gigabit LTE, and network slicing all radically mature to a whole new level, therefore introducing new forms of services and revenue sources to a bustling array of industries. During the initial development phase, we can see that infrastructure manufacturers are at the forefront of the 5G battle, especially for products like Small Cells and CPEs, which are capable of satisfying the increasing data traffic demands with their high-density deployment features, and used elaborately to construct a 5G network environment. The Topology Research Institute estimates that the number of Small Cell infrastructures deployed will grow up to 4.329 million units in 2019, with an annual growth rate of 52.5%, while CPE production will increase by about 3% to approximately USD2.75 billion. Small Cells and CPEs will be the key to successfully implement 5G and mobile edge computing.

Gemtek Technology Co., Ltd. has accumulated years of experience in the development of 3G and 4G Small Cells and CPEs, shipping and selling far and wide across the world. Now that the 5G era has arrived, Gemtek will certainly play a vital role in the industry, providing complete and high-quality solutions to assist customers in exploring new market opportunities.

In regard to the further development of WiFi technology, the Wi-Fi Alliance has officially announced the launch of the new Wi-Fi 6 (802.11ax) specification, which would bring significant changes and more advanced performances to the existing Wi-Fi technology, all starting with the network architecture. Marketing researches also predict that the Wi-Fi 6 technology will enter the market faster than 5G, and will become the mainstream communication technology of the next era. The overall global shipment of Wi-Fi devices have reached 9 billion units at the current stage. ABI Research predicts that the annual shipments of Wi-Fi 6 chipsets are expected to exceed 1 billion units when entering the third year of commercial deployment (2022). Gemtek has accumulated many years of technological experience in the WiFi market, and would spare no effort in researching and developing new Wi-Fi 6 products to lead the market.

## **II. 2017 Business Report**

### **1. Business Results**

In 2018, the total consolidated operating income was NT\$17,333,751,000. The combined operating costs and operating expenses was NT\$17,392,530,000. The consolidated non-operating income was NT\$227,785,000. The consolidated non-operating expenses was NT\$141,697,000. The pre-tax net profit was NT\$27,309,000; income tax expense was NT\$49,155,000. Therefore, the consolidated net profit after tax for this year is NT\$(21,846,000). Equity attributable to owners of the parent company NT\$(22,804,000). Non-controlling Interest is NT\$958,000. Earnings per share (after tax) is NT\$(0.07).

### **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 2018, the current ratio was 151.98% and the debt ratio was 46.31%, indicating that the composition of the company's financial structure was adequately sound and stable.

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

#### **2018 R&D Achievements**

- (1) Support 802.11ax WiFi Router device products and 802.11ax terminal device products.
- (2) Support 802.11af WiFi Router device products and 802.11af terminal device products.
- (3) Smart monitor the WiFi Hotspot Router and management system.
- (4) LTE CAT 12 with 2\*2 wifi Indoor and Outdoor end device products.
- (5) LTE 8Rx UE-Relay CPE.
- (6) LTE FDD/TDD micro base station system software and hardware.
- (7) High-end 4X4 WiFi AP and education system for educational and industrial markets.
- (8) LoRa standard long distance smart router.
- (9) LoRa standard end device module and end device products.
- (10) LoRa + GPS integrated miniaturized module.
- (11) LoRa Base geomagnetic parking monitoring and management system.
- (12) G.FAST equipment products.
- (13) Voice control + cloud control WiFi end device products.

- (1) Next-generation passive optical network/ ultra-wideband network and voice service

integration systems XGSPON /10GEPON/NGPON2

- (2) G.fast high-speed digital ultra-wideband network technology and dual-channel integrated service system
- (3) Voice assistant & home automation control and modules
- (4) Whole home WiFi with Mesh
- (5) Advanced WiFi Router 11.ax
- (6) Cost-effective and Advanced LTE client device development, including Cat 12, Cat6, Cat4, UER
- (7) 3GPP based CIOT client device and LGA module development (Cat 4, Cat1,Cat-M1, NB-IOT )
- (8) 1W~2W LTE Small Cell System
- (9) LPWAN Rola IoT E2E Solution
- (10) Preliminary development of Millimeter-wave smart antennas
- (11) Research and Study the progress and development of 5G Solutions

### **III. 2017 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 two major operations:

- (1) Network service equipments, which include broadband network related equipments built on top of telecommunications infrastructures (5G related technologies, LTE Small Cell, CPE), telecommunication network products (WiFi AP/Router) and business class wireless AP/routers, modules etc.
- (2) Fixed broadband access equipment related services, which include telecommunication integration products (VoIP, VDSL, G.fast, GPON Etc) and optical fiber products.

### **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.**  
**2018 Supervisor's Review Report**  
(Translation)

To Shareholders of Gemtek Technology Co., Ltd.,

The Board of Directors is responsible for the issuance of the Company's 2018 Business Reports, Financial Statements and Proposed Discussions on Capital Surplus Distributions.

The Supervisor, having audited and reviewed the above-mentioned 2018 Business Reports, Financial Statements and Proposed Discussions on Capital Surplus Distributions, hereby considers the documentations to be in compliance with relevant laws and regulations as stipulated in Company Act Article 219.

Gemtek Technology Co., Ltd.

Supervisor: TSKY CO., LTD

Representative: Cheng-tung Wu

Supervisor: Shou-cheng Shen

Supervisor: Yi-shin Liao

Date: March 21, 2019

## **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 2017 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) for fiscal years 2017 and 2018, dates 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 2017 and 2018, as of December 31, in conjunction with the details provided for Individual Financial Performances and Individual Cash Flow for fiscal years 2017 and 2018, dates ranging from January 1 to December 31.

### **Basis of 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 2018 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 2018 Individual Financial Statements of Gemtek Technology Co., Ltd. as follows:

#### **Revenue Recognition**

The main operating income of Gemtek Technology Co., Ltd. is based on selling products such as gateways, network cards, etc. According to the Company's accounting policies, revenue should be recognized when the significant risks and rewards of ownership related to the products are transferred to the buyer. If the Company fails to abide by the proper Sales Revenue Policy or the International Accounting Standard No. 15 prior to fulfilling business obligations, the recognition of revenue will inevitably result in material misstatement. In view of the above, the auditor has listed the sale of goods and revenue recognition as a Critical Audit Matter for the annual audit. For related accounting policies pertaining to revenue recognition, please refer to Attachment D for the Individual Financial Statements.

Considering the importance of Revenue Recognition, auditors have assessed the quality of composition and implementation of the Company's Internal Control Policy related to sales income conjointly with the Company Sales Revenue Recognition Policy. Auditors' have conducted inspections on selected materials acquired from income reports that are related to sales transactions and receivables, etc. to verify whether the operating income is duly and correctly documented.

### Mergers and Acquisitions

Gemtek Technology Co., Ltd. tookover 39.18% equity interest of Ampak Technology Inc. in February of 2018, increasing its shareholding ratio to 72.73%, obtaining significant controlling interest. The purchase price is NTD590, 216, 000. Please refer to **Note 4 and Note 15** of the Financial Statements. As the acquisition is a major non-routine transaction, it is listed as a Critical Audit Matter for this year.

The main audit procedures for the above Critical Audit Matter include:

1. Review the Board of Directors meeting minutes and the public tender offer prospectus to verify whether the acquisition has been legally resolved.
2. Audit the purchase price and remittance voucher against the contents of the public tender offer prospectus to ensure consistency and compliance to requirements.
3. Evaluate the qualifications of the business acquisition consultants entrusted by the company. Review the due diligence report compiled by the consultants.

### Additional Matters

In regard to the individual financial statements listed above, the financial statements of the investee companies that adopt the partial equity method as of December 31, 2017 were audited respectively by unaffiliated audit firms. Due to this reason, the relevant information regarding investments made under the practices of the adopted equity method in addition to subsequent profits and losses and relevant reinvestments made by the investee companies is based on the audit report of the unaffiliated auditors.

As of December 31, 2017, the investment balance rendered by the above-mentioned equity method that hasn't been verified by our auditors is NT\$356,473,000, accounting for 2.47% of the total assets of Gemtek Technology Co., Ltd. The consolidated loss derived from investments made by affiliated companies using the equity method that hasn't been verified by our auditors is

NT\$(102,802,000), which accounts for (10.40%) of the total consolidated profit and loss of Gemtek Technology Co., Ltd.

### 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 (including Supervisors) of Gemtek Technology Co., Ltd. is responsible for monitoring the Financial Reporting Process.

### Responsibilities of Auditors on Individual Financial Statement audits

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  
 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 21, 2019

GEMTEK TECHNOLOGY Co.,Ltd  
BALANCE SHEETS  
DECEMBER 31, 2018 AND 2017

Unit: NT\$ thousand

Code	Asset	2018/12/31		2017/12/31	
		Amount	%	Amount	%
	Current Asset				
1100	Cash and cash equivalents	\$ 393,594	3	\$ 697,801	5
1110	Current financial assets at fair value through profit or loss	270,879	2	113,859	1
1147	Current investments in debt instrument without active market )	-	-	708,000	5
1150	Notes receivable, net	48,507	-	61,127	-
1170	Accounts receivable, net	5,371,221	36	3,591,154	25
1180	Accounts receivable due from related parties, net	28,038	-	41,124	-
1200	Other receivables	36,452	-	11,176	-
1210	Other receivables due from related parties	6,234	-	16,988	-
1220	Current tax assets	2,956	-	1,663	-
130X	Inventories	193,245	1	98,697	1
1470	Other current assets	91,663	1	93,453	1
11XX	Total current assets	6,442,789	43	5,435,042	38
	Non-current assets				
1517	Non-current financial assets at fair value through other comprehensive income	159,768	1	-	-
1523	Non-current available-for-sale financial assets	-	-	114,595	1
1535	Non-current financial assets at amortised cost	20,000	-	-	-
1543	Non-current financial assets at cost	-	-	117,865	1
1546	Non-current investments in debt instrument without active market	-	-	38,057	-
1550	Investments accounted for using equity method	7,149,547	47	7,398,732	51
1600	Property, plant and equipment	1,170,049	8	1,181,550	8
1840	Deferred tax assets	62,871	-	69,475	-
1990	Other non-current assets	71,567	1	74,242	1
15XX	Total non-current assets	8,633,802	57	8,994,516	62
1XXX	Total assets	\$ 15,076,591	100	\$ 14,429,558	100
	Liabilities and equity				
	Current liabilities				
2100	Current borrowings	\$ 2,657,200	18	\$ 1,428,800	10
2120	Current financial liabilities at fair value through profit or loss	-	-	5,234	-
2130	Current contract liabilities	95,988	1	-	-
2150	Notes payable	23,711	-	22,659	-
2170	Accounts payable	213,649	1	102,417	1
2180	Accounts payable to related parties	2,971,158	20	2,240,609	15
2219	Other payables	247,314	2	268,615	2
2230	Current tax liabilities	122	-	35,000	-
2321	Corporate bonds payable-current portion	5,708	-	525,675	4
2399	Other current liabilities	49,083	-	132,594	1
21XX	Total current liabilities	6,263,933	42	4,761,603	33
	Non-current liabilities				
2570	Deferred tax liabilities	209,495	1	174,946	1
2670	Other non-current liabilities	30	-	1	-
25XX	Total non-current liabilities	209,525	1	174,947	1
2XXX	Total liabilities	6,473,458	43	4,936,550	34
	Equity				
	Share capital				
3110	Ordinary share	3,511,620	23	3,207,203	22
3140	Advance receipts for share capital	53,920	1	65,901	1
3100	Total capital stock	3,565,540	24	3,273,104	23
3200	Capital surplus	4,669,276	31	4,507,982	31
	Retained earnings				
3310	Legal reserve	730,820	5	699,626	5
3320	Special reserve	195,278	1	249,623	2
3350	Unappropriated retained earnings (accumulated deficit)	180,682	1	319,980	2
3300	Total retained earnings	1,106,780	7	1,269,229	9
3490	Other equity interest	( 738,463 )	( 5 )	442,693	3
3XXX	Total equity	8,603,133	57	9,493,008	66
	Total liabilities and equity	\$ 15,076,591	100	\$ 14,429,558	100

President : Howard Chen

Manager : Kenny Su

Accounting Supervisor : Charlin Lin

## GEMTEK TECHNOLOGY Co.,Ltd

## STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 Unit: NT\$ thousand,  
NT\$ for EPS

Code		2018		2017	
		Amount	%	Amount	%
4000	Operating revenue	\$ 14,248,465	100	\$ 12,467,384	100
5000	Operating costs	( 13,058,108 )	( 92 )	( 11,292,352 )	( 91 )
5900	Gross profit (loss) from operations	<u>1,190,357</u>	<u>8</u>	<u>1,175,032</u>	<u>9</u>
	Operating expenses				
6100	Selling expenses	( 275,781 )	( 2 )	( 280,857 )	( 2 )
6200	Administrative expenses	( 198,340 )	( 1 )	( 209,896 )	( 2 )
6300	Research and development expenses	( 726,895 )	( 5 )	( 814,293 )	( 6 )
6000	Total Operating expenses	( <u>1,201,016</u> )	( <u>8</u> )	( <u>1,305,046</u> )	( <u>10</u> )
6900	Net operating income (loss)	( <u>10,659</u> )	<u>-</u>	( <u>130,014</u> )	( <u>1</u> )
	Non-operating income and expenses				
7010	Other income	27,689	-	62,073	1
7020	Other gains and losses	127,509	1	103,747	1
7050	Finance costs	( 30,154 )	-	( 30,751 )	-
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method	( <u>117,524</u> )	( <u>1</u> )	<u>277,602</u>	<u>2</u>
7000	Total non-operating income and expenses	<u>7,520</u>	<u>-</u>	<u>412,671</u>	<u>4</u>
7900	Profit (loss) from continuing operations before tax	( 3,139 )	-	282,657	3
7950	Income Tax Benefit (expense)	( <u>19,665</u> )	<u>-</u>	<u>29,284</u>	<u>-</u>
8200	Net profit (loss) of the term	( <u>22,804</u> )	<u>-</u>	<u>311,941</u>	<u>3</u>

( Continue )



( Brought Forward )

Code		2018		2017	
		Amount	%	Amount	%
	Other comprehensive income (loss)				
8310	Items not to be reclassified into profit or loss				
8311	Defined benefit plans measured at fair value	( \$ 2,730 )	-	( \$ 5,176 )	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	( 150,158 )	( 1 )	-	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method	( 879,680 )	( 6 )	-	-
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange Differences on Translation of Foreign Financial Statements	( 78,670 )	( 1 )	( 173,441 )	( 1 )
8362	Unrealized Gain or Loss on Available-for-sale Financial Assets	-	-	48,186	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method	( 1,491 )	-	806,572	6
8300	Other comprehensive income, net	( 1,112,729 )	( 8 )	676,141	5
8500	Total comprehensive income	( \$ 1,135,533 )	( 8 )	\$ 988,082	8
	Earnings per share				
9750	Basic	( \$ 0.07 )		\$ 1.01	
9850	Diluted	( \$ 0.07 )		\$ 0.95	

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

GEMTEK TECHNOLOGY Co.,Ltd  
STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(In Thousands of New Taiwan Dollars)

									Other Equity					
		Share Capital			Additional paid-in capital	Retained earnings			Exchange Differences on translation of foreign financial statement	Unrealized Gain or Loss on Available-for-sale Financial Assets	Unrelized gain or loss on financial asset at fair value through profit or loss	Unearred reward by employees	Total	Total equity
C o d e		Number of shares ( in thousand )	Amount	Capital collected in advance		Legal reserve	Special reserve	Retained earnings						
A1	BALANCE, JANUARY 1, 2017	<u>302,702</u>	<u>\$ 3,027,018</u>	<u>\$ 11,192</u>	<u>\$ 4,312,177</u>	<u>\$ 642,919</u>	<u>\$ 195,638</u>	<u>\$ 584,706</u>	<u>( \$ 94,059 )</u>	<u>( \$ 144,565 )</u>	<u>\$ -</u>	<u>( \$ 10,999 )</u>	<u>( \$ 249,623 )</u>	<u>\$ 8,524,027</u>
	Appropriation and distribution of retained earnings, 2016													
B1	Legal reserve	-	-	-	-	56,707	-	( 56,707 )	-	-	-	-	-	-
B3	Special reserve	-	-	-	-	-	53,985	( 53,985 )	-	-	-	-	-	-
B5	Cash dividends of share holder	-	-	-	-	-	-	( 460,799 )	-	-	-	-	-	( 460,799 )
	Subtotal	-	-	-	-	56,707	53,985	( 571,491 )	-	-	-	-	-	( 460,799 )
D1	Net profit for the year ended December 31, 2017	-	-	-	-	-	-	311,941	-	-	-	-	-	311,941
D3	Other comprehensive income (loss) for the year ended December 31, 2017, net of income tax	-	-	-	-	-	-	( 5,176 )	( 177,979 )	859,296	-	-	681,317	676,141
D5	Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	-	306,765	( 177,979 )	859,296	-	-	681,317	988,082
C7	Adjustment on other additional paid-in capital : Changes of additional paid-in capital of Associates Accounted for Using Equity Method	-	-	-	( 1,639 )	-	-	-	-	-	-	-	-	( 1,639 )
I1	Corporate bond transfer to ordinary shares	<u>18,073</u>	<u>180,732</u>	<u>54,709</u>	<u>193,547</u>	-	-	-	-	-	-	-	-	428,988
N1	Logout on restricted stock awards	( 55 )	( 547 )	-	( 918 )	-	-	-	-	-	-	1,465	1,465	-
E1	Remuneration cost on restricted stock awards	-	-	-	4,815	-	-	-	-	-	-	9,534	9,534	14,349
Z1	BALANCE, DECEMBER 31, 2017	<u>320,720</u>	<u>3,207,203</u>	<u>65,901</u>	<u>4,507,982</u>	<u>699,626</u>	<u>249,623</u>	<u>319,980</u>	<u>( 272,038 )</u>	<u>714,731</u>	<u>-</u>	<u>-</u>	<u>442,693</u>	<u>9,493,008</u>
A3	Influence number on retrospective application of IFRS9	-	-	-	-	-	-	154,120	-	( 714,731 )	644,331	-	( 70,400 )	83,720
A5	Balance on retrospective adjustment, January 1, 2018	<u>320,720</u>	<u>3,207,203</u>	<u>65,901</u>	<u>4,507,982</u>	<u>699,626</u>	<u>249,623</u>	<u>474,100</u>	<u>( 272,038 )</u>	<u>-</u>	<u>644,331</u>	<u>-</u>	<u>372,293</u>	<u>9,576,728</u>
	Appropriation and distribution of retained earnings, 2017													
B1	Statutory surplus reserve	-	-	-	-	31,194	-	( 31,194 )	-	-	-	-	-	-
B3	Reversal special reserve	-	-	-	-	-	( 54,345 )	54,345	-	-	-	-	-	-
B5	Cash dividends of shareholder	-	-	-	-	-	-	( 275,453 )	-	-	-	-	-	( 275,453 )
	Subtotal	-	-	-	-	31,194	( 54,345 )	( 252,302 )	-	-	-	-	-	( 275,453 )
C15	Cash dividends allocated by additional paid-in capital	-	-	-	( 68,863 )	-	-	-	-	-	-	-	-	( 68,863 )
D1	Net loss for the year ended December 31, 2018	-	-	-	-	-	-	( 22,804 )	-	-	-	-	-	( 22,804 )
D3	Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	-	( 2,434 )	( 80,161 )	-	( 1,030,134 )	-	( 1,110,295 )	( 1,112,729 )
D5	Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	-	( 25,238 )	( 80,161 )	-	( 1,030,134 )	-	( 1,110,295 )	( 1,135,533 )
I1	Corporate bond transfer to ordinary shares	<u>30,442</u>	<u>304,417</u>	( 11,981 )	<u>228,610</u>	-	-	-	-	-	-	-	-	521,046
M3	Disposal of Investments accounted for using equity method	-	-	-	1,547	-	-	-	-	-	-	-	-	1,547
M5	Obtain partial equity of subsidiary	-	-	-	-	-	-	( 16,769 )	430	-	-	-	430	( 16,339 )
Q1	Subsidiary dispose equity investmentsat fair value through profit or loss	-	-	-	-	-	-	891	-	-	( 891 )	-	( 891 )	-
Z1	BALANCE, DECEMBER 31, 2018	<u>351,162</u>	<u>\$ 3,511,620</u>	<u>\$ 53,920</u>	<u>\$ 4,669,276</u>	<u>\$ 730,820</u>	<u>\$ 195,278</u>	<u>\$ 180,682</u>	<u>( \$ 351,769 )</u>	<u>\$ -</u>	<u>( \$ 386,694 )</u>	<u>\$ -</u>	<u>( \$ 738,463 )</u>	<u>\$ 8,603,133</u>

The accompanying notes are an integral part of the financial statements

President : Howard Chen

Manager : Kenny Su

Accounting Supervisor : Charlin Lin

## GEMTEK TECHNOLOGY Co.,Ltd

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(In Thousands of New Taiwan Dollars)

Code		2018	2017
	CASH FLOWS FROM OPERATING ACTIVITIES		
A00010	Profit (loss) before income tax	( \$ 3,139 )	\$ 282,657
A20010	Income Charges (Credits) not Affecting Cash		
A20100	Depreciation expense	75,806	77,593
A20200	Amortization expense	46,418	33,595
A20300	Gain on reversal of bad debts	-	( 30,283 )
A20400	Loss on Financial Assets (Liabilities) at Fair Value through Profit or Loss	5,496	( 35,045 )
A20900	Financial cost	30,154	30,751
A21200	Interest income	( 5,020 )	( 10,979 )
A21300	Dividend revenue	( 9,971 )	( 9,292 )
A21900	Cost of share-based payment salary	-	14,349
A22400	Share of Profit of Associates Accounted for Using Equity Method	117,524	( 277,602 )
A22500	Loss on disposal of property, plant and equipment	18	( 126,180 )
A23200	Gain on disposal of investment accounted for using equity method	( 86,714 )	( 19,489 )
A23800	gain from price recovery of inventory	( 6,134 )	( 55,201 )
A24100	Unrealized foreign currency exchange (interest) loss	( 16,597 )	10,722
A29900	Specialized service income	-	( 30,370 )
A30000	Net changes in operating assets and liabilities		
A31110	Financial asset held for trading	-	( 14,332 )
A31115	Mandatory Financial Assets at Fair Value through Profit or Loss	( 168,499 )	-
A31130	Notes receivable	12,420	( 53,831 )
A31150	Accounts receivable	( 1,777,114 )	( 196,423 )
A31160	Accounts receivable - related parties	12,944	( 32,830 )
A31180	Other receivables	4,082	10,206
A31200	Inventory	( 88,414 )	71,927
A31240	Other current assets	1,727	2,021
A31990	Prepaid pension cost	( 2,358 )	( 2,524 )
A32125	Contract liability	31,623	-
A32130	Notes payable	1,052	( 2,658 )
A32150	Accounts payable	112,130	49,857
A32160	Accounts payable - related parties	740,324	( 154,225 )
A32180	Other payables	( 21,788 )	( 81,558 )
A32230	Other current liabilities	( 22,017 )	13,353

( Continue )

( Brought Forward )

Code		2018	2017
A33000	CASH FLOWS FROM OPERATING ACTIVITIES	( \$ 1,016,047 )	( \$ 535,791 )
A33100	Interest charged	5,230	10,943
A33200	Dividend charged	9,971	9,292
A33300	Interest paid	( 27,792 )	( 13,966 )
A33500	Income tax paid	( 14,683 )	( 25,621 )
AAAA	Cash generated from (used in) operating activities	( 1,043,321 )	( 555,143 )
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00010	Purchase of financial assets at fair value through profit or loss	( 29,171 )	-
B00050	Loss on financial assets measured by amortized cost less	726,057	-
B00600	Investments in Debt Security with No Active Market	-	( 393,836 )
B01200	Acquisition of financial Assets Carried at Cost	-	( 75,698 )
B01800	Acquisition of investments accounted for using equity method	( 1,144,560 )	( 98,724 )
B02000	Increase on prepaid long-term investment	-	( 15,103 )
B02300	Dispose of investments accounted for using equity method	-	4,596
B02400	Allowance for shares from capital reduction of subsidiary	200,000	-
B02700	Purchase of property, plant and equipment	( 64,323 )	( 36,012 )
B02800	Gain on disposal of property, plant and equipment	-	260,332
B03700	Decrease (increase) in refundable deposits	950	( 800 )
B06700	Increase in other non-current assets	( 45,065 )	( 51,541 )
B07600	Collection of dividend from subsidiary and associate	266,087	29,797
BBBB	Cash used in investing activities, net	( 90,025 )	( 376,989 )
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase in short-term loans	1,234,600	1,430,075
C04300	Increase in other non-current liability	29	1
C04500	Cash dividends paid	( 344,316 )	( 460,799 )
C05400	Acquisition of partial equity in subsidiary	( 61,174 )	-
CCCC	Cash provided by financing activities	829,139	969,277
EEEE	Net increase (decrease) in cash and cash equivalents	( 304,207 )	37,145
E00100	Cash and cash equivalents at beginning of year	697,801	660,656
E00200	Cash and cash equivalents at end of year	\$ 393,594	\$ 697,801

The accompanying notes are an integral part of the financial statements

## **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 2017 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).

Based on the collective opinions of our auditors (please refer to the paragraph for Additional Matters), we hereby certify that all aspects of 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 2017 and 2018, months ranging from January 1 to December 31, based on the details provided for Consolidated Financial Performances and Consolidated Cash Flow.

### **Basis of 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 refers to the critical findings being assessed by the professional judgement of the auditors to determine the truthfulness and integrity of the 2018 Individual 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 2018 Individual Financial Statements

of Gemtek Technology Co., Ltd. as follows:

### Revenue Recognition

The main operating income of Gemtek Technology Co., Ltd. and its subsidiaries is based on selling products such as gateways, network cards, etc. According to the Company's accounting policies, revenue should be recognized when the significant risks and rewards of ownership related to the products are transferred to the buyer. If the Company fails to abide by the proper Sales Revenue Policy or the International Accounting Standard No. 15 prior to fulfilling business obligations, the recognition of revenue will inevitably result in material misstatement. In view of the above, the auditor has listed the sale of goods and revenue recognition as a Critical Audit Matter for the annual audit. For related accounting policies pertaining to revenue recognition, please refer to Attachment D for the Individual Financial Statements.

Considering the importance of Revenue Recognition, auditors have assessed the quality of composition and implementation of the Internal Control Policy of the Company and its subsidiaries related to sales income conjointly with the Company Sales Revenue Recognition Policy. Auditors' have conducted inspections on selected materials acquired from income reports that are related to sales transactions and receivables, etc. to verify whether the operating income is duly and correctly documented.

### Mergers and Acquisitions

Gemtek Technology Co., Ltd. and its company subsidiaries tookover 55.67% equity interest of Ampak Technology Inc. in February of 2018, increasing its shareholding ratio to 92.23%, obtaining significant controlling interest. The purchase price is NTD838, 616, 000. Please refer to **Note 4, Note 16, and Note 31** of the Financial Statements. As the acquisition is a major non-routine transaction, it is listed as a Critical Audit Matter for this year.

The main audit procedures for the above Critical Audit Matter include:

1. Review the Board of Directors meeting minutes and the public tender offer prospectus to verify whether the acquisition has been legally resolved.
2. Audit the purchase price and remittance voucher against the contents of the public tender offer prospectus to ensure consistency and compliance to requirements.
3. Evaluate the qualifications of the business acquisition consultants entrusted by the company. Review the due diligence report compiled by the consultants.

### Additional Matters

In regard to the individual financial statements listed above, the financial statements of the investee companies that adopt the partial equity method as of December 31, 2017 were audited respectively by unaffiliated audit firms. Due to this reason, the relevant information regarding investments made under the practices of the adopted equity method in addition to subsequent profits and losses and relevant reinvestments made by the investee companies is based on the audit report of the unaffiliated auditors. As of December 31, 2017, the investment balance rendered by the above-mentioned equity method that hasn't been verified by our auditors is NT\$356,473,000, accounting for 2.47% of the total assets of Gemtek Technology Co., Ltd. The consolidated loss derived from investments made by affiliated companies using the equity method that hasn't been verified by our auditors is NT\$(102,802,000), which accounts for (10.40%) of the total consolidated profit and loss of Gemtek Technology Co., Ltd. and its subsidiaries.

Our auditors have inspected the 2017 and 2018 individual financial reports compiled by Gemtek Technology Co., Ltd., our auditors hereby present our unqualified opinions and unqualified opinions plus other-matter paragraph 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 capacity 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 Company and its subsidiaries, or no alternative options other than liquidation or closure is feasible.

The Corporate Governance Units (including Supervisors) of Gemtek Technology Co., Ltd. and its subsidiaries are responsible for monitoring the Financial Reporting Process.

### Responsibilities of Auditors on Consolidated Financial Statement audits

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 2018 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 21, 2019

## GEMTEK TECHNOLOGY Co.,Ltd AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2018 AND 2017

(In Thousands of New Taiwan Dollars)

Code	Asset	2018/12/31		2017/12/31	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents	\$ 1,719,370	11	\$ 1,505,396	10
1110	Current financial assets at fair value through profit or loss	497,839	3	633,595	4
1136	Current financial assets at amortised cost	2,238	-	-	-
1147	Investments in debt securities with no active market	-	-	957,539	7
1150	Notes receivable	48,507	-	61,127	1
1170	Accounts receivable, net	5,707,086	36	3,771,177	25
1180	Accounts receivable due from related parties	16,817	-	52,167	-
1200	Other receivables	72,866	-	21,882	-
1220	Current tax assets	2,956	-	1,663	-
130X	Inventory	2,770,348	17	1,705,225	11
1412	Prepaid lease	1,395	-	1,420	-
1470	Other current assets	156,067	1	144,204	1
11XX	Total current assets	10,995,489	68	8,855,395	59
	Non-current assets				
1517	Non-current financial assets at fair value through other comprehensive income	1,140,133	7	-	-
1523	Non-current available- for-sale financial assets	-	-	1,674,094	11
1527	Non-current held-to-maturity financial assets	-	-	142,971	1
1535	Non-current financial assets at amortised cost	262,485	2	-	-
1543	Non-current financial assets carried at cost	-	-	308,389	2
1546	Non-current Investments in debt securities with no active market	-	-	127,337	1
1550	Investments accounted for using equity method	105,500	1	895,918	6
1600	Property, plant and equipment	2,886,755	18	2,780,898	18
1805	Goodwill	388,118	2	-	-
1821	Other intangible assets	892	-	-	-
1840	Deferred tax assets	106,850	1	95,934	1
1985	Long-term prepaid lease	53,093	-	55,451	-
1990	Other non-current assets	156,916	1	124,287	1
15XX	Total non-current assets	5,100,742	32	6,205,279	41
1XXX	Total assets	\$ 16,096,231	100	\$ 15,060,674	100
	Liabilities and equity				
	Current liabilities				
2100	Current borrowings	\$ 2,842,200	18	\$ 1,428,800	10
2120	Current financial liabilities at fair value through profit or loss	-	-	5,234	-
2130	Current contract liabilities	105,493	1	-	-
2150	Notes payable	23,711	-	22,659	-
2170	Accounts payable	3,758,642	23	2,779,677	18
2180	Accounts payable to related parties	1,290	-	14,485	-
2219	Other payables	433,398	3	431,415	3
2230	Current tax liabilities	12,298	-	40,426	-
2321	Corporate bonds payable-current portion	5,708	-	525,675	4
2399	Other current liabilities	52,160	-	136,196	1
21XX	Total current liabilities	7,234,900	45	5,384,567	36
	Non-current liabilities				
2570	Deferred tax liabilities	218,090	1	182,597	1
2670	Other non-current liabilities	522	-	502	-
25XX	Total non-current liabilities	218,612	1	183,099	1
2XXX	Total liabilities	7,453,512	46	5,567,666	37
	Equity				
	Share capital				
3110	Ordinary share	3,511,620	22	3,207,203	21
3140	Advance receipts for share capital	53,920	-	65,901	1
3100	Total capital stock	3,565,540	22	3,273,104	22
3200	Capital surplus	4,669,276	29	4,507,982	30
	Retained earnings				
3310	Legal reserve	730,820	5	699,626	4
3320	Special reserve	195,278	1	249,623	2
3350	Unappropriated retained earnings (accumulated deficit)	180,682	1	319,980	2
3300	Total retained earnings	1,106,780	7	1,269,229	8
3490	Other equity interest	( 738,463 )	( 4 )	442,693	3
31XX	Total equity attributable to owners of parent	8,603,133	54	9,493,008	63
36XX	Non-controlling interests	39,586	-	-	-
3XXX	Total equity	8,642,719	54	9,493,008	63
	Total liabilities and equity	\$ 16,096,231	100	\$ 15,060,674	100

The accompanying notes are an integral part of the financial statements

President : Howard Chen

Manager : Kenny Su

Accounting Supervisor : Charlin Lin

GEMTEK TECHNOLOGY Co.,Ltd  
Statement of comprehensive income

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017  
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

Code		2018		2017	
		Amount	%	Amount	%
4000	Operating revenue	\$ 17,333,751	100	\$ 13,580,607	100
5000	Operating costs	( 15,733,066 )	( 91 )	( 11,877,740 )	( 88 )
5900	Gross profit (loss) from operations	1,600,685	9	1,702,867	12
	Operating expenses				
6100	Selling expenses	( 351,507 )	( 2 )	( 336,127 )	( 3 )
6200	Administrative expenses	( 443,389 )	( 2 )	( 419,649 )	( 3 )
6300	Research and development expenses	( 864,568 )	( 5 )	( 988,776 )	( 7 )
6000	Total operating expenses	( 1,659,464 )	( 9 )	( 1,744,552 )	( 13 )
6900	Net operating (loss)	( 58,779 )	-	( 41,685 )	( 1 )
	Non-operating income and expenses				
7010	Other income	107,591	-	146,165	1
7020	Other gains and losses	120,194	1	335,789	3
7050	Finance costs	( 32,495 )	-	( 32,616 )	-
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method	( 109,202 )	( 1 )	( 80,581 )	( 1 )
7000	Total non-operating income and expenses	86,088	-	368,757	3
7900	Profit (loss) from continuing operations before tax	27,309	-	327,072	2
7950	Tax expense (income)	( 49,155 )	-	( 15,131 )	-

( Continue )

( Brought Forward )

Code		2018		2017	
		Amount	%	Amount	%
8200	Profit (loss) from continuing operations	( \$ 21,846 )	-	\$ 311,941	2
	Other comprehensive income				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Defined benefit Plans Remeasurement	( 2,423 )	-	( 5,176 )	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	( 1,030,134 )	( 6 )	-	-
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation	( 78,670 )	( 1 )	( 173,441 )	( 1 )
8362	Unrealized Gain or Loss on Available-for-sale Financial Assets	-	-	48,186	-

8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	( <u>1,462</u> )	<u>-</u>	<u>806,572</u>	<u>6</u>
8300	Other comprehensive income, net	( <u>1,112,689</u> )	( <u>7</u> )	<u>676,141</u>	<u>5</u>
8500	Total comprehensive income	( <u>\$ 1,134,535</u> )	( <u>7</u> )	<u>\$ 988,082</u>	<u>7</u>
	Profit (loss), attributable to:				
8610	Profit (loss), attributable to owners of parent	( \$ 22,804 )	-	\$ 311,941	2
8620	Profit (loss), attributable to non-controlling interests	<u>958</u>	<u>-</u>	<u>-</u>	<u>-</u>
8600		( <u>\$ 21,846</u> )	<u>-</u>	<u>\$ 311,941</u>	<u>2</u>
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent	( \$ 1,135,533 )	( 7 )	\$ 988,082	7
8720	Comprehensive income, attributable to non-controlling interests	<u>998</u>	<u>-</u>	<u>-</u>	<u>-</u>
8700		( <u>\$ 1,134,535</u> )	( <u>7</u> )	<u>\$ 988,082</u>	<u>7</u>

( Brought Forward )

Code		2018		2017	
		Amount	%	Amount	%
	Earnings per share				
9750	Basic earnings per share	( \$ <u>0.07</u> )		\$ <u>1.01</u>	
9850	Diluted earnings per share	( \$ <u>0.07</u> )		\$ <u>0.95</u>	

The accompanying notes are an integral part of the financial statements

President : Howard Chen

Manager : Kenny Su

Accounting Supervisor : Charlin Lin

GEMTEK TECHNOLOGY Co.,Ltd  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

									Other Equity						
		Share capital		Capital surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Unrealized gain (loss) on available-for -sale financial assets	Accumulated Other comprehensive income: Unrealized gains or losses on fair value through other comprehensive income financial assets		Unearned salary by employee	Total	Non-controlling Interests	Total Equity
Code		Number of shares (in thousands)	Amount	Capital collected in advance		Legal Reserve	Special Reserve	Unappropriated Earnings							
A1	BALANCE, JANUARY 1, 2017	302,702	\$ 3,027,018	\$ 11,192	\$ 4,312,177	\$ 642,919	\$ 195,638	\$ 584,706	( \$ 94,059 )	( \$ 144,565 )	\$ -	( \$ 10,999 )	( \$ 249,623 )	\$ -	\$ 8,524,027
	Appropriation and distribution of retained earnings, 2016														
B1	Legal reserve	-	-	-	-	56,707	-	( 56,707 )	-	-	-	-	-	-	-
B3	Appropriated special reserve	-	-	-	-	-	53,985	( 53,985 )	-	-	-	-	-	-	-
B5	Cash dividends of share holder	-	-	-	-	-	-	( 460,799 )	-	-	-	-	-	-	( 460,799 )
	Subtotal	-	-	-	-	56,707	53,985	( 571,491 )	-	-	-	-	-	-	( 460,799 )
D1	Net profit for the year ended December 31, 2017	-	-	-	-	-	-	311,941	-	-	-	-	-	-	311,941
D3	Other comprehensive income (loss) for the year ended December 31, 2017, net of income tax	-	-	-	-	-	-	( 5,176 )	( 177,979 )	859,296	-	-	681,317	-	676,141
D5	Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	-	306,765	( 177,979 )	859,296	-	-	681,317	-	988,082
C7	Other capital surplus adjustments : Changes of additional paid-in capital of Associates Accounted for Using Equity Method	-	-	-	( 1,639 )	-	-	-	-	-	-	-	-	-	( 1,639 )
I1	Corporate bond transfer to ordinary shares	18,073	180,732	54,709	193,547	-	-	-	-	-	-	-	-	-	428,988
N1	Remuneration cost on restricted stock awards	( 55 )	( 547 )	-	( 918 )	-	-	-	-	-	-	1,465	1,465	-	-
E1	Remuneration cost on restricted stock awards	-	-	-	4,815	-	-	-	-	-	-	9,534	9,534	-	14,349
Z1	BALANCE, DECEMBER 31, 2017	320,720	3,207,203	65,901	4,507,982	699,626	249,623	319,980	( 272,038 )	714,731	-	-	442,693	-	9,493,008
A3	Influence number on retrospective application of IFRS9	-	-	-	-	-	-	154,120	-	( 714,731 )	644,331	-	( 70,400 )	-	83,720
A5	Balance on retrospective adjustment, January 1, 2018	320,720	3,207,203	65,901	4,507,982	699,626	249,623	474,100	( 272,038 )	-	644,331	-	372,293	-	9,576,728
	Appropriation and distribution of retained earnings, 2017														
B1	Statutory surplus reserve	-	-	-	-	31,194	-	( 31,194 )	-	-	-	-	-	-	-
B3	Reversal special reserve	-	-	-	-	-	( 54,345 )	54,345	-	-	-	-	-	-	-
B5	Cash dividends of shareholder	-	-	-	-	-	-	( 275,453 )	-	-	-	-	-	-	( 275,453 )
		-	-	-	-	31,194	( 54,345 )	( 252,302 )	-	-	-	-	-	-	( 275,453 )
C15	Cash dividends allocated by additional paid-in capital	-	-	-	( 68,863 )	-	-	-	-	-	-	-	-	-	( 68,863 )
D1	Net loss for the year ended December 31, 2018	-	-	-	-	-	-	( 22,804 )	-	-	-	-	-	958	( 21,846 )
D3	Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	-	( 2,434 )	( 80,161 )	-	( 1,030,134 )	-	( 1,110,295 )	40	( 1,112,689 )
D5	Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	-	( 25,238 )	( 80,161 )	-	( 1,030,134 )	-	( 1,110,295 )	998	( 1,134,535 )
I1	Corporate bond transfer to ordinary shares	30,442	304,417	( 11,981 )	228,610	-	-	-	-	-	-	-	-	-	521,046
M3	Disposal of Investments accounted for using equity method	-	-	-	1,547	-	-	-	-	-	-	-	-	-	1,547
M5	Obtain partial equity of subsidiary	-	-	-	-	-	-	( 16,769 )	430	-	-	-	430	( 44,835 )	( 61,174 )
O1	Change of nn-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	83,423	83,423
Q1	Dispose equity investmentsat fair value through profit or loss	-	-	-	-	-	-	891	-	-	( 891 )	-	( 891 )	-	-
Z1	BALANCE, DECEMBER 31, 2018	351,162	\$ 3,511,620	\$ 53,920	\$ 4,669,276	\$ 730,820	\$ 195,278	\$ 180,682	( \$ 351,769 )	\$ -	( \$ 386,694 )	\$ -	( \$ 738,463 )	\$ 39,586	\$ 8,642,719

The accompanying notes are an integral part of the financial statements

President : Howard Chen

Manager : Kenny Su

Accounting Supervisor : Charlin Lin

## GEMTEK TECHNOLOGY Co.,Ltd

## CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

Code		2018	2017
	CASH FLOWS FROM OPERATING ACTIVITIES		
A00010	Profit (loss) before income tax	\$ 27,309	\$ 327,072
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation expense	277,711	278,541
A20200	Amortization expense	56,754	37,590
A20300	Expected credit loss (gain)	( 2,147 )	-
A20300	Provision (reversal of provision) for bad debt expense	-	( 29,146 )
A20400	Net loss (gain) on financial assets or liabilities at fair value through profit or loss	38,782	( 327,438 )
A20900	Financial costs	32,495	32,616
A21200	Interest income	( 32,747 )	( 43,238 )
A21300	Dividend income	( 23,978 )	( 36,320 )
A21900	Cost of share-based payment salary	-	14,349
A22300	Share of Profit of Associates Accounted for Using Equity Method	109,202	80,581
A22500	Loss (profit) on disposal of property, plant and equipment	323	( 125,105 )
A22800	Specialized service income	-	( 30,370 )
A23200	Gain on disposal of investment	( 124,548 )	( 19,611 )
A23500	Impairment loss on financial assets carried at cost	-	30,267
A23700	Loss (gain) for market price decline and obsolete and slow-moving inventories	36,171	( 132,373 )
A24100	Unrealized foreign currency exchange (interest) loss	2,134	37,675
A29900	Prepaid lease amortization	1,421	1,404
A30000	Net changes in operating assets and liabilities		
A31110	Financial asset held for trading	-	169,155
A31115	Mandatory financial assets at fair value through profit or loss	90,548	-
A31130	Notes receivable	12,420	( 53,831 )

( Continue )



( Brought Forward )

Code		2018	2017
A31150	Accounts receivable	( 1,563,140 )	( 186,002 )
A31160	Accounts receivable – related parties	50,159	( 22,363 )
A31180	Other receivables	4,969	39,956
A31200	Inventory	( \$ 517,241 )	( \$ 227,574 )
A31240	Other current assets	( 11,129 )	2,156
A31990	Prepaid pension cost	1	( 2,524 )
A32125	Contract liabilities	33,684	-
A32130	Notes payable	1,052	( 2,658 )
A32150	Accounts payable	734,762	10,594
A32160	Accounts payable– related parties	( 22,977 )	( 21,406 )
A32180	Other payable	( 46,327 )	( 101,722 )
A32230	Other current liabilities	( 22,779 )	( 17,967 )
A33000	CASH FLOWS FROM OPERATING ACTIVITIES	( 857,116 )	( 317,692 )
A33100	Interest charged	24,097	49,327
A33200	Dividend charged	23,978	36,320
A33300	Interest paid	( 30,144 )	( 15,775 )
A33500	Income tax paid	( 32,706 )	( 53,570 )
AAAA	Cash generated from (used in) operating activities	( 871,891 )	( 301,390 )

CASH FLOWS FROM INVESTING ACTIVITIES

B00010	Purchase of financial assets at fair value through profit or loss	( 84,071 )	-
B00020	Disposal of financial asset at other fair value through profit or loss	4,937	-
B00050	Disposal of financial assets measured by amortized cost less	973,317	-
B00300	Acquisition of available-for-sale financial assets	-	( 414,510 )
B00600	Investments in debt security with no active market	-	451,823
B01000	Sale of held-to-maturity investment surrender value	-	91,296
B01200	Acquisition of financial Assets Carried at Cost	-	( 99,784 )
B01300	Sale of financial assets carried at cost	-	4,972
B01800	Acquisition of investments accounted for using equity method	( 50,000 )	( 254,927 )
B01900	Disposal of investments accounted for using equity method	287,991	4,596
B02000	Increase on prepaid long-term investment	-	( 29,983 )
B02200	Cash outflows from acquiring subsidiary,net	( 281,933 )	-
B02700	Purchase of property, plant and equipment	( 367,085 )	( 140,735 )

( Continue )

( Brought forward )

Code		2018	2017
B02800	Disposal of property, plant and equipment	27,999	274,808
B03700	Increase in refundable deposits	-	( 937 )
B04500	Purchase of other intangible assets	( 1,208 )	-
B06700	Increase (loss) in other non-current assets	( 25,269 )	28,949
B07600	Collection of dividend from subsidiary and associate	-	30,599
BBBB	Cash used in investing activities, net	<u>484,678</u>	( <u>53,833</u> )
CASH FLOWS FROM FINANCING ACTIVITIES			
C00100	Increase in short-term loans	\$ 1,118,400	\$ 966,251
C04300	Increase in other non-current liability	29	15
C04500	Cash dividends paid	( 344,316 )	( 460,799 )
C05400	Acquisition of partial equity in subsidiary	( <u>61,174</u> )	-
CCCC	Cash provided by financing activities	<u>712,939</u>	<u>505,467</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	( <u>111,752</u> )	( <u>126,061</u> )
EEEE	Net increase (decrease) in cash and cash equivalents	213,974	24,183
E00100	Cash and cash equivalents at beginning of year	<u>1,505,396</u>	<u>1,481,213</u>
E00200	Cash and cash equivalents at end of year	<u>\$ 1,719,370</u>	<u>\$ 1,505,396</u>

The accompanying notes are an integral part of the financial statements

President : Howard Chen

Manager : Kenny Su

Accounting Supervisor : Charlin Lin

**Gemtek Technology Co., Ltd.**  
**2018 Profit Distribution Table**

Unit: NT\$

Item	Amount
2017 Retained Earnings	67,624,016
Add: Effects of Retrospective application 及 Retrospective restatement	154,120,000
<b>Adjusted beginning unappropriated retained earnings</b>	<b>221,744,016</b>
Add: Adjust retained earnings for Restricted Stock Award share buybacks	54,175
Less: Re-measurement of defined benefit plan in retained earnings	2,434,131
Less: Adjust retained earnings for Investments Accounted for Using Equity Method	16,768,956
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	890,595
<b>Adjusted unappropriated retained earnings</b>	<b>203,485,699</b>
2018 After-tax Loss	(22,804,105)
Less: Appropriated Legal Reserves (10%)	-
Less: Special Reserves Appropriated by order of the law	<b>180,681,594</b>
<b>Profit available for distribution for the current perio</b>	<b>-</b>

Chairman: Hong-wen Chen

General Manager: Hui-hao Su

Accounting Supervisor: Zhi-hong Lin

## **Report on Convertible Bonds**

1. The offering and issuance of unsecured convertible bonds for the 4th term is described as follows:

- (1) The offering and issuance of unsecured convertible bonds for the 4th term was listed in the market on March 15th, 2016.
- (2) The amount of unsecured convertible bonds offered and issued for the 4th term is NT\$100 million.
- (3) The conversion price of the convertible bonds at the time of issuance is NT\$20; the conversion price is adjusted to NT\$17.60 on the day of July 22, 2018.
- (4) As of March 13, 2019, the number of shares were entirely converted, total number of ordinary shares requested for conversion was 54,236,433 shares.

2. 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\$120 million.
- (3) The conversion price of the convertible bonds at the time of issuance is NT\$26.9.
- (4) As of April 30, 2019, 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.

## Gemtek Technology Co., Ltd.

### Amendments to Rules of Procedures for Board of Directors Meetings

#### Comparision Chart

Prior to Amendment	After Amendment	Reasons for Amendme nt
<p>Article 4</p> <p>The designated unit responsible for the board meetings of this Corporation shall be the board of directors or the secretariat of the board of directors.</p> <p>The unit responsible for board meetings shall draft agenda items and prepare sufficient meeting materials, and shall deliver them together with the notice of the meeting to the directors <u>and supervisors.</u></p> <p>A director who is of the opinion that the meeting materials provided are insufficient may request supplementation by the secretariat of the board of directors. If a director is of the opinion that materials concerning any proposal are insufficient, the deliberation of such proposal may be postponed by a resolution of the board of directors.</p>	<p>Article 4</p> <p>The designated unit responsible for the board meetings of this Corporation shall be the board of directors or the secretariat of the board of directors.</p> <p>The unit responsible for board meetings shall draft agenda items and prepare sufficient meeting materials, and shall deliver them together with the notice of the meeting to the directors.</p> <p>A director who is of the opinion that the meeting materials provided are insufficient may request supplementation by the secretariat of the board of directors. If a director is of the opinion that materials concerning any proposal are insufficient, the deliberation of such proposal may be postponed by a resolution of the board of directors.</p>	<p>Contents are amended in conjunctio n with the regulations governing the newly installed audit committee, and modificati on to provisions relevant to supervisor.</p>

<p>Article 8</p> <p>When a board meeting is held, the management (or the secretariat of the board meetings) shall furnish the attending directors with relevant materials for ready reference.</p> <p>Depending on the subject matters of proposed resolutions, relevant managerial personnel may be invited to present at Board Meetings to assist the Directors in understanding the Company's current conditions so that they can make appropriate resolutions. In addition, CPAs, legal counsels, or other professional personnel may be invited to the meetings to provide professional opinions for the Board of Directors' reference, but shall excuse themselves and vacate the meeting when the proposed resolution will be discussed and resolved.</p> <p><u>When the supervisor attends the board of directors meeting to make a statement, he may participate in discussions for extraordinary motions, but has no voting rights for matters related to the authority of the board of directors.</u></p>	<p>Article 8</p> <p>When a board meeting is held, the management (or the secretariat of the board meetings) shall furnish the attending directors with relevant materials for ready reference.</p> <p>Depending on the subject matters of proposed resolutions, relevant managerial personnel may be invited to present at Board Meetings to assist the Directors in understanding the Company's current conditions so that they can make appropriate resolutions. In addition, CPAs, legal counsels, or other professional personnel may be invited to the meetings to provide professional opinions for the Board of Directors' reference, but shall excuse themselves and vacate the meeting when the proposed resolution will be discussed and resolved.</p>	<p>Contents are amended in conjunction with the regulations governing the newly installed audit committee, and modification to provisions relevant to supervisors.</p>
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<p>Article 20</p> <p>The board of directors meeting shall ensure that the meeting minutes is accurately compiled and recorded. Items that shall be recorded in detail in the proceedings are:</p> <p>1~6 unamended</p> <p>7. Agenda: The method of resolution and the result for each proposal; a summary of the comments made by directors, <u>supervisors</u>, experts, or other persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director under Article 12-1, Item 2.</p>	<p>Article 20</p> <p>The board of directors meeting shall ensure that the meeting minutes is accurately compiled and recorded. Items that shall be recorded in detail in the proceedings are:</p> <p>1~6 unamended</p> <p>7. Agenda: The method of resolution and the result for each proposal; a summary of the comments made by directors, experts, or other persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director under Article 12-1, Item 2.</p>	<p>Contents are amended in conjunction with the regulations governing the newly installed audit committee, and modification on to provisions relevant to supervisors .</p>
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<p>8. Extraordinary motions: the name of the mover; the method of resolution and the result for each motion; a summary of the comments made by directors, supervisors, experts, or other persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing.</p> <p>9. Other required matters to be recorded: The summary of the meeting, any dissenting opinion or abstention, voting method and the result of each proposed resolution should be duly recorded.</p> <p>The minutes of a board of directors meeting shall bear the signature or seal of both the meeting chair and the minutes taker; a copy of the minutes shall be distributed to each director <u>and supervisor</u> within 20 days after the meeting and well preserved as important company records during the existence of the company. The attendance book forms a part of the minutes for each board of directors meeting and shall be well preserved during the existence of the company.</p> <p>Any of the following matters in relation to a resolution passed at a meeting of the board of directors shall be stated in the meeting minutes and within two days of the meeting be published on an information reporting website designated by the competent authority:</p> <p>(1) Any matter about which an independent director expresses an objection or reservation that has been included in records or stated in writing.</p> <p>The production and distribution of the meeting minutes referred to in paragraph 1 may be done in electronic form.</p>	<p>8. Extraordinary motions: the name of the mover; the method of resolution and the result for each motion; a summary of the comments made by directors, experts, or other persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing.</p> <p>9. Other required matters to be recorded: The summary of the meeting, any dissenting opinion or abstention, voting method and the result of each proposed resolution should be duly recorded.</p> <p>The minutes of a board of directors meeting shall bear the signature or seal of both the meeting chair and the minutes taker; a copy of the minutes shall be distributed to each director within 20 days after the meeting and well preserved as important company records during the existence of the company. The attendance book forms a part of the minutes for each board of directors meeting and shall be well preserved during the existence of the company.</p> <p>Any of the following matters in relation to a resolution passed at a meeting of the board of directors shall be stated in the meeting minutes and within two days of the meeting be published on an information reporting website designated by the competent authority:</p> <p>(1) Any matter about which an independent director expresses an objection or reservation that has been included in records or stated in writing.</p> <p><sup>45</sup> The production and distribution of the meeting minutes referred to in paragraph 1 may be done in electronic form.</p>	<p>Contents are amended in conjunction with the regulations governing the newly installed audit committee, and modification to provisions relevant to supervisors.</p>
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**Gemtek Technology Co., Ltd.**

## Amendments to Ethical Corporate Management Best Practice Principles

## Comparision Chart

Prior to Amendment	After Amendment	Reasons for Amendment
<p>Article 22 Enforcement</p> <p>The Ethical Corporate Management Best Practice Principles of the Company shall be implemented after the Principles are resolved by the board of directors. The same procedure shall apply to any amendment thereto.</p>	<p>Article 22 Enforcement</p> <p>The Ethical Corporate Management Best Practice Principles of the Company shall be implemented after the Principles are resolved by the board of directors, and shall be sent to the audit committee and reported at the shareholders' meeting. The same procedure shall apply to any amendment thereto.</p> <p>When the ethical corporate management best practice principles are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objection or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.</p>	<p>Contents are amended in conjunction with the regulations governing the newly installed audit committee, and modification to provisions relevant to supervisors.</p>

Article 23 Supplement This Principle was established on November 6, 2015.	Article 23 Supplement This Principle was established on November 6, 2015. 1st Amendment of the Principle is on June 18, 2019.	
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### Gemtek Technology Co., Ltd.

#### Amendments to Guidelines for the Adoption of Codes of Ethical Conduct

##### Comparison Chart

Prior to Amendment	After Amendment	Reasons for Amendment
<p>Article 1 Purpose of and basis for adoption</p> <p>In recognition of the necessity to assist the company in the establishment of codes of ethical conduct, these Guidelines are adopted for the purpose of encouraging directors, <u>supervisors</u>, and managerial officers of the company (including general managers or their equivalents, assistant general managers or their equivalents, deputy assistant general managers or their equivalents, chief financial and chief accounting officers, and other persons authorized to manage affairs and sign documents on behalf of a company) to act in line with ethical standards, and to help interested parties better understand the ethical standards of such companies.</p>	<p>Article 1 Purpose of and basis for adoption</p> <p>In recognition of the necessity to assist the company in the establishment of codes of ethical conduct, these Guidelines are adopted for the purpose of encouraging directors, and managerial officers of the company (including general managers or their equivalents, assistant general managers or their equivalents, deputy assistant general managers or their equivalents, chief financial and chief accounting officers, and other persons authorized to manage affairs and sign documents on behalf of a company) to act in line with ethical standards, and to help interested parties better understand the ethical standards of such companies.</p>	<p>Contents are amended in conjunction with the regulations governing the newly installed audit committee, and modification to provisions relevant to supervisors.</p>

<p>Article 2 Content of the code</p> <p>Taking its individual circumstances and needs into consideration, the company shall adopt a code of ethical conduct that addresses at least the following eight matters:</p> <p>1. Prevention of conflicts of interest: Conflicts of interest occur when personal interest intervenes or is likely to intervene in the overall interest of the company, as for example when a director, <u>supervisor</u>, or managerial officer of the company is unable to perform their duties in an objective and efficient manner, or when a person in such a position takes advantage of their position in the company to obtain improper benefits for either themselves or their spouse, parents, children, or relatives within the second degree of kinship. The company shall pay special attention to loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise at which a director, supervisor, or managerial officer works. The company shall establish a policy aimed at preventing conflicts of interest, and shall offer appropriate means for directors, <u>supervisors</u>, and managerial officers to voluntarily explain whether there is any potential conflict between them and the company.</p> <p>2. Minimizing incentives to pursue personal gain: The company shall prevent its directors, <u>supervisors</u>, or managerial officers from engaging in any of the following activities:</p>	<p>Article 2 Content of the code</p> <p>Taking its individual circumstances and needs into consideration, the company shall adopt a code of ethical conduct that addresses at least the following eight matters:</p> <p>2. Prevention of conflicts of interest: Conflicts of interest occur when personal interest intervenes or is likely to intervene in the overall interest of the company, as for example when a director, or managerial officer of the company is unable to perform their duties in an objective and efficient manner, or when a person in such a position takes advantage of their position in the company to obtain improper benefits for either themselves or their spouse, parents, children, or relatives within the second degree of kinship. The company shall pay special attention to loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise at which a director, supervisor, or managerial officer works. The company shall establish a policy aimed at preventing conflicts of interest, and shall offer appropriate means for directors and managerial officers to voluntarily explain whether there is any potential conflict between them and the company.</p> <p>2. Minimizing incentives to pursue personal gain: The company shall prevent its directors or managerial officers from engaging in any of the following activities:</p>	<p>Contents are amended in conjunction with the regulations governing the newly installed audit committee, and modification to provisions relevant to supervisors.</p>
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<p>(1) Seeking an opportunity to pursue personal gain by using company property or information or taking advantage of their positions.</p> <p>(2) Obtaining personal gain by using company property or information or taking advantage of their positions.</p> <p>(3) Competing with the company. When the company has an opportunity for profit, it is the responsibility of the directors, <u>supervisors</u>, and managerial officers to maximize the reasonable and proper benefits that can be obtained by the Company.</p> <p>3. Confidentiality: The directors, <u>supervisors</u>, and managerial officers of the company shall be bound by the obligation to maintain the confidentiality of any information regarding the company itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the company or the suppliers and customers.</p> <p>4. Fair trade: Directors, <u>supervisors</u>, and managerial officers shall treat all suppliers and customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.</p>	<p>(1) Seeking an opportunity to pursue personal gain by using company property or information or taking advantage of their positions.</p> <p>(2) Obtaining personal gain by using company property or information or taking advantage of their positions.</p> <p>(3) Competing with the company. When the company has an opportunity for profit, it is the responsibility of the directors and managerial officers to maximize the reasonable and proper benefits that can be obtained by the Company.</p> <p>3. Confidentiality: The directors and managerial officers of the company shall be bound by the obligation to maintain the confidentiality of any information regarding the company itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the company or the suppliers and customers.</p> <p>4. Fair trade: Directors and managerial officers shall treat all suppliers and customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.</p>	<p>Contents are amended in conjunction with the regulations governing the newly installed audit committee, and modification to provisions relevant to supervisors.</p>
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<p>5.Safeguarding and proper use of company assets: All directors, <u>supervisors</u>, and managerial officers have the responsibility to safeguard company assets and to ensure that they can be effectively and lawfully used for official business purposes; any theft, negligence in care, or waste of the assets will all directly impact the company's profitability.</p> <p>6.Legal compliance: The company shall strengthen its compliance with the Securities and Exchange Act and other applicable laws, regulations, and bylaws.</p> <p>7.Encouraging reporting on illegal or unethical activities: The company shall raise awareness of ethics internally and encourage employees to report to a company <u>supervisor</u>, managerial officer, chief internal auditor, or other appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct. To encourage employees to report illegal conduct, the company shall establish a concrete whistle-blowing system and make employees aware that the company will use its best efforts to ensure the safety of informants and protect them from reprisals.</p> <p>8.Disciplinary measures: When a director, <u>supervisor</u>, or managerial officer violates the code of ethical conduct, the company shall handle the matter in accordance with the disciplinary measures prescribed in the code, and shall without delay disclose on the Market Observation Post System (MOPS) the date of the violation by the violator, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken. It is advisable that the company establish a relevant complaint system to provide the violator with remedies.</p>	<p>5.Safeguarding and proper use of company assets: All directors and managerial officers have the responsibility to safeguard company assets and to ensure that they can be effectively and lawfully used for official business purposes; any theft, negligence in care, or waste of the assets will all directly impact the company's profitability.</p> <p>6.Legal compliance: The company shall strengthen its compliance with the Securities and Exchange Act and other applicable laws, regulations, and bylaws.</p> <p>7.Encouraging reporting on illegal or unethical activities: The company shall raise awareness of ethics internally and encourage employees to report to a company managerial officer, chief internal auditor, or other appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct. To encourage employees to report illegal conduct, the company shall establish a concrete whistle-blowing system and make employees aware that the company will use its best efforts to ensure the safety of informants and protect them from reprisals.</p> <p>8.Disciplinary measures: When a director or managerial officer violates the code of ethical conduct, the company shall handle the matter in accordance with the disciplinary measures prescribed in the code, and shall without delay disclose on the Market Observation Post System (MOPS) the date of the violation by the violator, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken. It is advisable that the company establish a relevant complaint system to provide the violator with remedies.</p>	<p>Contents are amended in conjunction with the regulations governing the newly installed audit committee, and modification to provisions relevant to supervisors.</p>
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<p>Article 3 Procedures for exemption</p> <p>The code of ethical conduct adopted by a company must require that any exemption for directors, <u>supervisors</u>, or managerial officers from compliance with the code be adopted by a resolution of the board of directors, and that information on the date on which the board of directors adopted the resolution for exemption, objections or reservations of independent directors, and the period of, reasons for, and principles behind the application of the exemption be disclosed without delay on the MOPS, in order that the shareholders may evaluate the appropriateness of the board resolution to forestall any arbitrary or dubious exemption from the code, and to safeguard the interests of the company by ensuring appropriate mechanisms for controlling any circumstance under which such an exemption occurs.</p>	<p>Article 3 Procedures for exemption</p> <p>The code of ethical conduct adopted by a company must require that any exemption for directors or managerial officers from compliance with the code be adopted by a resolution of the board of directors, and that information on the date on which the board of directors adopted the resolution for exemption, objections or reservations of independent directors, and the period of, reasons for, and principles behind the application of the exemption be disclosed without delay on the MOPS, in order that the shareholders may evaluate the appropriateness of the board resolution to forestall any arbitrary or dubious exemption from the code, and to safeguard the interests of the company by ensuring appropriate mechanisms for controlling any circumstance under which such an exemption occurs.</p>	<p>Contents are amended in conjunction with the regulations governing the newly installed audit committee, and modification to provisions relevant to supervisors.</p>
<p>Article 5 Enforcement</p> <p>The Company's Code of Ethical Conduct, and any amendments to it, shall enter into force after it has been adopted by the board of directors, delivered to each <u>supervisor</u>, and submitted to a shareholders meeting.</p>	<p>Article 5 Enforcement</p> <p>The Company's Code of Ethical Conduct, and any amendments to it, shall enter into force after it has been adopted by the board of directors, delivered to the audit committee, and submitted to a shareholders meeting.</p>	<p>Contents are amended in conjunction with the regulations governing the newly installed audit committee, and modification to provisions relevant to supervisors.</p>

## **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 12, 2019 to April 22, 2019 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 2019 shareholders meeting.



**Gemtek Technology Co., Ltd.**  
Amendments to the Articles of Incorporation  
Comparison Chart

Prior to Amendment	After Amendment	Reasons for Amendment
Section IV Directors <u>and Supervisors</u>	Section IV Directors	Amend Title of Section
Article 13 The Company shall have nine directors <u>and three supervisors</u> 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 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.	Contents are amended in conjunction with the regulations governing the newly installed audit committee, and modification to provisions relevant to supervisors.
Article 13-1 The Company shall purchase liability insurance for its directors <u>and supervisors</u> , for their respective term lengths and within the scope of their duties.	Article 13-1 The Company shall purchase liability insurance for its director for their respective term lengths and within the scope of their duties.	Contents are amended in conjunction with the regulations governing the newly installed audit committee, and modification to provisions relevant to supervisors.

<p>Article 13-2 The Company shall have at least <u>two independent directors among the aforesaid number of directors, and the mandatory seats for independent directors should not be less than one-fifth of the total number of directors</u>. 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 seperately. 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.</p>	<p>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 seperately. 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.</p>	<p>Contents are amended in conjunction with the regulations governing the newly installed audit committee, and modification to provisions relevant to supervisors.</p>
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Article 16      The remuneration of the directors <u>and the supervisors</u> 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.	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.	Contents are amended in conjunction with the regulations governing the newly installed audit committee, and modification to provisions relevant to supervisors.
Article 20      The Company shall, after deducting the employee bonuses and remuneration benefits of directors <u>and supervisors</u> 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.	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 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.	Contents are amended in conjunction with the regulations governing the newly installed audit committee, and modification to provisions relevant to supervisors.
These Articles of Incorporation were entered into on..... The twentieth amendment was made on June 15, 2015 The twenty-first amendment was made on June 14, 2016	These Articles of Incorporation were entered into on..... The twentieth amendment was made on June 15, 2015 The twenty-first amendment was made on June 14, 2016 The twenty-second amendment was made on June 18, 2019	

**Gemtek Technology Co., Ltd.**

Amendments to the Procedures for Election of Directors

Comparison Chart

Prior to Amendment	After Amendment	Reason for Amendment
Gemtek Technology Co., Ltd. Procedures for Election of Directors <u>and Supervisors</u>	Gemtek Technology Co., Ltd. Procedures for Election of Directors	Amend Title of the Procedures in accordance with the establishment of the audit committee to replace supervisors.
Article 1 Elections of directors <u>and supervisors</u> shall be conducted in accordance with these Procedures.	Article 1 Elections of directors shall be conducted in accordance with these Procedures.	Contents are amended in conjunction with the regulations governing the newly installed audit committee, and modification to provisions relevant to supervisors.

Article 2 The cumulative voting method shall be used for election of the directors <u>and supervisors</u> at this Corporation, unless exceptionally regulated by its articles of incorporation, each share will have voting rights in number equal to the directors <u>or supervisors</u> to be elected, and may be cast for a single candidate or split among multiple candidates.	Article 2 The cumulative voting method shall be used for election of the directors at this Corporation, unless exceptionally regulated by its articles of incorporation, each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.	Contents are amended in conjunction with the regulations governing the newly installed audit committee, and modification to provisions relevant to supervisors.
Article 5 The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting for the director <u>and supervisor</u> commences.	Article 5 The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting for the director commences.	Contents are amended in conjunction with the regulations governing the newly installed audit committee, and modification to provisions relevant to supervisors.

<p>Article 8 Shareholders shall elect the number of directors <u>and supervisors</u> as specified in this Corporation's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance. <u>If a person is concurrently selected to serve as the director or supervisor of the company, the person shall select only one of the positions to undertake. Thus, the unclaimed position shall be appointed to a second person who have obtained the second majority of the vote. Appointment of the unclaimed position also applies to cirmcumstances when the results of the election was announced invalid by law; or the elected candidate does not meet the qualification requirements.</u></p>	<p>Article 8 Election procedures are based on the Candidates Nomination System. Shareholders shall elect the number of directors as specified in this Corporation's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.</p>	<p>Contents are amended in conjunction with the regulations governing the newly installed audit committee, and modification to provisions relevant to supervisors .</p>
<p>Article 10 The board of directors of this Corporation shall issue notifications to the persons elected as directors <u>or supervisors</u>.</p>	<p>Article 10 The board of directors of this Corporation shall issue notifications to the persons elected as directors.</p>	<p>Contents are amended in conjunction with the regulations governing the newly installed audit committee, and modification to provisions relevant to supervisors</p>

<p>Article 13</p> <p>These Procedures were established on June 16, 1999</p> <p>The first amendment was made on June 23, 2003</p> <p>The second amendment was made on June 28,2007</p>	<p>Article 13</p> <p>These Procedures were established on June 16, 1999</p> <p>The first amendment was made on June 23, 2003</p> <p>The second amendment was made on June 28, 2007</p> <p>The third amendment was made on June 18, 2019</p>	
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## Gemtek Technology Co., Ltd.

### Amendments to the Procedures Governing Acquisition and Disposal of Assets

#### Comparison Chart

Prior to Amendment	After Amendment	Reason for Amendment
<p>Article 2 The term "assets" as used in these Regulations includes the following:</p> <ol style="list-style-type: none"> <li>Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.</li> <li>Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.</li> <li>Memberships.</li> <li>Patents, copyrights, trademarks, franchise rights, and other intangible assets.</li> <li>Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</li> <li>Derivatives.</li> <li>Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</li> <li>Other major assets.</li> </ol>	<p>Article 2 The term "assets" as used in these Regulations includes the following:</p> <ol style="list-style-type: none"> <li>Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.</li> <li>Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.</li> <li>Memberships.</li> <li>Patents, copyrights, trademarks, franchise rights, and other intangible assets.</li> <li>Right-of-use assets.</li> <li>Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</li> <li>Derivatives.</li> <li>Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</li> <li>Other major assets.</li> </ol>	Amended according to IFRS 16.



<p>Article 4 Evaluation and Operating Procedures for Acquisition or Disposal of Assets</p> <p>1. Unamended</p> <p>2. Evaluation Procedures:</p> <p>(1) Regarding the evaluation procedures of the acquisition of assets, acquiring items related to real estate and other fixed assets shall require a capital expenditure budget plan provided by each department in advance. After the evaluation is carried out, the capital expenditure budget shall be presented to the Ministry of Finance, then executed and controlled according to the plan. If the real estate is obtained from affiliated parties, in addition to the construction contract, the monthly forecast of the cash receipts and expenditures for the coming year beginning from the contracting month shall be prepared, and the necessity and the appropriateness of the use of the funds shall be assessed. Appraisal reports rendered by professional appraisers or audit opinions shall be obtained according to the regulations. For acquiring assets that involve long-term and short-term securities, the assessment shall be conducted by the executing department.</p> <p>(2) Regarding the evaluation procedures of the disposal of assets, disposal of items related to real estate require the related departments to fill out an application or signed off the matter as a special project, stating the reasons for the disposal, the manner of disposal, and is only eligible for implementation after having received approval. If the disposal of the real estate is related to an affiliated party regardless of the amount, the relevant information shall be submitted to the board of directors and the supervisor for recognition. For acquiring assets that involve long-term and short-term securities, the assessment shall be conducted by the executing department prior to implementation.</p> <p>3. Unamended</p>	<p>Article 4 Evaluation and Operating Procedures for Acquisition or Disposal of Assets</p> <p>1. Unamended</p> <p>2. Evaluation Procedures:</p> <p>(1) Regarding the evaluation procedures of the acquisition of assets, acquiring items related to real estate, other fixed assets, <u>and right-of-use assets</u> shall require a capital expenditure budget plan provided by each department in advance. After the evaluation is carried out, the capital expenditure budget shall be presented to the Ministry of Finance, then executed and controlled according to the plan. If the real estate <u>or right-of-use assets</u> are obtained from affiliated parties, in addition to the construction contract, the monthly forecast of the cash receipts and expenditures for the coming year beginning from the contracting month shall be prepared, and the necessity and the appropriateness of the use of the funds shall be assessed. Appraisal reports rendered by professional appraisers or audit opinions shall be obtained according to the regulations. For acquiring assets that involve long-term and short-term securities, the assessment shall be conducted by the executing department.</p> <p>(2) Regarding the evaluation procedures of the disposal of assets, disposal of items related to real estate <u>and right-of-use assets</u> require the related departments to fill out an application or signed off the matter as a special project, stating the reasons for the disposal, the manner of disposal, and is only eligible for implementation after having received approval. If the disposal of the real estate or right-of-use assets are related to an affiliated party regardless of the amount, the relevant information shall be submitted to the board of directors and the supervisor for recognition. For acquiring assets that involve long-term and short-term securities, the assessment shall be conducted by the executing department prior to implementation.</p> <p>3. Unamended</p>	<p>Contents are amended in conjunction with the regulations governing the newly installed audit committee, and modification to provisions relevant to supervisors</p> <p>Amended according to IFRS 16. °</p>
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<p>4. Operating Procedures for Acquisition or Disposal of Assets</p> <p>(1)~(2) Unamended</p> <p>(3) After the real estate and other fixed assets are acquired, they shall be insured immediately to prevent losses of the company.</p> <p>(4) Unamended</p>	<p>4. Operating Procedures for Acquisition or Disposal of Assets</p> <p>(1)~(2) Unamended</p> <p>(3) After the real estate, other fixed assets, and right-of-use assets are acquired, they shall be insured immediately to prevent losses of the company.</p> <p>(4) Unamended</p>	
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<p>Article 5 Transaction Criteria</p> <p>1. Price decision method and reference basis: (1)~(2) Unamended (3) The acquisition or disposal of real estate and other fixed assets shall be signed off as a special project and explained by the executing department. The asset management department shall refer to the publicly announced current value, the appraised present value, the actual transaction price of neighboring real estates, supplier's quotation, and is to compare and negotiate as a means to determine the final transaction price. If the applicant should meet the requirements of the procedures, a professional appraiser should be hired before the date of occurrence. (4) In the event that the transaction amount reaches more than 10% of the company's total assets during the acquisition and disposal of assets of the Company and its affiliated parties, it shall obtain professional appraisal or audit opinion in addition to handling relevant resolution procedures and assessing the appropriateness of the trading criteria. The calculation of the transaction amount shall be handled in accordance with Article 11-1 of the procedures. The procedures regarding 10% of total assets are calculated based on the total assets in the most recent consolidated or individual financial reports as required by the Regulations Governing the Preparation of Financial Reports by Securities Issuers. (5)~(6) Unamended</p>	<p>Article 5 Transaction Criteria</p> <p>1. Price decision method and reference basis: (1)~(2) Unamended (3) The acquisition or disposal of real estate, other fixed assets, <u>and right-of-use assets</u> shall be signed off as a special project and explained by the executing department. The asset management department shall refer to the publicly announced current value, the appraised present value, the actual transaction price of neighboring real estates, supplier's quotation, and is to compare and negotiate as a means to determine the final transaction price. If the applicant should meet the requirements of the procedures, a professional appraiser should be hired before the date of occurrence. (4) In the event that the transaction amount reaches more than 10% of the company's total assets during the acquisition and disposal of assets <u>or its right-of-use</u> of the Company and its affiliated parties, it shall obtain professional appraisal or audit opinion in addition to handling relevant resolution procedures and assessing the appropriateness of the trading criteria. The calculation of the transaction amount shall be handled in accordance with Article 11-1 of the procedures. The procedures regarding 10% of total assets are calculated based on the total assets in the most recent consolidated or individual financial reports as required by the Regulations Governing the Preparation of Financial Reports by Securities Issuers. (5)~(6) Unamended</p>	<p>Contents are amended in conjunction with the regulations governing the newly installed audit committee, and modification to provisions relevant to supervisors Amended according to IFRS 16.</p>
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<p>2.Authorization</p> <p>(1) The acquisition or disposal of assets of the Company shall be handled in accordance with the “Signing Authority” of the Company. However, if the real estate is acquired from an affiliated party, the relevant information should be submitted to the board of directors <u>and supervisors</u> for approval and recognition as well as the shareholders meeting in conjunction with the above-mentioned monthly forecast of the cash receipts and expenditures for the coming year beginning from the contracting month, and the necessity and the appropriateness of the use of the funds. In addition, if a real estate transaction requires a limited price, a specific price, or a special price as the basis of the transaction price due to exceptional reasons, it shall be approved by the board of directors in advance. <u>Supervisors shall be notified of the transaction</u> and the transaction shall be reported at the shareholders' meeting. If the amount of assets obtained or disposed of reaches either the NT\$50 million threshold or the standard amount stipulated in this procedure, the board of director’s approval ought to be obtained prior to the execution. However, if it is deemed appropriate to prioritize the transaction process ahead of schedule due to business demands, the transaction can be carried out based on the permission of the chairman of the board. An agenda regarding the transaction shall be submitted to the board of directors meeting for ratification.</p> <p>(2) Unamended</p> <p>(3)The board of directors of the company and its subsidiaries may acquire or dispose of the machinery and equipment that are used for business. Based on the third paragraph of Article 7-1 of this procedure, the board of directors may authorize the chairman to deliberate and execute the transaction within a certain amount. An agenda regarding the transaction shall be submitted to the board of directors meeting for ratification.</p>	<p>2.Authorization</p> <p>(1) The acquisition or disposal of assets of the Company shall be handled in accordance with the “Signing Authority” of the Company. However, if the real estate is acquired from an affiliated party, the relevant information should be submitted to the board of directors <u>and audit committee</u> for approval and recognition as well as the shareholders meeting in conjunction with the above-mentioned monthly forecast of the cash receipts and expenditures for the coming year beginning from the contracting month, and the necessity and the appropriateness of the use of the funds. In addition, if a real estate transaction requires a limited price, a specific price, or a special price as the basis of the transaction price due to exceptional reasons, it shall be approved by the board of directors in advance. <u>The audit committee shall be notified of the transaction and</u> the transaction shall be reported at the shareholders' meeting. If the amount of assets obtained or disposed of reaches either the NT\$50 million threshold or the standard amount stipulated in this procedure, the board of director’s approval ought to be obtained prior to the execution. However, if it is deemed appropriate to prioritize the transaction process ahead of schedule due to business demands, the transaction can be carried out based on the permission of the chairman of the board. An agenda regarding the transaction shall be submitted to the board of directors meeting for ratification.</p> <p>(2) Unamended</p> <p>(3)The board of directors of the company and its subsidiaries may acquire or dispose of the machinery and equipment <u>or its right-of-use</u> that are used for business. Based on the third paragraph of Article 7-1 of this procedure, the board of directors may authorize the chairman to deliberate and execute the transaction within a certain amount. An agenda regarding the transaction shall be submitted to the board of directors meeting for ratification.</p>	<p>Contents are amended in conjunction with the regulations governing the newly installed audit committee, and modification to provisions relevant to supervisors</p> <p>Amended according to IFRS 16.</p>
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<p>Article 6 Responsible Departments</p> <p>For acquisition or disposal of long/short term security investment, the departments responsible therefore should be Finance Division or other related departments. For acquisition or disposal of real estate and other fixed assets, the departments responsible therefore should be the ones or other related departments using the assets.</p>	<p>Article 6 Responsible Departments</p> <p>For acquisition or disposal of long/short term security investment, the departments responsible therefore should be Finance Division or other related departments. For acquisition or disposal of real estate, other fixed assets, <u>or right-of-use assets</u>, the departments responsible therefore should be the ones or other related departments using the assets.</p>	<p>Amended according to IFRS 16.</p>
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<p>Article 7 Public Announcement and Filing Procedures</p> <p>Should any of the following conditions relating to the Company's acquisition or disposal of assets occurs, filing and public announcement shall be made according to the relevant regulations within two days commencing immediately from the Date of the Event:</p> <p>1.Acquisition or disposal of real estate from or to a related party, or acquisition or disposal of assets other than real estate from or to a related party where the transaction amount reaches 20% of this Company's paid-in capital, 10% of this Company's total assets, or NT\$300 million; provided, this shall not apply to buying or selling of government bonds or bonds under repurchase and resale agreements, nor subscription or redemption of domestic money market funds issued by securities investment trusts</p> <p>2.Merger, spin-off, acquisition or share transfer;</p> <p>3. The maximum amount of all or individual contractual losses specified in the processing procedures for derivative transactions.</p> <p>4. If the transaction carried out for the acquired or disposed machinery and equipment that are used for business are not with related parties, and the transaction amount accommodates one of the following provisions:</p> <p>(1)~(2) Unamended</p> <p>5. Unamended</p> <p>6. In addition to the five procedures mentioned in the above, transaction amounts derived from any asset transactions, disposal of equity by financial institutions, or engagement in mainland investment should not exceed 20% of the company's paid-in capital or NT\$300 million, except for the following situations:</p> <p>(1)~(3) Unamended</p>	<p>Article 7 Public Announcement and Filing Procedures</p> <p>Should any of the following conditions relating to the Company's acquisition or disposal of assets occurs, filing and public announcement shall be made according to the relevant regulations within two days commencing immediately from the Date of the Event:</p> <p>1.Acquisition or disposal of real estate <u>or right-of-use assets</u> from or to a related party, or acquisition or disposal of assets other than real estate <u>or right-of-use assets</u> from or to a related party where the transaction amount reaches 20% of this Company's paid-in capital, 10% of this Company's total assets, or NT\$300 million; provided, this shall not apply to buying or selling of government bonds or bonds under repurchase and resale agreements, nor subscription or redemption of domestic money market funds issued by securities investment trusts</p> <p>2.Merger, spin-off, acquisition or share transfer;</p> <p>3. The maximum amount of all or individual contractual losses specified in the processing procedures for derivative transactions.</p> <p>4. If the transaction carried out for the acquired or disposed machinery and equipment <u>or right-of-use assets</u> that are used for business are not with related parties, and the transaction amount accommodates one of the following provisions:</p> <p>(1)~(2) Unamended</p> <p>5. Unamended</p> <p>6. In addition to the five procedures mentioned in the above, transaction amounts derived from any asset transactions, disposal of equity by financial institutions, or engagement in mainland investment should not exceed 20% of the company's paid-in capital or NT\$300 million, except for the following situations:</p> <p>(1)~(3) Unamended</p>	<p>Amended according to IFRS 16.</p>
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<p>Transaction amount is calculated as follows:</p> <ol style="list-style-type: none"> <li>1. The amount of each transaction.</li> <li>2. The aggregate transaction amount related to the same counterpart being acquired or disposed in the same nature within one year.</li> <li>3. The aggregate transaction amount related to the same real estate development plan acquired or disposed (accumulated acquisition and disposal amounts are calculated separately) within one year.</li> <li>4. The aggregate transaction amount related to the same securities acquired or disposed (accumulated acquisition and disposal amounts are calculated separately) within one year.</li> </ol> <p>.....</p>	<p>Transaction amount is calculated as follows:</p> <ol style="list-style-type: none"> <li>1. The amount of each transaction.</li> <li>2. The aggregate transaction amount related to the same counterpart being acquired or disposed in the same nature within one year.</li> <li>3. The aggregate transaction amount related to the same real estate development plan or <u>right-of-use assets</u> acquired or disposed (accumulated acquisition and disposal amounts are calculated separately) within one year.</li> <li>4. The aggregate transaction amount related to the same securities acquired or disposed (accumulated acquisition and disposal amounts are calculated separately) within one year.</li> </ol> <p>.....</p>	
<p>Article 8 Investment Scope and Limits</p> <p>The Company and its subsidiaries are permitted to invest in non-operating real estate <u>and securities</u> in addition to the assets acquired for business use. The limits of the amount are as follows:</p> <ol style="list-style-type: none"> <li>1. The total amount of non-operating real estate shall not exceed 20% of the net value of the most recent financial statements of the Company. The total amount of non-operating real estate of individual subsidiaries shall not exceed 20% of the net value of the latest financial statements of the parent company.</li> </ol> <p>2.~3. Unamended</p>	<p>Article 8 Investment Scope and Limits</p> <p>The Company and its subsidiaries are permitted to invest in non-operating real estate, <u>right-of-use assets</u>, and securities in addition to the assets acquired for business use. The limits of the amount are as follows:</p> <ol style="list-style-type: none"> <li>1. The total amount of non-operating real estate and <u>right-of-use assets</u> shall not exceed 20% of the net value of the most recent financial statements of the Company. The total amount of non-operating real estate and <u>right-of-use assets</u> of individual subsidiaries shall not exceed 20% of the net value of the latest financial statements of the parent company.</li> </ol> <p>2.~3. Unamended</p>	<p>Amended according to IFRS 16.</p>

<p>Article 9 Other matters</p> <p>1. If the real estate is acquired from affiliated parties, in addition to the construction contract, it shall, in accordance with the provisions of the “Guidelines for Handling Acquisition and Disposal of Assets by Public Companies” promulgated by the Securities and Futures Bureau of the Ministry of Finance, file and enclose relevant documents regarding the computed cost of the property and the audit opinions provided by certified public accountants with the Securities and Futures Bureau; plus, the evidence of approval from the board of directors, <u>a record of recognition by the supervisor</u>, the monthly forecast of the cash receipts and expenditures for the coming year beginning from the contracting month, and the necessity and the appropriateness of the use of the funds shall be duly presented to the Securities and Futures Bureau conjointly.</p> <p>2.~5. Unamended</p> <p>6. After obtaining approval from the board of directors meeting, the operation procedure shall be presented to <u>the supervisors</u>, then discussed and ratified at the shareholders' meeting. If the directors should express dissent and produces a record or written statement against the procedures, the relevant information shall be sent to <u>the supervisors</u> and reported to the shareholders meeting for discussion. Opinions of the independent directors shall also be taken into full consideration by including clear explanations and reasons of their opinions in the minutes of the board of directors meeting. This paragraph applies to any future amendments.</p> <p>7.Unamended</p>	<p>Article 9 Other matters</p> <p>1. If the real estate is acquired from affiliated parties, in addition to the construction contract, it shall, in accordance with the provisions of the “Guidelines for Handling Acquisition and Disposal of Assets by Public Companies” promulgated by the Securities and Futures Bureau of the Ministry of Finance, file and enclose relevant documents regarding the computed cost of the property and the audit opinions provided by certified public accountants with the Securities and Futures Bureau; plus, the evidence of approval from the board of directors, <u>a record of recognition by the audit committee</u>, the monthly forecast of the cash receipts and expenditures for the coming year beginning from the contracting month, and the necessity and the appropriateness of the use of the funds shall be duly presented to the Securities and Futures Bureau conjointly.</p> <p>2.~5. Unamended</p> <p>6. After obtaining approval from the board of directors meeting, the operation procedure shall be presented to <u>the audit committee</u>, then discussed and ratified at the shareholders' meeting. If the directors should express dissent and produces a record or written statement against the procedures, the relevant information shall be sent to <u>the audit committee</u> and reported to the shareholders meeting for discussion. Opinions of the independent directors shall also be taken into full consideration by including clear explanations and reasons of their opinions in the minutes of the board of directors meeting. This paragraph applies to any future amendments.</p> <p>7.Unamended</p>	<p>Contents are amended in conjunction with the regulations governing the newly installed audit committee, and modification to provisions relevant to supervisors Amended according to IFRS 16.</p>
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### Gemtek Technology Co., Ltd.

#### Amendments to the Procedures Governing the Making of Endorsements/Guarantees

##### Comparison Chart

Prior to Amendment	After Amendment	Reason for Amendment
<p>Article 9 Auditing Endorsements/Guarantees</p> <p>The company's internal auditors shall audit the Operational Procedures for Endorsements / Guarantees for Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify all <u>the supervisors</u> in writing of any material violation found.</p>	<p>Article 9 Auditing Endorsements/Guarantees</p> <p>The company's internal auditors shall audit the Operational Procedures for Endorsements / Guarantees for Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify all <u>members of the audit committee</u> in writing of any material violation found.</p>	<p>Contents are amended in conjunction with the regulations governing the newly installed audit committee, and modification to provisions relevant to supervisors.</p>
<p>Article 12</p> <p>This Operational Procedures for Endorsements/Guarantees is formulated in compliance with the Regulations, and, after passage by the board of directors, submit the same to <u>each supervisor</u> and for approval by the shareholders' meeting. Where there any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinions to <u>each supervisor</u> and for discussion by the shareholders' meeting. Where the Company has appointed independent directors, when it submits the Operational Procedures for Endorsements/Guarantees for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director expresses any dissent or reservation, it shall be specifically recorded in the minutes of the board of directors meeting. This article applies to any future amendments.</p>	<p>Article 12</p> <p>This Operational Procedures for Endorsements/Guarantees is formulated in compliance with the Regulations, and, after passage by the board of directors, submit the same to <u>members of the audit committee</u> and for approval by the shareholders' meeting. Where there any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinions to <u>members of the audit committee</u> and for discussion by the shareholders' meeting. Where the Company has appointed independent directors, when it submits the Operational Procedures for Endorsements/Guarantees for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director expresses any dissent or reservation, it shall be specifically recorded in the minutes of the board of directors meeting. This article applies to any future amendments.</p>	<p>Contents are amended in conjunction with the regulations governing the newly installed audit committee, and modification to provisions relevant to supervisors.</p>

<p>Article 13</p> <p>These Procedures were established on June 16, 1999</p> <p>The first amendment was made on June 23, 2003</p> <p>The second amendment was made on June 14, 2006</p> <p>The third amendment was made on June 15, 2010</p> <p>The fourth amendment was made on June 21, 2012</p> <p>The fifth amendment was made on June 17, 2013</p>	<p>Article 13</p> <p>These Procedures were established on June 16, 1999</p> <p>The first amendment was made on June 23, 2003</p> <p>The second amendment was made on June 14, 2006</p> <p>The third amendment was made on June 15, 2010</p> <p>The fourth amendment was made on June 21, 2012</p> <p>The fifth amendment was made on June 17, 2013</p> <p><u>The sixth amendment was made on June 18, 2019</u></p>	
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## Gemtek Technology Co., Ltd.

### Amendments to the Procedures Governing Loaning of Funds

#### Comparison Chart

Prior to Amendment	After Amendment	Reason for Amendment
<p>Article 2 The aggregate amount of loans and the maximum amount permitted to a single borrower</p> <p>1.~3.Unamended</p> <p>4. Due to the necessity of financing among foreign companies in which the company directly and indirectly holds 100% of the voting shares is not subject to the restrictions listed in the above three paragraphs. The total amount of loans given to a foreign company shall not exceed 40% of the net value of the company receiving the loan. The total amount of loans given to an individual company shall not exceed 20% of the net value of the company receiving the loan, and shall be subject to the time limit listed in the third paragraph of this procedure.</p> <p>5.~ 6. Unamended</p>	<p>Article 2 The aggregate amount of loans and the maximum amount permitted to a single borrower</p> <p>1.~3.Unamended</p> <p>4. Due to the necessity of financing among foreign companies in which the company directly and indirectly holds 100% of the voting shares is not subject to the restrictions listed in the above three paragraphs. <u>The total amount of loans given to a foreign company shall not exceed 100% of the net value of the company receiving the loan. The total amount of loans given to an individual company shall not exceed 100% of the net value of the company receiving the loan.</u></p> <p>5.~ 6. Unamended</p>	
<p>Article 8 Auditing Loaning of Funds</p> <p>The company's internal auditors shall audit the Operational Procedures for Loaning of Funds and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify all <u>the supervisors</u> in writing of any material violation found.</p>	<p>Article 8 Auditing Loaning of Funds</p> <p>The company's internal auditors shall audit the Operational Procedures for Loaning of Funds and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify all <u>the members of the audit committee</u> in writing of any material violation found</p>	<p>Contents are amended in conjunction with the regulations governing the newly installed audit committee, and modification to provisions relevant to supervisors.</p>

<p><b>Article 10</b> If, as a result of a change in circumstances, an entity for which a loan is made does not meet the requirements of these Regulations or the loan balance exceeds the limit, a public company shall adopt rectification plans and submit the rectification plans to all <u>the supervisors</u>, and shall complete the rectification according to the timeframe set out in the plan.</p>	<p><b>Article 10</b> If, as a result of a change in circumstances, an entity for which a loan is made does not meet the requirements of these Regulations or the loan balance exceeds the limit, a public company shall adopt rectification plans and submit the rectification plans to all <u>the members of the audit committee</u>, and shall complete the rectification according to the timeframe set out in the plan.</p>	<p>Contents are amended in conjunction with the regulations governing the newly installed audit committee, and modification to provisions relevant to supervisors.</p>
<p><b>Article 11</b> This Operational Procedures for Loaning of Funds is formulated in compliance with the Regulations, and, after passage by the board of directors, submit the same to <u>each supervisor</u> and for approval by the shareholders' meeting. Where there any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinions to <u>each supervisor</u> and for discussion by the shareholders' meeting. Where the Company has appointed independent directors, when it submits the Operational Procedures for Endorsements/Guarantees for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director expresses any dissent or reservation, it shall be specifically recorded in the minutes of the board of directors meeting. This article applies to any future amendments.</p>	<p><b>Article 11</b> This Operational Procedures for Loaning of Funds is formulated in compliance with the Regulations, and, after passage by the board of directors, submit the same to <u>members of the audit committee</u> and for approval by the shareholders' meeting. Where there any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinions to <u>members of the audit committee</u> and for discussion by the shareholders' meeting. Where the Company has appointed independent directors, when it submits the Operational Procedures for Endorsements/Guarantees for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director expresses any dissent or reservation, it shall be specifically recorded in the minutes of the board of directors meeting. This article applies to any future amendments.</p>	<p>Contents are amended in conjunction with the regulations governing the newly installed audit committee, and modification to provisions relevant to supervisors.</p>
<p><b>Article 13</b> These Procedures were established on June 16, 1999 The first amendment was made on June 23, 2003 The second amendment was made on June 16, 2006 The third amendment was made on June 15, 2010 The fourth amendment was made on June 21, 2012 The fifth amendment was made on June 17, 2013</p>	<p><b>Article 13</b> These Procedures were established on June 16, 1999 The first amendment was made on June 23, 2003 The second amendment was made on June 16, 2006 The third amendment was made on June 15, 2010 The fourth amendment was made on June 21, 2012 The fifth amendment was made on June 17, 2013 <u>The sixth amendment was made on June 18, 2019</u></p>	

## Gemtek Technology Co., Ltd.

### Amendments to the Policies and Procedures for Financial Derivatives Transactions

#### Comparison Chart

Prior to Amendment	After Amendment	Reason for Amendment
<p><b>Article 8 Other matters</b></p> <p>This Policies and Procedures for Financial Derivatives Transactions is formulated in compliance with the Regulations, and, after passage by the board of directors, submit the same to <u>each supervisor</u> and for approval by the shareholders' meeting. Where there any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinions to <u>each supervisor</u> and for discussion by the shareholders' meeting. Where the Company has appointed independent directors, when it submits the Operational Procedures for Endorsements/Guarantees for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director expresses any dissent or reservation, it shall be specifically recorded in the minutes of the board of directors meeting.</p> <p>This article applies to any future amendments.</p>	<p><b>Article 8 Other matters</b></p> <p>This Policies and Procedures for Financial Derivatives Transactions is formulated in compliance with the Regulations, and, after passage by the board of directors, submit the same to <u>members of the audit committee</u> and for approval by the shareholders' meeting. Where there any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinions to <u>members of the audit committee</u> and for discussion by the shareholders' meeting. Where the Company has appointed independent directors, when it submits the Operational Procedures for Endorsements/Guarantees for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director expresses any dissent or reservation, it shall be specifically recorded in the minutes of the board of directors meeting.</p> <p>This article applies to any future amendments.</p>	<p>Contents are amended in conjunction with the regulations governing the newly installed audit committee, and modification to provisions relevant to supervisors.</p>

**Gemtek Technology Co., Ltd.**

**List of Selected Candidates for Directors (includes Independent Directors)**

Position	Name of Candidate	Educational Background	Career Experience	Current Post	Shareholding (Note 1) Unit:share
Director	Hung-wen Chen	Master of Electrical Engineering, National Tsinghua University	Taiwan Semiconductor Manufacturing Company Limited  Syntek Semiconductor Co., Ltd.	Chairman, Gemtek Technology Co., Ltd. Chairman, Zhen-wen Investment Co., Ltd. Chairman, Browan Communications Chairman, Antek Networks Inc.  Chairman, SparkLAN Communications, Inc.  Director, G-Technology Investment Co., Ltd  Director, Witek Investment Co., Ltd  Director, Ampak International Holdings Ltd  Director, Primax Communication (B.V.I.) Inc.  Director, Polaris Group  Director, Yield Microelectronics Corporation	5,907,937

Director	Fu-zan Tsai	Master of Photoelectric Engineering, National Chiao Tung University	Associate Research Fellow, National Chung-Shan Institute of Science & Technology  Chairman, Ampak Technology Inc.	Senior Deputy General Manager, Gemtek Technology Co., Ltd.  Chairman, Zhengpeng Electron ( Kunshan ) Limited Company Chairman, Zheng-yang Electron  Director, BRIGHTECH Co.  Director, INPAQ Technology Co., Ltd.  Director, Apaq Technology Co., Ltd.	1,584,732
Director	Cheng-ren Yang	PhD of Electrical Engineering, National Tsinghua University	Executive Director Gemtek Technology Co., Ltd.  Professor, Yuan Ze University  General Manager, Browan Communications Inc.	Executive Director, Gemtek Technology Co., Ltd.  Director, Zhen-wen Investment Co., Ltd.  Director, Browan Communications  Director, Antek Networks Inc.  Professor, Yuan Ze University	1,271,269
Director	Jong-hui Hsu	Bachelor of Electrical Engineering Tatung Institute of Technology	Engineer, National Chung-Shan Institute of Science & Technology	Senior Deputy General Manager, Gemtek Technology Co., Ltd.  Director, Zhen-wen Investment Co., Ltd. Chairman, BandRich Inc.	660,927
Position	Name of Candidate	Educational Background	Career Experience	Current Post	Shareholding (Note 1) Unit:share

Director	Yue-ji Chang	Master of Business Administration National University of Kaohsiung	General Manager, BRILLIANT FOOTWEAR CORPORATION	General Manager, BRILLIANT FOOTWEAR CORPORATION	3,000,715
Director	Lee-heng Investment Limited	N/A	None	Director, Ampak Technology Inc.	1,155,000
Independent Director	Yao-geng Zhao (Note 2)	PhD, Electrical Engineering University of Maryland, USA	Independent Director, Harbinger Venture Capital  Vice Chairman, Republic of China Radio Association	Independent Director, Favite Inc. Director, Asanlite Co.  Dean, College of Electrical and Communication Engineering, Yuan Ze University	0
Independent Director	Zhu-san Wang	PhD, Finance University of Tennessee, USA  Master of Business Administration, Cleveland State University, USA  Master of Polymers, Case Western Reserve University, USA  Bachelor of Chemistry, National Tsinghua University	Certificate Program Convenor, National Taipei University Bachelor of Finance  Consultant for Promoting Financial Intellectual Property of small and medium-sized enterprises, Small and Medium Enterprise Administration, MOEA  Associate Professor, Department of Business Administration, National Taipei University  Associate Professor, Department of Finance, National Chung Cheng University  Assistant Professor, Department of Business Administration,	Professor, Department of Business Administration, National Taipei University  CEO, National Taipei University In-service Global Master Program in Finance  Director, The Association of Crowdfunding and Fincial Technology Service	0



			Chung Yuan University		
Independent Director	Chih-Yang Chang	<p>Bachelor of Physics, National Taiwan University</p> <p>Master of Electrical Engineering, National Taiwan University</p> <p>PhD, Department of Electrical Engineering, University of Texas at Austin, USA</p>	<p>Assistant Researcher, National Chung-Shan Institute of Science &amp; Technology</p> <p>Associate Research Fellow, National Chung-Shan Institute of Science &amp; Technology</p> <p>Associate Professor, Department of Electrical Engineering, National Chiao Tung University</p> <p>Independent Director, Ampak Technology Inc.</p>	<p>Professor, Department of Electrical Engineering, National Chiao Tung University</p> <p>Independent Director/Member of Compensation committee, Alpha Microelectronics Corp.</p>	0

Note 1: The number of shares as of April 20, 2019.

Note 2: Reasons for continuing to nominate candidates who have served as independent directors for three consecutive terms – The Company has benefited much from Mr. Yao-geng Zhao's contributions due to his professional background and relevant experiences in corporate governance, therefore it is considered that his insights and supervision as independent director are needed to facilitate the board.

**Gemtek Technology Co., Ltd.**

Waiver of Non-compete Agreement for Newly Appointed Directors and Independent Directors

Position	Name	Current Post at Other Companies
Director	Hung-wen Chen	Chairman, Zhen-wen Investment Co., Ltd. Chairman, Browan Communications Chairman, Antek Networks Inc. Chairman, SparkLAN Communications, Inc. Director, G-Technology Investment Co., Ltd Director, Witek Investment Co., Ltd Director, Ampak International Holdings Ltd Director, Primax Communication (B.V.I.) Inc. Director, Polaris Group
Director	Fu-zan Tsai	Chairman, Ampak Technology Inc. Chairman, Zhengpeng Electron(Kunshan)Limited Company Chairman, Zheng-yang Electron Director, Antek Networks Inc. Director, BRIGHTTECH Co. Director, Zhen-wen Investment Co., Ltd.
Director	Cheng-ren Yang	Director, Browan Communications Director, Antek Networks Inc.
Director	Jong-hui Hsu	Director, Zhen-wen Investment Co., Ltd. Chairman, BandRich Inc.
Director	Yue-ji Chang	General Manager, BRILLIANT FOOTWEAR CORPORATION
Independent Director	Yao-geng Zhao	Director, Asanlite Co.
Independent Director	Chih-Yang Chang	Independent Director, Alpha Microelectronics Corp.

**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 and Supervisors

- Article 13      The Company shall have nine directors and three supervisors 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 directors and supervisors, for their respective term lengths and within the scope of their duties.
- Article 13-2    The Company shall have at least two independent directors among the aforesaid number of directors, and the mandatory seats for independent directors should not be less than one-fifth of the total 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 seperately. 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.
- 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 and the supervisors 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 and supervisors 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.

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

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

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

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

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

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

Resolutions shall be recorded in the meeting minutes.

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

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

4. The agenda of the Meeting shall be set by the Board of Directors if the Meeting is convened by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution from the Shareholders' Meeting.
5. When a shareholder present at the Meeting wishes to make a statement, a Speech Slip should be filled out, which include the subject and summary of the speech, the shareholder's account number (or the Attendance Card number), and the name of the shareholder. The order of speaking shall be arranged by the Chairperson.
6. The duration of each speech shall not exceed 5 minutes, unless permitted by the Chairperson,



the speaker may gain the permission to prolong the speech once for 3 minutes maximum.

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

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

### **Rules and Procedures of Board of Directors Meetings**

Article 1	The Rules and Procedure of the Board of Directors Meetings shall be governed by Article 32 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the “Regulations Governing Procedure for Board of Directors Meetings of Public Companies”.
Article 2	With respect to the board of directors meetings ("board meetings") of this Corporation, the main agenda items, working procedures, required content of meeting minutes, public announcements, and other compliance requirements shall be handled in accordance with the provisions of these Rules.
Article 3	The board of directors shall meet at least quarterly. A notice of the reasons for convening a board meeting shall be given to each director and supervisor before 7 days before the meeting is convened. In emergency circumstances, however, a board meeting may be called on shorter notice. The notice to be given under the preceding paragraph may be effected by means of electronic transmission with the prior consent of the recipients.
Article 4	<p>The designated unit responsible for the board meetings of this Corporation shall be the board of directors or the secretariat of the board of directors. The unit responsible for board meetings shall draft agenda items and prepare sufficient meeting materials, and shall deliver them together with the notice of the meeting to the directors and supervisors.</p> <p style="padding-left: 40px;">A director who is of the opinion that the meeting materials provided are insufficient may request supplementation by the secretariat of the board of directors. If a director is of the opinion that materials concerning any proposal are insufficient, the deliberation of such proposal may be postponed by a resolution of the board of directors.</p>
Article 5	<p>When a board meeting is held, an attendance book shall be provided for signing-in by attending directors. Attendance by videoconference will be deemed attendance in person.</p> <p>A director unable to attend in person may appoint another director to attend the meeting in his or her place. A director who appoints another director to attend a board meeting shall in each instance issue a proxy form stating the scope of authorization with respect to the reasons for convening the meeting.</p> <p>The above mentioned proxy may be the appointed proxy of only one person.</p>
Article 6	A board meeting shall be held at the premises and during the business hours of this Corporation, or at a place and time convenient for all directors to attend and suitable for holding board meetings.
Article 7	Board meetings shall be convened and chaired by the chairperson of the board.

	<p>However, with respect to the first meeting of each newly elected board of directors, it shall be called and chaired by the director that received votes representing the largest portion of voting rights at the shareholders meeting in which the directors were elected; if two or more directors are so entitled to convene the meeting, they shall select from among themselves one director to serve as chair.</p> <p>When the chairperson of the board is on leave or for any reason unable to exercise the powers of chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson is also on leave or for any reason unable to exercise the powers of vice chairperson, the chairperson shall appoint one of the managing directors to act, or, if there are no managing directors, one of the directors shall be appointed to act as chair. If no such designation is made by the chairperson, the managing directors or directors shall select one person from among themselves to serve as chair.</p>
Article 8	<p>When a board meeting is held, the management (or the secretariat of the board meetings) shall furnish the attending directors with relevant materials for ready reference.</p> <p>Depending on the subject matters of proposed resolutions, relevant managerial personnel may be invited to present at Board Meetings to assist the Directors in understanding the Company's current conditions so that they can make appropriate resolutions. In addition, CPAs, legal counsels, or other professional personnel may be invited to the meetings to provide professional opinions for the Board of Directors' reference, but shall excuse themselves and vacate the meeting when the proposed resolution will be discussed and resolved.</p> <p>When the supervisor attends the board of directors meeting to make a statement, he may participate in discussions for extraordinary motions, but has no voting rights for matters related to the authority of the board of directors.</p>
Article 9	<p>Proceedings of a board meeting shall be recorded in their entirety in audio or video, and the recording shall be retained for a minimum of 5 years.</p> <p>If any litigation arises with respect to a resolution of a board meeting before the end of the retention period of the preceding paragraph, the relevant audio or video record shall be retained until the conclusion of the litigation.</p> <p>Where a board meeting is held by videoconference, the audio or video documentation of the meeting constitutes part of the meeting minutes and shall be retained for the duration of the existence of this Corporation.</p>

Article 10	<p>The chair shall call the board meeting to order at the appointed meeting time and when more than one-half of all the directors are in attendance.</p> <p>If one-half of all the directors are not in attendance at the appointed meeting time, the chair may announce postponement of the meeting time, provided that no more than two such postponements may be made, and the accumulated time of the postponements shall not exceed one hour. If the quorum is still not met after two postponements, the chair shall not make resolutions on the agenda, and shall reconvene the meeting in accordance with the procedures in Article 3.</p>
Article 10-1	<p>Agenda items for regular board meetings of this Corporation shall include at least the following:</p> <ol style="list-style-type: none"> <li>1. Matters to be reported: <ol style="list-style-type: none"> <li>(1) Minutes of the last meeting and action taken.</li> <li>(2) Important financial and business matters.</li> <li>(3) Internal audit activities.</li> <li>(4) Other important matters to be reported.</li> </ol> </li> <li>2. Matters for discussion: <ol style="list-style-type: none"> <li>(1) Items for continued discussion from the last meeting.</li> <li>(2) Items for discussion at this meeting.</li> </ol> </li> <li>3. Extraordinary motions.</li> </ol>
Article 11	<p>In principle, the discussion of proposed resolutions at a Board Meeting shall proceed in accordance with the agenda attached to the meeting notice. However, if no objection is voiced by any Director present at the meeting or with more than half of the attending Directors' consent, the Chairman may make changes. Unless otherwise resolved at the meeting, the Chairman cannot announce adjournment of the meeting before all the discussion items (including special motions) listed in the above agenda are resolved.</p> <p>In the process of a Board Meeting, if the number of Directors present at the meeting become fewer than half of the Directors originally attending the meeting, the Chairman shall announce a temporary adjournment of the meeting upon a motion made by any Director present at the meeting, and Article 10 of the Rules and Procedures applies mutatis mutandis to such case.</p> <p>During a meeting, the Chairman may, at his discretion, set time for intermission or negotiation.</p>
Article 12	<p>After the attending directors have addressed their statements, the chairman may choose to reply directly or solicit a response from relevant personnel, and in some cases, appoint designated professionals to provide necessary information.</p> <p>If the director finds that the same statement has been repeatedly iterated, or the statement goes off the main topic of the subject matter, which has evidently impacted the rights of other directors or hindered the process of the meeting, the chairman may therefore intervene to terminate the progression of the speech.</p>

<p>Article 12-1</p>	<p>The company shall submit the following items for discussion by the board of directors:</p> <ol style="list-style-type: none"> <li>1. Corporate business plan.</li> <li>2. Annual and semi-annual financial reports.</li> <li>3. Adoption or amendment of an internal control system.</li> <li>4. Handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.</li> <li>5. The offering, issuance, or private placement of any equity-type securities.</li> <li>6. The appointment or discharge of a financial, accounting, or internal audit officer.</li> <li>7. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.</li> <li>8. Any matter required by Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders' meeting or board of directors meeting, or any such significant matter as may be prescribed by the competent authority.</li> </ol> <p>The term "related party" in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means any individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.</p> <p>The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.</p> <p>For foreign companies whose stock has no par value or a par value other than NTD10, the "5 percent of paid-in capital" in paragraph 2 above shall be calculated instead as 2.5 percent of shareholder equity.</p> <p>If a company has an independent director or directors, at least one independent director shall attend each meeting in person. In the case of a meeting concerning any matter required to be submitted for a resolution by the board of directors under paragraph 1, each independent director shall attend in person; if an independent director is unable to attend in person, he or she shall appoint another independent director to attend as his or her proxy. If an independent director expresses any objection or reservation about a matter, it shall be recorded in the board meeting minutes. An independent director intending to express an objection or reservation but unable to attend the meeting in person shall, unless there is some legitimate</p>
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	reason to do otherwise, issue a written opinion in advance, which shall be recorded in the meeting minutes.
Article 13	<p>When the chair at a board meeting is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call a vote.</p> <p>When a proposal comes to a vote at a board meeting, if no attending director voices an objection following an inquiry by the chair, the proposal will be deemed approved. If there is an objection following an inquiry by the chair, the proposal shall be brought to a vote.</p> <p>One voting method for proposals at a board meeting shall be selected by the chair from among those below, provided that when an attending director has an objection, the chair shall seek the opinion of the majority to make a decision:</p> <ol style="list-style-type: none"> <li>1.A show of hands or a vote by voting machine.</li> <li>2.A roll call vote.</li> <li>3.A vote by ballot.</li> </ol> <p>"Attending directors," as used in the preceding two paragraphs, does not include directors that may not exercise voting rights pursuant to Article 15.</p>
Article 14	<p>Except where otherwise provided by the Securities and Exchange Act and the Company Act, the passage of a proposal at a board meeting shall require the approval of a majority of the directors in attendance at a board of directors meeting attended by a majority of all directors.</p> <p>When there is an amendment or alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. If any one among them is passed, the other proposals shall then be deemed rejected, and no further voting on them shall be required.</p> <p>If a vote on a proposal requires monitoring and counting personnel, the chair shall appoint such personnel, providing that all monitoring personnel shall be directors.</p> <p>Voting results shall be made known on-site immediately and recorded in writing.</p>
Article 15	<p>A director or a juristic person shall recuse from deliberations and voting during the meeting with respect to the following conditions:</p> <ol style="list-style-type: none"> <li>1.If a director or a juristic person that the director represents is an interested party in relation to an agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interest of this Corporation, that director may not participate in discussion or voting on that agenda item and shall recuse himself or herself from the</li> </ol>

	<p>discussion or the voting on the item, and may not exercise voting rights as proxy for another director.</p> <p>2. Directors who acknowledge the need to recuse himself or herself.</p> <p>3. Attendees who are prescribed to recuse as resolved by the board.</p>
Article 16	<p>Discussions at a board meeting shall be recorded in the meeting minutes, and the minutes shall fully and accurately state the matters listed below:</p> <ol style="list-style-type: none"> <li>1. The meeting session (or year) and the time and place of the meeting.</li> <li>2. The name of the chair.</li> <li>3. The directors' attendance at the meeting, including the names and the number of directors in attendance, excused, and absent.</li> <li>4. The names and titles of those attending the meeting as non-voting participants.</li> <li>5. The name of the minute taker.</li> <li>6. The matters reported at the meeting.</li> <li>7. Agenda items: the method of resolution and the result for each proposal; a summary of the comments made by directors, supervisors, experts, or other persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director pursuant to Article 12-1, paragraph 2.</li> <li>8. Extraordinary motions: The name of the mover, the method of resolution and the result, a summary of the comments of any director, supervisor, expert, or other person; the name of any director that is an interested party as referred to in the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; and their objections or reservations and any recorded or written statements.</li> <li>9. Other matters required to be recorded.</li> </ol> <p>The minutes of a board meeting shall bear the signature or seal of both the chair and the minute taker, and a copy of the minutes shall be distributed to each director and supervisor within 20 days after the meeting. The minutes shall be deemed important corporate records and appropriately preserved during the existence of this Corporation.</p> <p>The attendance book constitutes part of the minutes for each board meeting and shall be retained for the duration of the existence of this Corporation.</p> <p>The occurrence of any of the following circumstances, with respect to a resolution</p>

	<p>passed at a board meeting, shall be stated in the meeting minutes and shall be publicly announced and filed on the website of the Market Observation Post System designated by the Financial Supervisory Commission, within 2 days from the date of the meeting:</p> <p>1. Any objection or expression of reservations by an independent director expresses of which there is a record or written statement.</p> <p>The meeting minutes of paragraph 1 may be produced and distributed in electronic form.</p>
Article 17	<p>Pursuant to the company's articles of incorporation, when the board of directors is in recess, it may delegate the exercise of its power to others in accordance with law, regulations, or its articles of incorporation. However, the level of delegation or the content or matters to be delegated shall be clearly specified, and general authorization is not permitted.</p> <p>The board of directors shall, in accordance with the provisions of the company's articles of incorporation, or the nature of the proposal, deliver the proposal to each functional committee for prediscussion, then later report or discuss the matter at the board of directors meeting.</p>
Article 18	<p>These Rules and Procedure shall be adopted by the approval of meeting of the board of directors and shall be reported to the shareholders meeting. This article applies to any future amendments.</p>



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

### **Ethical Corporate Management Best Practice Principles**

#### **Article 1 Purpose of Enactment and Applicable Scope**

Subject to the operation principles of integrity, transparency, and responsibility, Gemtek Technology Co., Ltd. (the “Company”) enacts and executes “The Ethical Corporate Management Best Practice Principles” (“Principles”) to establish a corporate culture of ethical management and sound development to create a sustainable business environment.

The Principles shall apply to the Company, the Company's subsidiaries, and any institution or foundation (collectively “Organizations”) constituted as a juristic person to which the Company's direct or indirect accumulated contribution of funds exceeds 50% of the total funds received.

#### **Article 2 Prohibition of Unethical Conduct**

When engaging in commercial activities, directors, managers, and employees shall not directly or indirectly offer, promise to offer, request or accept any improper Benefits, nor commit unethical acts including breach of the principle of good faith, illegal acts, or breach of fiduciary duty (collectively “Unethical Conduct”) for purposes of acquiring or maintaining Benefits. The opposite parties of the Unethical Conduct referred to in the preceding paragraph include civil servants, political candidates, political parties or their members, state-run or private-owned businesses or institutions and their directors, supervisors, managers, employees or other interested parties.

#### **Article 3 Types of Benefits**

The “Benefits” mentioned in the Principles means any items of value, including money, endowments, commissions, positions, services, privileges or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

#### **Article 4 Legal Compliance**

The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, TWSE/GTSM-listing related rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.

#### **Article 5 Policy**

The company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance, risk control and management mechanisms to create an operational environment for sustainable development.

#### **Article 6 Prevention Programs**

The company shall in its own ethical management policy clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conduct (“prevention programs”), including operational procedures, guidelines, etc.

The “Prevention Programs” of the Company is established in compliance with the relevant laws

and regulations of the Republic of China.

#### Article 7 Scope of the Prevention Programs

When establishing the prevention programs, the company shall analyze which business activities within its business scope are possibly at a higher risk of being exposed to unethical conduct, and strengthen its preventive measures.

1. Offering and acceptance of bribes.
2. Illegal political donations.
3. Improper charitable donations or sponsorship.
4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.

#### Article 8 Commitment and Execution

The company and its subsidiaries shall clearly specify in its rules and external documents the ethical corporate management policies and the commitment by the board of directors and the management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.

#### Article 9 Engaging in Commercial Activities under Ethical Corporate Management Policies

Prior to any commercial transactions, the company will take into consideration the legality of its agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and will avoid any dealings

#### Article 10 Prohibition of Offering and Accepting Bribes

When conducting business, the company and its directors, managers, and employees may not directly or indirectly offer, promise to offer, request, or accept any improper benefits of any type or in any name, including rebates, commissions, facilitating payments, to or from clients, agents, contractors, suppliers, public servants, or other interested parties.

#### Article 11 Prohibition of Offering Illegal Political Donations

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the company and its directors, managers, and employees shall comply with the Political Donations Act and its own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

#### Article 12 Prohibition of Improper Charitable Donations or Sponsorship

When making or offering donations and sponsorship, the Company and its directors, managers, and employees shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

#### Article 13 Prohibition of Unjustifiable Presents, Hospitality or Other Improper Benefits

The Company and its directors, managers, and employees shall not directly or indirectly offer or accept any unjustifiable presents, hospitality or other improper Benefits to establish business relationship or influence commercial transactions.

#### Article 14 Organization and Responsibility

The company's board of directors shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.

To achieve sound ethical corporate management, the company assigned Human Resource Division to be responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The Human Resource Division shall report to the board of directors if any major violation occurs.

#### Article 15 Legal Compliance for Conducting Business

The company's directors, managers, and employees shall comply with laws and regulations and the prevention programs when conducting business.

#### Article 16 Avoiding Conflicts of Interest

The company shall adopt policies for preventing conflicts of interest, and shall offer appropriate means for directors and managers to voluntarily explain whether their interests would potentially conflict with the company. The detailed guidelines are explained in the Company's Ethical Code of Conduct.

When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, managers, and other interested parties attending or present at board meetings of the company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.

The Company's directors and managers shall not take advantage of its positions or influence in the Company to obtain improper benefits for themselves, their spouses, parents, children or any other person.

#### Article 17 Operational Procedures and Code of Conduct

The Company establishes "Operational Procedures and Code of Conduct" in accordance with Article 6 of this Principle to give guidance to directors, managers, and employees on how to conduct business. The contents should include the following:

1. Standards for determining whether improper benefits have been offered or accepted.
2. Procedures for handling political donations.
3. Procedures and the standard rates for offering charitable donations or sponsorship.
4. Rules for avoiding work-related conflicts of interests and how they should be reported and handled.
5. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.

6. Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of unethical conduct.
7. Handling procedures for violations of these Principles.
8. Disciplinary measures on offenders.

#### Article 18 Training and Reviews

The Company shall communicate the importance of ethics, and periodically organize training or awareness programs to its directors, managers, and employees on a regular basis. The Company shall invite the company's commercial transaction counterparties so that the directors, managers, and employees understand the company's resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct. The company shall apply the policies of ethical corporate management when creating its employee performance management system and human resource policies to establish a clear and effective reward and discipline system.

#### Article 19 Whistleblowing, Punishment and Appeals Process

The Company shall provide a secure whistleblower channel to report violations of laws and internal policies, and ensure the identity of the whistleblower and the reporting contents are kept confidential.

The company shall adopt a concrete whistle-blowing system and scrupulously operate the system. If any violation of the Principles is confirmed, the profile and adverse acts of the violator shall be disclosed on the Company's private website in addition to the disciplinary actions imposed on the violator depending upon the nature and degree of the violation.

#### Article 20 Disclosure of Information

The Company shall disclose the status of the enforcement of the Principles on its company website, annual report and public prospectus.

#### Article 21 Reviews and Amendments to the Principles

The Company shall monitor the development of relevant local and international regulations concerning ethical corporate management from time to time, and encourage its directors, managers and employees to make suggestions so as to review and improve the Principles and achieve better results from implementation.

#### Article 22 Enforcement

The Ethical Corporate Management Best Practice Principles of the Company shall be implemented after the Principles are resolved by the board of directors. The same procedure shall apply to any amendment thereto.

#### Article 23 Supplement

This Principle was established on November 6, 2015.

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

### **Guidelines for the Adoption of Codes of Ethical Conduct**

#### Article 1 Purpose of and basis for adoption

In recognition of the necessity to assist the company in the establishment of codes of ethical conduct, these Guidelines are adopted for the purpose of encouraging directors, supervisors, and managerial officers of the company (including general managers or their equivalents, assistant general managers or their equivalents, deputy assistant general managers or their equivalents, chief financial and chief accounting officers, and other persons authorized to manage affairs and sign documents on behalf of a company) to act in line with ethical standards, and to help interested parties better understand the ethical standards of such companies.

#### Article 2 Content of the code

Taking its individual circumstances and needs into consideration, the company shall adopt a code of ethical conduct that addresses at least the following eight matters:

##### 1. Prevention of conflicts of interest:

Conflicts of interest occur when personal interest intervenes or is likely to intervene in the overall interest of the company, as for example when a director, supervisor, or managerial officer of the company is unable to perform their duties in an objective and efficient manner, or when a person in such a position takes advantage of their position in the company to obtain improper benefits for either themselves or their spouse, parents, children, or relatives within the second degree of kinship. The company shall pay special attention to loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise at which a director, supervisor, or managerial officer works. The company shall establish a policy aimed at preventing conflicts of interest, and shall offer appropriate means for directors, supervisors, and managerial officers to voluntarily explain whether there is any potential conflict between them and the company.

##### 2. Minimizing incentives to pursue personal gain: The Company shall prevent its directors, supervisors, or managerial officers from engaging in any of the following activities:

- (1) Seeking an opportunity to pursue personal gain by using company property or information or taking advantage of their positions.
- (2) Obtaining personal gain by using company property or information or taking advantage of their positions.
- (3) Competing with the company. When the company has an opportunity for profit, it is the responsibility of the directors, supervisors, and managerial officers to maximize the reasonable and proper benefits that can be obtained by the Company.

### 3. Confidentiality:

The directors, supervisors, and managerial officers of the company shall be bound by the obligation to maintain the confidentiality of any information regarding the company itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the company or the suppliers and customers.

### 4. Fair trade:

Directors, supervisors, and managerial officers shall treat all suppliers and customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.

### 5. Safeguarding and proper use of company assets:

All directors, supervisors, and managerial officers have the responsibility to safeguard company assets and to ensure that they can be effectively and lawfully used for official business purposes; any theft, negligence in care, or waste of the assets will all directly impact the company's profitability.

### 6. Legal compliance:

The company shall strengthen its compliance with the Securities and Exchange Act and other applicable laws, regulations, and bylaws.

### 7. Encouraging reporting on illegal or unethical activities:

The company shall raise awareness of ethics internally and encourage employees to report to a company supervisor, managerial officer, chief internal auditor, or other appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct. To encourage employees to report illegal conduct, the company shall establish a concrete whistle-blowing system and make employees aware that the company will use its best efforts to ensure the safety of informants and protect them from reprisals.

### 8. Disciplinary measures:

When a director, supervisor, or managerial officer violates the code of ethical conduct, the company shall handle the matter in accordance with the disciplinary measures prescribed in the code, and shall without delay disclose on the Market Observation Post System (MOPS) the date of the violation by the violator, reasons for the violation, the provisions of the code

violated, and the disciplinary actions taken. It is advisable that the company establish a relevant complaint system to provide the violator with remedies.

#### Article 3 Procedures for exemption

The code of ethical conduct adopted by a company must require that any exemption for directors, supervisors, or managerial officers from compliance with the code be adopted by a resolution of the board of directors, and that information on the date on which the board of directors adopted the resolution for exemption, objections or reservations of independent directors, and the period of, reasons for, and principles behind the application of the exemption be disclosed without delay on the MOPS, in order that the shareholders may evaluate the appropriateness of the board resolution to forestall any arbitrary or dubious exemption from the code, and to safeguard the interests of the company by ensuring appropriate mechanisms for controlling any circumstance under which such an exemption occurs.

#### Article 4 Method of disclosure

The Company shall disclose the adopted Codes and any amendments made in the Company's annual reports, prospectuses, and the MOPS.

#### Article 5 Enforcement

The Company's Code of Ethical Conduct, and any amendments to it, shall enter into force after it has been adopted by the board of directors, delivered to each supervisor, and submitted to a shareholders meeting.

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

### **Procedures for Election of Directors and Supervisors**

Article 1 Elections of directors and supervisors shall be conducted in accordance with these Procedures.

Article 2 The cumulative voting method shall be used for election of the directors and supervisors at this Corporation, unless exceptionally regulated by its articles of incorporation, each share will have voting rights in number equal to the directors or supervisors to be elected, and may be cast for a single candidate or split among multiple candidates.

Article 3 The board of directors shall prepare separate ballots for directors and supervisors in numbers corresponding to the directors or supervisors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting.

Article 4 Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel.

Article 5 The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting for the director and supervisor commences.

Article 6 If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.

Article 6-1 Election of directors and independent directors are conducted conjointly, with voting rights separately calculated for independent and non-independent director positions.



Article 7 A ballot is invalid under any of the following circumstances:

1. The ballot was not prepared by the board of directors.
2. A blank ballot is placed in the ballot box.
3. The writing is unclear and indecipherable or has been altered.
4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
5. Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted.
6. No shareholder name, account number or identity card number is provided in the ballot to identify such individual.

Article 8 Shareholders shall elect the number of directors and supervisors as specified in this Corporation's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

If a person is concurrently selected to serve as the director or supervisor of the company, the person shall select only one of the positions to undertake. Thus, the unclaimed position shall be appointed to a second person who have obtained the second majority of the vote. Appointment of the unclaimed position also applies to circumstances when the results of the election was announced invalid by law; or the elected candidate does not meet the qualification requirements.

Article 9 The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors or supervisors and the numbers of votes with which they were elected, shall be announced by the chair on the site.

Article 9-1 Election results will be proclaimed invalid if the above is not in compliance with Article 26-3 Paragraph 3&4.

Article 10 The board of directors of this Corporation shall issue notifications to the persons

elected as directors or supervisors.

Article 11 The Procedures for Election of Directors and Supervisors is established in accordance with the Company Act, the Company's Articles of Incorporation, and relevant laws and regulations.

Article 12 These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

Article 13

These Procedures were established on June 16, 1999

The first amendment was made on June 23, 2003

The second amendment was made on June 28, 2007

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

### **Procedures Governing Acquisition and Disposal of Assets**

Article 1	<p>Objective and Origin of the Law:</p> <p>In an aim to reinforce asset management measures, these Procedures are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act and the Regulations Governing the Acquisition and Disposal of Assets by Public Companies promulgated by the Securities and Futures Bureau of the Ministry of Finance as of February 13, 2012. The Company shall handle the acquisition or disposal of assets in compliance with these Regulations; provided, where another act provides otherwise, the provisions of such act shall govern.</p>
Article 2	<p>The term "assets" as used in these Regulations includes the following:</p> <ol style="list-style-type: none"> <li>1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.</li> <li>2. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.</li> <li>3. Memberships.</li> <li>4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.</li> <li>5. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</li> <li>6. Derivatives.</li> <li>7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</li> <li>8. Other major assets.</li> </ol>
Article 3	<p>Terms used in these Regulations are defined as follows:</p> <ol style="list-style-type: none"> <li>1. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply</li> <li>2. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.</li> <li>3. The term "subsidiary" as used in this procedure means the provisions of the Financial Reporting Standards Bulletin No. 5 &amp; 7 issued by the Accounting Research and Development Foundation.</li> <li>4. The term "within one year" as used in this procedure is based on the date on which the transaction occurred, and is retroactively calculated for one year. The part that had been already announced can be excluded.</li> <li>5. The term "recent financial statements" as used in the procedures refers to the financial statements of the company that have been publicly audited or verified by an accountant</li> </ol>

	<p>before the assets are acquired or disposed of.</p> <p>6. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>7. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p>
Article 4	<p>Evaluation and Operating Procedures for Acquisition or Disposal of Assets:</p> <p>1.The acquisition or disposition of each asset shall be approved in accordance with the provisions of the “Signing Authority” of the Company.</p> <p>2.Evaluation Procedures:</p> <p>(1)Regarding the evaluation procedures of the acquisition of assets, acquiring items related to real estate and other fixed assets shall require a capital expenditure budget plan provided by each department in advance. After the evaluation is carried out, the capital expenditure budget shall be presented to the Ministry of Finance, then executed and controlled according to the plan.</p> <p>If the real estate is obtained from affiliated parties, in addition to the construction contract, the monthly forecast of the cash receipts and expenditures for the coming year beginning from the contracting month shall be prepared, and the necessity and the appropriateness of the use of the funds shall be assessed. Appraisal reports rendered by professional appraisers or audit opinions shall be obtained according to the regulations. For acquiring assets that involve long-term and short-term securities, the assessment shall be conducted by the executing department.</p> <p>(2) Regarding the evaluation procedures of the disposal of assets, disposal of items related to real estate require the related departments to fill out an application or signed off the matter as a special project, stating the reasons for the disposal, the manner of disposal, and is only eligible for implementation after having received approval. If the disposal of the real estate is related to an affiliated party regardless of the amount, the relevant information shall be submitted to the board of directors and the supervisor for recognition. For acquiring assets that involve long-term and short-term securities, the assessment shall be conducted by the executing department prior to implementation.</p> <p>3. Operating procedures for the acquisition or disposal of securities:</p> <p>(1) Investments in long-term and short-term securities shall be reasonably evaluated in accordance with the generally accepted accounting principles. All certificates of the securities shall be registered by the finance department and stored in the safe deposit box.</p> <p>(2) The acquired or disposed amount of securities by the company reaches the threshold as articulated in Article 7 of this procedure shall undergo public announcement and filing. Except for the following mentioned securities, the company shall obtain the latest financial statements that have been audited and reviewed by the CPA as reference for the evaluation of the price prior to the transaction date. If the difference between the net value per share and the transaction price is more than 20%, a CPA is required to comply with the provisions of Auditing Standards No. 20 -13 issued by the Accounting Research and Development Foundation and express concrete opinions regarding the difference and the validity of the transaction price.</p> <p>i.Securities trading in the Stock Exchange Market or in the Taipei Exchange Market</p>

	<p>(hereinafter referred to as the TPEx).</p> <p>ii. Buying and selling domestic beneficiary certificates or overseas mutual funds.</p> <p>iii. Original subscription (including initial offerings and cash increase subscriptions).</p> <p>iv. The securities acquired or disposed from the target company comply with the handling rules to publicly trade securities for the purpose of decentralizing shares before listing.</p> <p>v. Buying and selling bonds.</p> <p>4. Operating Procedures for Acquisition or Disposal of Assets</p> <p>(1) If the acquired or disposed land or property meets the conditions stipulated in Article 7 of this procedure, an appraisal report ought to be obtained from a professional appraiser who is objective, impartial, and independent before the transaction date, and the appraisal of assets shall be conducted in accordance with this Procedure.</p> <p>(2) If the transaction amount reaches more than NT\$1 billion, two or more professional appraisers should be consulted to conduct the appraisal.</p> <p>(3) After the real estate and other fixed assets are acquired, they shall be insured immediately to prevent losses of the company.</p> <p>(4) After the assets are acquired, they shall be registered, managed and used in accordance with the “Property Management Measures” of the Company.</p>
Article 5	<p>Article 5 Transaction Criteria</p> <p>1. Price decision method and reference basis:</p> <p>(1) The price of the acquired or disposed securities that have been traded in the Stock Exchange Market or TPEx is determined according to the time of the transaction.</p> <p>(2) When acquiring or disposing of securities that are not traded in a Stock Exchange Market or TPEx, the net worth per share, profitability, future development potential, market interest rate, bond coupon rate and credit ratings etc., should be taken into consideration, with reference to recent transaction prices at the time.</p> <p>(3) The acquisition or disposal of real estate and other fixed assets shall be signed off as a special project and explained by the executing department. The asset management department shall refer to the publicly announced current value, the appraised present value, the actual transaction price of neighboring real estates, supplier's quotation, and is to compare and negotiate as a means to determine the final transaction price. If the applicant should meet the requirements of the procedures, a professional appraiser should be hired before the date of occurrence.</p> <p>(4) In the event that the transaction amount reaches more than 10% of the company's total assets during the acquisition and disposal of assets of the Company and its affiliated parties, it shall obtain professional appraisal or audit opinion in addition to handling relevant resolution procedures and assessing the appropriateness of the trading criteria. The calculation of the transaction amount shall be handled in accordance with Article 11-1 of the procedures.</p> <p>The procedures regarding 10% of total assets are calculated based on the total assets in the most recent consolidated or individual financial reports as required by the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p>

(5) In the case of a company whose shares have no par value or a par value other than NT\$10—for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations, 10 percent of equity attributable to owners of the parent shall be substituted.

(6) A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of paragraphs 3 & 4.

## 2. Authorization

(1) The acquisition or disposal of assets of the Company shall be handled in accordance with the “Signing Authority” of the Company. However, if the real estate is acquired from an affiliated party, the relevant information should be submitted to the board of directors and supervisors for approval and recognition as well as the shareholders meeting in conjunction with the above-mentioned monthly forecast of the cash receipts and expenditures for the coming year beginning from the contracting month, and the necessity and the appropriateness of the use of the funds. In addition, if a real estate transaction requires a limited price, a specific price, or a special price as the basis of the transaction price due to exceptional reasons, it shall be approved by the board of directors in advance. Supervisors shall be notified of the transaction and the transaction shall be reported at the shareholders' meeting. If the amount of assets obtained or disposed of reaches either the NT\$50 million threshold or the standard amount stipulated in this procedure, the board of director’s approval ought to be obtained prior to the execution. However, if it is deemed appropriate to prioritize the transaction process ahead of schedule due to business demands, the transaction can be carried out based on the permission of the chairman of the board. An agenda regarding the transaction shall be submitted to the board of directors meeting for ratification.

(2) If the acquisition or disposal of assets is conducted according to the company law or other laws and regulations, it must be resolved, recognized, or reported to the shareholders meeting, and should be handled in accordance with the shareholders meeting.

(3) The board of directors of the company and its subsidiaries may acquire or dispose of the machinery and equipment that are used for business. Based on the third paragraph of Article 7-1 of this procedure, the board of directors may authorize the chairman to deliberate and execute the transaction within a certain amount. An agenda regarding the transaction shall

	<p>be submitted to the board of directors meeting for ratification.</p> <p>When a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p>
Article 6	<p><b>Article 6 Responsible Departments</b></p> <p>For acquisition or disposal of long/short term security investment, the departments responsible therefore should be Finance Division or other related departments. For acquisition or disposal of real estate and other fixed assets, the departments responsible therefore should be the ones or other related departments using the assets.</p>
Article 7	<p><b>Article 7 Public Announcement and Filing Procedures</b></p> <p>Should any of the following conditions relating to the Company's acquisition or disposal of assets occurs, filing and public announcement shall be made according to the relevant regulations within two days commencing immediately from the Date of the Event:</p> <ol style="list-style-type: none"> <li>1.Acquisition or disposal of real estate from or to a related party, or acquisition or disposal of assets other than real estate from or to a related party where the transaction amount reaches 20% of this Company's paid-in capital, 10% of this Company's total assets, or NT\$300 million; provided, this shall not apply to buying or selling of government bonds or bonds under repurchase and resale agreements, nor subscription or redemption of domestic money market funds issued by securities investment trusts</li> <li>2.Merger, spin-off, acquisition or share transfer;</li> <li>3. The maximum amount of all or individual contractual losses specified in the processing procedures for derivative transactions.</li> <li>4. If the transaction carried out for the acquired or disposed machinery and equipment that are used for business are not with related parties, and the transaction amount accommodates one of the following provisions: <ol style="list-style-type: none"> <li>(1)For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.</li> <li>(2)For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.</li> </ol> </li> <li>5. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction reaches NT\$500 million.</li> </ol>

	<p>6. In addition to the five procedures mentioned in the above, transaction amounts derived from any asset transactions, disposal of equity by financial institutions, or engagement in mainland investment should not exceed 20% of the company's paid-in capital or NT\$300 million, except for the following situations:</p> <p>(1) Trading of domestic government bonds.</p> <p>(2) Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>(3) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>Transaction amount is calculated as follows:</p> <ol style="list-style-type: none"> <li>1. The amount of each transaction.</li> <li>2. The aggregate transaction amount related to the same counterpart being acquired or disposed in the same nature within one year.</li> <li>3. The aggregate transaction amount related to the same real estate development plan acquired or disposed (accumulated acquisition and disposal amounts are calculated separately) within one year.</li> <li>4. The aggregate transaction amount related to the same securities acquired or disposed (accumulated acquisition and disposal amounts are calculated separately) within one year.</li> </ol> <p>"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</p> <p>When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.</p>
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	<p>If the Regulations Governing the Acquisition and Disposal of Assets by Public Companies Article 30-1 regarding public announcement and filing of 20% of the paid-up capital or 10% of the total assets threshold does not apply to the subsidiary of the Company, due to the fact that the subsidiary is not a listed company, then the above mentioned threshold of the Company shall prevail.</p> <p>A public company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.</p>
Article 8	<p><b>Investment Scope and Limits</b></p> <p>The Company and its subsidiaries are permitted to invest in non-operating real estate <u>and securities</u> in addition to the assets acquired for business use. The limits of the amount are as follows:</p> <ol style="list-style-type: none"> <li>1. The total amount of non-operating real estate shall not exceed 20% of the net value of the most recent financial statements of the Company. The total amount of non-operating real estate of individual subsidiaries shall not exceed 20% of the net value of the latest financial statements of the parent company.</li> <li>2. The total amount of long-term and short-term securities shall not exceed 150% of the net value of the latest financial statements of the Company; the total amount of long-term and short-term securities of individual subsidiaries shall not exceed 150% of the net value of the latest financial statements of the parent company.</li> <li>3. The limit for investing in individual securities shall not exceed 80% of the net value of the most recent financial statements of the Company; individual subsidiaries shall not exceed 80% of the net value of the latest financial statements of the parent company.</li> </ol>
Article 9	<p><b>Other matters</b></p> <ol style="list-style-type: none"> <li>1. If the real estate is acquired from affiliated parties, in addition to the construction contract, it shall, in accordance with the provisions of the “Guidelines for Handling Acquisition and Disposal of Assets by Public Companies” promulgated by the Securities and Futures Bureau of the Ministry of Finance, file and enclose relevant documents regarding the computed cost of the property and the audit opinions provided by certified public accountants with the Securities and Futures Bureau; plus, the evidence of approval from the board of directors, a record of recognition by the supervisor, the monthly forecast of the cash receipts and expenditures for the coming year beginning from the contracting month, and the necessity and the appropriateness of the use of the funds shall be duly presented to the Securities and Futures Bureau conjointly.</li> <li>2. In addition, if the acquired or disposed assets meets the threshold for public announcement as stipulated in this Procedure, and the trading partner is a related party, the publicly announced information shall be disclosed in the financial statements and submitted to the shareholders' meeting.</li> <li>3. The format and content of the announcement for the acquisition or disposal of the assets shall comply with the requirements outlined by the Securities and Futures Commission (88) Taiwan Financial Certificate (1) Letter No. 81769. If the appraisal agency issues a “Present Asset Valuation Report” or “Estimated Value Report” in place of the Appraisal Report, the reports shall comply with the requirements of the letter.</li> </ol>

	<p>4. The subsidiary of the Public Company shall adopt these Procedures in accordance with the provisions of Article 36-1 of the Securities and Exchange Act and the Regulations Governing the Acquisition and Disposal of Assets by Public Companies promulgated by the Securities and Futures Bureau of the Ministry of Finance as of February 13, 2012. The Company shall handle the acquisition or disposal of assets in compliance with these Regulations; provided, where another act provides otherwise, the provisions of such act shall govern.</p> <p>5. If a subsidiary of the Company is not a listed company, and in the event that the acquired or disposed assets reaches the threshold for public announcement and filing as stated in the procedure, the subsidiary shall notify the Company in order to announce, file, and deliver a copy of relevant information within two days from the Date of the Event.</p> <p>6. After obtaining approval from the board of directors meeting, the operation procedure shall be presented to the supervisors, then discussed and ratified at the shareholders' meeting. If the directors should express dissent and produces a record or written statement against the procedures, the relevant information shall be sent to the supervisors and reported to the shareholders meeting for discussion. Opinions of the independent directors shall also be taken into full consideration by including clear explanations and reasons of their opinions in the minutes of the board of directors meeting. This paragraph applies to any future amendments.</p> <p>7. When relevant personnel violate the provisions of this procedure, they shall be punished or removed from their position by order of the competent authority and the company.</p>
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## **Gemtek Technology Co., Ltd. Procedures Governing the Making of Endorsements/Guarantees**

Article 1	All matters relating to the the making of endorsements/guarantees by the Company shall be implemented in accordance with the provisions of these Procedures. Matters not covered in these Procedures are handled in accordance with the provisions of relevant laws and regulations and the Articles of Incorporation of the Company.
Article 2	<p>The term "endorsements/guarantees" as used in these Procedures refers to the following:</p> <p>1.Financing endorsements/guarantees, including:</p> <p>(1)Bill discount financing.</p> <p>(2)Endorsement or guarantee made to meet the financing needs of another company.</p> <p>(3)Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the company itself.</p> <p>2.Customs duty endorsement/guarantee, meaning an endorsement or guarantee for the company itself or another company with respect to customs duty matters.</p> <p>3.Other endorsements/guarantees, meaning endorsements or guarantees beyond the scope of the above two subparagraphs.</p> <p>4.The tangible and liquid assets set as pledge collateral or mortgage made by the Company to guarantee or secure the loans of another company shall also comply with these Procedures.</p>
Article 3	<p>Applying endorsement / guarantee:</p> <p>1. A public company may make endorsements/guarantees for the following companies:</p> <p>(1)A company with which it does business.</p> <p>(2).A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.</p> <p>(3).A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.</p> <p>2.Companies in which the public company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the net worth of the public company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the public company holds, directly or indirectly, 100% of the voting shares.</p> <p>3.Where a public company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages, or where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other, such endorsements/guarantees may be made free of the restriction of the preceding two paragraphs. Capital contribution referred to in the preceding paragraph shall mean capital contribution directly by the public company, or through a company in which the public company holds 100% of the voting shares.</p>

Article 3-1	<p>"Subsidiary" as referred to in these Regulations shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The Company's financial reports are prepared according to the International Financial Reporting Standards, "net worth" in these Regulations means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p>
Article 4	<p>Caps and Restrictions</p> <p>The Company's endorsement / guarantee ought to be approved by the board of directors prior to implementation. However, the board of directors may empower the chairman of the board to grant endorsements/guarantees within a specific limit, for subsequent submission to and ratification by the next board of directors' meeting.</p> <ol style="list-style-type: none"> <li>1. The aggregate amount of endorsements/guarantees made by the Company shall not exceed 70 percent or more of the Company's net worth as stated in its latest financial statement.</li> <li>2. The amount of endorsements/guarantees made by the Company for a single enterprise shall not exceed 30 percent or more of the Company's net worth as stated in its latest financial statement.</li> <li>3. The maximum amount of endorsements/guarantees authorized to the chairman for resolution shall not exceed 10 percent or more of the Company's net worth as stated in its latest financial statement.</li> <li>4. If the aggregate amount of endorsements/guarantees made by the Company and its subsidiaries shall exceed 50% or more of the company's net worth, the Company and its subsidiaries shall explain its necessity and reasonableness at the shareholders' meeting.</li> <li>5. The Company undertakes this endorsement / guarantee for business dealings, and the amount of endorsement / guarantee to a single object shall not exceed the aggregate amount of business transactions between the two parties within the period of 12 months prior to the endorsement.</li> </ol>
Article 5	<p>Public Announcement and Filing Procedures</p> <ol style="list-style-type: none"> <li>1. The endorsement of the company shall be subject to public announcement and filing to the competent authority in accordance with relevant laws and regulations.</li> <li>2. In addition to publicly announcing and filing the previous month's endorsement / guarantee made by the Company and its subsidiaries by the 10th day of each month, when the aggregate balance reaches one of the following thresholds, the Company and its subsidiaries shall announce and report such event within two days from the date of occurrence: <ol style="list-style-type: none"> <li>(1) The aggregate balance of endorsement / guarantee made by the Company and its subsidiaries reaches 50 percent or more of the Company's net worth as stated in its latest financial statement.</li> <li>(2) The aggregate balance of endorsement / guarantee made by the Company and its subsidiaries to a single enterprise reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.</li> </ol> </li> </ol>

	<p>(3)The aggregate balance of endorsement / guarantee made by the Company and its subsidiaries to a single enterprise reaches NT\$10 million or more, and the guarantee, long-term investment and loan reaches 30 percent or more of the Company's net worth as stated in its latest financial statement..</p> <p>(4)The amount of new endorsement / guarantee made by the Company and its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>3.The Company shall announce and report on behalf of any subsidiary thereof that is not the listed company in the Republic of China any matters that such subsidiary is required to announce and report pursuant to item 4 of the preceding paragraph</p> <p>4.“Date of occurrence” in these Regulations means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the loan of funds or endorsement/guarantee, whichever date is earlier.</p>
Article 6	<p>Procedures for Use and Custody of Corporate Chops</p> <p>1.A public company shall use the corporate chop registered with the Ministry of Economic Affairs as the dedicated chop for endorsements/guarantees. The chop shall be kept in the custody of a designated person approved by the board of directors and may be used to seal or issue negotiable instruments only in prescribed procedures.</p> <p>2. When making endorsements / guarantees, the Company shall evaluate the risk of the endorsement/guarantee and keep the evaluation record. It shall secure a collateral when it is necessary.</p> <p>3.The Company shall prepare a memorandum containing its endorsement/guarantee activities and truthfully record the following information: the subject of the endorsement/guarantee, the name of the party for whom the endorsement/guarantee was made, the result of the risk evaluation, the amount of the endorsement/guarantee, the content of the Collateral, the approval or date of implementation given by the board of directors, and the condition and date for discharging the obligation of the endorser and/or guarantor.</p> <p>4.Before making an endorsement/guarantee for others, the Company shall carefully evaluate whether the endorsement/guarantee is in compliance with these Regulations and the company's Operational Procedures for Endorsements/Guarantees for Others.</p> <p>The finance department should also provide details of the endorsement /guarantee regarding the necessity and reasonableness, the credit risk assessment, the impact on the Company's operational risk, financial position and shareholders' equity, and whether the collateral has been secured and evaluated. The assessment reports ought to be reviewed by the legal department, and submitted to the board of directors for resolution prior to implementation.</p> <p>The board of directors may empower the chairman of the board to grant endorsements/guarantees within a specific limit, for subsequent submission to and ratification by the next board of directors' meeting.</p>

	<p>5. For circumstances in which an entity for which the company makes any endorsement/guarantee is a subsidiary whose net worth is lower than half of its paid-in capital, relevant follow-up monitoring and control measures are to be made by the finance and legal departments, and the status shall be reported to the chairman accordingly.</p> <p>6. In the case of a subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital in the calculation of the preceding paragraph, the sum of the share capital plus paid-in capital in excess of par shall be substituted.</p>
Article 7	The Company shall adequately provide certified public accountants with relevant information, and supply thorough explanations in the audit report.
Article 8	<p>Endorsement / guarantee by subsidiaries</p> <p>The subsidiaries of the Company shall not provide endorsement / guarantees for others except for the endorsement / guarantees between subsidiaries as stipulated under Article 3-23 of this Procedure.</p>
Article 9	<p>Auditing Endorsements / Guarantees</p> <p>The company's internal auditors shall audit the Operational Procedures for Endorsements / Guarantees for Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify all the supervisors in writing of any material violation found.</p>
Article 10	When relevant personnel violate the provisions of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, thus causing damage to Company rights, they shall be punished or removed from their position by order of the competent authority and the company.
Article 11	Prior to the implementation of the Procedures, the currently existing endorsements / guarantees of the Company shall be submitted to the Board of Directors for recognition, and subsequently handled in accordance with the provisions mentioned above. However, if the amount exceeds the prescribed limit, it shall be written off in stages.
Article 12	<p>This Operational Procedures for Endorsements/Guarantees is formulated in compliance with the Regulations, and, after passage by the board of directors, submit the same to each supervisor and for approval by the shareholders' meeting. Where there any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinions to each supervisor and for discussion by the shareholders' meeting. Where the Company has appointed independent directors, when it submits the Operational Procedures for Endorsements/Guarantees for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director expresses any dissent or reservation, it shall be specifically recorded in the minutes of the board of directors meeting.</p> <p>This article shall apply to any future amendments.</p>
Article 13	<p>These Procedures were established on June 16, 1999</p> <p>The first amendment was made on June 23, 2003</p> <p>The second amendment was made on June 14, 2006</p> <p>The third amendment was made on June 15, 2010</p> <p>The fourth amendment was made on June 21, 2012</p> <p>The fifth amendment was made on June 17, 2013</p>

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

### **Procedures Governing Loaning of Funds**

Article 1	<p>Guidelines for Loaning of Funds</p> <p>The Company shall not loan funds to others except for the following reasons relevant to financing. Loaning of funds are to abide by the guidelines stipulated in the Procedures:</p> <ol style="list-style-type: none"> <li>1. Where an inter-company or inter-firm business transaction calls for a loan arrangement.</li> <li>2. Where an inter-company or inter-firm short-term financing facility is necessary. "Short term" means the period of either one year or one operating cycle, whichever is longer.</li> </ol> <p>Where the Company intends to loan funds to a borrower with business dealings, it is limited to reasons relevant to financing. Short-term financing can only be provided to borrowing companies whom the Company holds more than 20% of its direct and indirect voting shares.</p>
Article 2	<p>The aggregate amount of loans and the maximum amount permitted to a single borrower</p> <ol style="list-style-type: none"> <li>1. The total amount of the company's capital loans to others shall not exceed 20% of the net value of the company.</li> <li>2. Where an inter-company or inter-firm short-term financing facility is necessary, provided that such financing amount shall not exceed a total of 10% of the lender's net worth. The amount of such loans permitted to a single borrower shall not exceed 5% of the lender's net worth.</li> <li>3. The total amount of the company's capital loans provided to a borrower with business dealings shall not exceed 10% of the net value of the company. The amount of such loans permitted to a single borrower shall not exceed 5% of the lender's net worth.</li> <li>4. Due to the necessity of financing among foreign companies in which the company directly and indirectly holds 100% of the voting shares is not subject to the restrictions listed in the above three paragraphs. The total amount of loans given to a foreign company shall not exceed 40% of the net value of the company receiving the loan. The total amount of loans given to an individual company shall not exceed 20% of the net value of the company receiving the loan, and shall be subject to the time limit listed in the third paragraph of this procedure.</li> <li>5. Any proposed loan between this Corporation and its parent or a subsidiary, or between its subsidiaries, shall be submitted for a resolution by the board of directors. The chairperson may also be authorized, with respect to a specific borrowing counterparty, and within a limit resolved by the board of directors and a period not to exceed 1 year, to provide an accreting loan or to make available a revolving line of credit, on condition that the authorized amount shall not exceed 10% of the company's most recent financial</li> </ol>

	<p>statement.</p> <p>6. When the accounts receivable pertaining to related parties are transferred and recognized as other receivables after the assumed credit period, the receivable will be considered as a loan, and pursuant to the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, a public announcement shall be made for the recognition in accordance with Articles 21 and 22; and submitted to the latest board of directors meeting for resolution in accordance with Article 14. The board of directors shall take into full consideration each independent director's opinion. If an independent director expresses any dissent or reservation, it shall be noted in the minutes of the board of directors meeting.</p> <p>"Subsidiary" and "parent company" as referred to in these Regulations shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Where a public company's financial reports are prepared according to the International Financial Reporting Standards, "net worth" in these Regulations means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p>
Article 3	<p>Duration of loans and calculation of interest</p> <p>The loaning of funds to the borrower should be limited to one year. The interest-bearing method shall be based on the company's short-term capital loan plus pricing or the short-term average loan rate set by the banking industry plus margin, and shall be charged on a monthly basis.</p>
Article 4	<p>Review procedures for loaning of funds</p> <p>1. When the Company intends to loan funds to the borrower, the borrower is required to present its company license issued by the Ministry of Economic Affairs, the business registration certificate, the ID card of the responsible person and documents relevant to the borrower's financial status, and the borrower shall submit an application letter to the Company's finance department for the permission to be granted a loan. The Company's finance department shall assess the credit risks with regard to the matter, and the matter shall be approved by no other than the board of directors. The chairman of the board of directors may be authorized by the board to execute the loaning of funds within a limited credit amount, and subsequently report to the board of directors meeting. After the credit line is approved, the borrower shall submit an application to the finance department of the Company for disbursement. The borrower is required to provide promissory notes or collaterals that are equivalent to the amount of the borrowed funds based on the provisions articulated in the preceding paragraph.</p> <p>2. The finance department shall carefully examine the following matters:</p> <p>(1) The necessity of and reasonableness of extending loans to others.</p> <p>(2) Borrower credit status and risk assessment.</p> <p>(3) Impact on the company's business operations, financial condition, and shareholders' equity.</p> <p>(4) Whether collateral must be obtained and appraisal of the value thereof.</p>
Article 5	<p>Subsequent measures for control and management of loans, and procedures for handling delinquent creditor's rights.</p>



	<p>After the loan is released, the financial status and collaterals provided by the borrower and the endorser / guarantor shall be closely observed and monitored. In the event that significant changes shall emerge, the chairman of the board of directors is to be notified, and the matter shall be administered according to procedures.</p> <p>When the borrower repays the loan before the loan period expires, the interest payable shall be calculated first, and paid together with the principal. The collateral can be returned after the loan is cleared, along with other related liabilities.</p> <p>The borrower shall repay the borrowed principal amount plus interest when the loan period expires. If the borrower is incapable of repaying and demands a time extension, the borrower is required to submit an application in advance, and will only be granted the extension after the board of directors' approval. If the borrower does not abide by the above guidelines with regard to repayment, the Company has the right to manage and dispose of the provided collaterals, and seek financial reimbursement from endorsers/ guarantors.</p>
Article 6	<p><b>Public Announcement and Filing for Loaning of Funds</b></p> <p>The financial department of the company should prepare a company loan record book to record the the following information: profile of borrower, approval date and credit line granted by the board of directors, loan period, loan amount, collaterals, interest rates, and the date and method of repayment. The company loan record book is subject to audit by competent authorities.</p> <p>The Company and its subsidiaries are required to make public announcements and filings regarding loaning of funds to others (on the website specified by the FSC for the submission of electronic filings) by the 10th day of each month,</p> <p>When the aggregate balance reaches one of the following thresholds, the Company and its subsidiaries shall announce and report such event within two days from the date of occurrence:</p> <ol style="list-style-type: none"> <li>1. The amount of the capital loans to others provided by the Company and its subsidiaries reaches 20% of more of the latest financial statements of the Company.</li> <li>2. The amount of the capital loans to a single enterprise provided by the Company and its subsidiaries reaches 10% or more of the latest financial statements of the Company.</li> <li>3. The amount of new loans provided by the Company or its subsidiaries reaches NT\$10 million, and accounts for 2% or more of the latest financial statements of the Company.</li> </ol> <p>The public company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraph 3 of the preceding paragraph</p> <p>“Date of occurrence” in these Regulations means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the loan of funds or endorsement/guarantee, whichever date is earlier.</p>

Article 7	<p>Loaning of funds by subsidiaries</p> <p>Where a subsidiary of a public company intends to make loans to others, the public company shall instruct it to formulate its own Operational Procedures for Loaning Funds to Others in compliance with these Regulations, and it shall comply with the Procedures when loaning funds.</p>
Article 8	<p>Auditing Loaning of Funds</p> <p>The public company's internal auditors shall audit the Operational Procedures for Loaning Funds to Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify all the supervisors in writing of any material violation found.</p>
Article 9	<p>When relevant personnel violate the provisions of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, thus causing damage to Company rights, they shall be punished or removed from their position by order of the competent authority and the company.</p>
Article 10	<p>If, as a result of a change in circumstances, an entity for which an endorsement/guarantee is made does not meet the requirements of these Regulations or the loan balance exceeds the limit, a public company shall adopt rectification plans and submit the rectification plans to all the supervisors, and shall complete the rectification according to the timeframe set out in the plan.</p>
Article 11	<p>This Operational Procedures for Loaning of Funds is formulated in compliance with the Regulations, and, after passage by the board of directors, submit the same to each supervisor and for approval by the shareholders' meeting. Where there any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinions to each supervisor and for discussion by the shareholders' meeting. Where the Company has appointed independent directors, when it submits the Operational Procedures for Loaning of Funds for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director expresses any dissent or reservation, it shall be specifically recorded in the minutes of the board of directors meeting.</p> <p>This article shall apply to any future amendments.</p>
Article 12	<p>Matters not covered in these Procedures are handled in accordance with the provisions of relevant laws and regulations and the Articles of Incorporation of the Company.</p>
Article 13	<p>These Procedures were established on June 16, 1999</p> <p>The first amendment was made on June 23, 2003</p> <p>The second amendment was made on June 16, 2006</p> <p>The third amendment was made on June 15, 2010</p> <p>The fourth amendment was made on June 21, 2012</p> <p>The fifth amendment was made on June 17, 2013</p>

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

### **Policies and Procedures for Financial Derivatives Transactions**

Article 1	<p><b>Purpose</b></p> <p>1. To establish an internal control system to provide guidelines for risk management with regard to commodity derivatives transactions and facilitate the implementation of information disclosure and safe investments.</p> <p>2. The Procedures for financial derivatives transactions is enacted in accordance with Article 36-1 of Securities Exchanges Act and “Regulations Governing the Acquisition and Disposal of Assets by Public Companies,</p>
Article 2	<p><b>Trade Principles and Guidelines</b></p> <p>Financial derivatives referred herein are broadly defined as instruments that derive their value from the performance of underlying assets, interest or currency exchange rates, or other. Such instruments include swaps, options, futures, forwards, and various combinations thereof. Forwards referred herein exclude insurance, performance, post-sale service, long-term lease and long-term sales/procurement contracts. The Company shall not enter into transactions involving instruments not specified herein.</p> <p><b>1.Types of Derivatives</b> “Derivative products” mentioned herein in the Procedure refers to forward contracts, options contracts, swap contracts, futures contracts, and compound contracts combining the above products.</p> <p><b>2.Operation and Hedging Strategies</b> The main source of company profits should derive from its essential business operations. Nevertheless, when the Company is to trade in financial derivatives associated with foreign exchange operations as a means of hedging, it should be settled on the basis that the company's trading positions (referred to as foreign exchange income and expenditure) can be offset and squared to minimize the company's overall foreign exchange risks.</p> <p><b>3.Authorization / Delegation</b> (1) The finance department is responsible for the formulation of the company's entire foreign exchange operation strategy. (2) In response to changes in the foreign exchange market, the finance department should always be keen to collect relevant information to determine trends and perform risk assessments at any point in time. The financial department should also be familiar with financial products and relevant laws and regulations. With adequate skillset, the finance department should have the ability to construct a strategy plan to manage the company's foreign exchange operations, and will work as the basic hedging strategy by the approval of the general manager. (3) The floor limit for each hedge transaction should be determined by the Company’s foreign exchange position based on business income and import and export statistics. The purpose of this procedure is to reduce the Company’s exposure to foreign exchange risk.</p>

	<p>(4) Conduct various hedge transactions in accordance with the authorized limits, and subsequently report the matter to the board of directors.</p> <p>(5) The personnel engaging in derivatives trading shall establish a memorandum book in which details of the types and amounts of derivatives trading engaged in, approval dates by board of directors, and the matters required to be carefully evaluated under these procedures shall be recorded in detail in the memorandum book for reference.</p> <p>4. Performance Evaluation</p> <p>(1) Hedge transactions</p> <p>i. The profit and loss generated from the price of the foreign exchange rate and the derivative transactions is used as the basis of performance evaluation.</p> <p>ii. The Company adopts the monthly evaluation method in order to fully evaluate the underlying transaction risks.</p> <p>iii. The financial department shall provide monthly statistics regarding the foreign exchange positions, and foreign exchange market trends and analysis to the general manager as reference and guideline for managing the company.</p> <p>(2) Non-hedge transactions</p> <p>The actual profit and loss is used as the basis for performance evaluation. A cash position report is periodically submitted to management divisions for reference.</p> <p>5. Derivatives Transaction: Total and Cap</p> <p>(1) Total transaction amount</p> <p>The total amount of the company's derivatives contract should be 100% of the operating income of the latest quarter. The finance department should monitor the overall position of the company based on market forecasts to avoid transaction risks.</p> <p>(2) Acceptable loss</p> <p>If the total loss rendered from trading reaches the stipulated limits below, an emergency meeting composed of relevant managers is to be held to take measures in minimizing losses, and subsequently report the matter to the board of directors.</p> <p>i. Hedge transactions:</p> <p>The maximum amount of loss for all contracts shall not exceed 30% of the total derivatives transaction amount, and the maximum amount of loss for individual contracts shall not exceed 30% of the individual derivatives transaction amount.</p> <p>ii. Non-hedge transactions:</p> <p>The maximum amount of loss for all contracts shall not exceed 5% of the total derivatives transaction amount, and the maximum amount of loss for individual contracts shall not exceed 5% of the individual derivatives transaction amount.</p>
Article 3	Operation Procedures

1. Authorized Amounts & Limits		
(1) Hedge transaction limits		
i. Authorized Amounts and Execution		
Authorized Person	Daily Transaction Amount	Net Cumulative Positions Transaction Amount
Chairman	Above US\$ 5,000,000	Above US\$ 30,000,000
General Manager	US\$ 3,000,000 ~ US\$ 5,000,000	US\$ 10,000,000 ~ US\$ 30,000,000
Director of Finance Department	Below US\$ 3,000,000	US\$ 10,000,000
ii. If the daily transaction amount or the unsettled net cumulative positions exceeds the authorized amount, it can be approved by an authorized person that meets the execution standards.		
iii. If changes are made to the authorized persons listed in the above table, the modification is subject to approval by the general manager or the chairman.		
(2) Non-hedge transactions		
All non-hedge transaction amounts are subject to approval by the general manager or the chairman prior to execution.		
2. Executing Department		
Due to the rapid changes in derivative products, the calculation of potential trading risk and profit is extremely complicated, which also involves the status of the company's account payments, therefore it is deemed reasonable for financial personnel to manage and execute the transactions. However, other non-financial personnel authorized by the chairman may engage in such transaction as well.		
3. Operations		
	Descriptions	Person Responsible
	(1) Reference the annual foreign currency assets and liabilities to construct an operation strategy, and report to the general manager/chairman for approval, and use as a basis for foreign exchange operation.	Director of Finance Department
	(2) Periodically evaluate business demands and market trends to modify operation strategy, and report to the general manager.	Director of Finance Department
	(三) When the finance department is to confirm a transaction with the bank that exceeds the amount stated in Article 3 paragraph 1, the chairman or the general manager's approval	Trader in Finance Department

	<p>is required in advance.</p> <p>(4)After verifying the trade settlement report provided by the bank, a foreign exchange application form has to be filled out and approved according to the authorized limits.</p> <p>(5)When applying the chop to foreign exchange transaction documents, a copy of the foreign exchange transaction slip has to be attached.</p> <p>(6)When foreign exchange profit/loss incurs, the administrator shall use the confirmed foreign exchange transaction slip as basis for accounting recognition.</p> <p>(7)Compile monthly forward foreign exchange evaluation report</p> <p>(8)Make monthly public disclosures according to competent authorities.</p>	<p>Trader in Finance Department</p> <p>Verifier in Financial Department</p> <p>Settler in Financial Department</p> <p>Trader in Finance Department</p> <p>Finance Department</p>
Article 4	<p>Announcements and Filing Procedures</p> <p>1.The Company and its subsidiaries shall publicly announce and file monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the 10th day of each month in accordance with regulations by competent authority. The format of the announcement has to be handled in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”.</p> <p>2. When the transaction loss of the derivatives trading reaches the maximum threshold for all contracts and individual contracts as stated in this Procedure, the Company and its subsidiaries shall announce and report such event within two days from the date of occurrence on the designated website specified by competent authority. The format of the announcement has to be handled in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”.</p>	
Article 5	<p>Accounting procedures</p> <p>Accounting procedures are handled in accordance with generally accepted accounting principles and other relevant laws and regulations.</p>	
Article 6	<p>Internal Control</p> <p>When the Company shall adopt the following risk management measures when engaging in derivatives trading:</p> <p>1.Procedures</p> <p>(1)Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.</p> <p>(2) The trader shall submit the foreign exchange transaction slip to the verifying personnel for registration.</p> <p>(3) Verifying personnel must regularly check the transaction details and total amount with the transaction bank.</p> <p>(4) Traders shall keep in mind whether the total amount of the transaction exceeds the total amount of the contract stipulated in these Procedures.</p>	

	<p>2.Risk Management</p> <p>(1)Credit Risk Management</p> <p>Due to unpredicted market changes, the stakes for encountering challenging risks are high when operating derivative products. Therefore, market risk management should be in place according to the following principles:</p> <ol style="list-style-type: none"> <li>1. The company trade deals are mainly managed by internationally renowned banks.</li> <li>2. Trading commodities are limited to those provided by internationally renowned banks.</li> <li>3. A transaction deal placed in the same bank shall not exceed US\$5 million, unless otherwise approved by the general manager/chairman.</li> </ol> <p>(2)Market Risk Management</p> <p>The foreign exchange market traded by the bank and clients.</p> <p>(3)Liquidity Risk Management</p> <p>In order to ensure market liquidity, the selected derivatives products ought to exhibit high liquidity. In addition, the trading banks must have sufficient information and ability to trade in any market at any time.</p> <p>(4)Operation Risk Management</p> <p>The Company should strictly follow the procedures for authorized transaction amounts, and should include the operation within the internal audit as a means to mitigate operational risks.</p> <p>(5)Legal Risk Management</p> <p>Prior to the signing of bank documents, the documents should be reviewed by professional personnel related to foreign exchange and legal affairs to avoid legal risks.</p> <p>3.Periodic Evaluations</p> <p>The board of directors shall authorize senior executives to conduct regular evaluations with respect to derivative transactions to determine whether they are actually handled according to the company's trading procedures and whether the risks assumed are within the scope of permissible loans. If abnormal occurrences appear in the market assessment report, impacting the current cash positions, the chairman has to be notified of the occurrences immediately, followed by the implementation of appropriate measures. The positions held within a non-hedge transaction shall be assessed at least once a week, provided that the hedge transactions are assessed at least twice a month.</p>
Article 7	<p>Internal Audit</p> <p>A public company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. In addition, the audit report shall be submitted along with the annual internal control report to the Securities and Exchange Commission before the end of February of the following year. If any abnormal findings are discovered, it shall be reported to the Securities and Futures Commission no later than the end of May of the following year.</p>
Article 8	<p>Other matters</p> <p>This Policies and Procedures for Financial Derivatives Transactions is formulated in compliance with the Regulations, and, after passage by the board of directors, submit the same to <u>each supervisor</u> and for approval by the shareholders' meeting. Where there any</p>

	<p>director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinions to <u>each supervisor</u> and for discussion by the shareholders' meeting. Where the Company has appointed independent directors, when it submits the Operational Procedures for Endorsements/Guarantees for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director expresses any dissent or reservation, it shall be specifically recorded in the minutes of the board of directors meeting.</p> <p>This article shall apply to any future amendments.</p>
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**Gemtek Technology Co., Ltd.**  
**Shareholdings of the Board of Directors**  
**Book Closure Date: April 20, 2019**

Position	Name	Shareholdings		Remark
		Number of Shares	Shareholding Ratio	
Chairperson of the Board	Hung-wen Chen	5,907,937	1.66 %	
Director	Bon-Mao Investment Co., Ltd. Representative: Yi-hsin Liu	2,440,000	0.68 %	
Director	Apex Action Investment Limited Representative: Chien-yang Li	1,155,000	0.32 %	
Director	Cheng-ren Yang	1,271,269	0.36 %	
Director	Fu-zan Tsai	1,584,732	0.44 %	
Director	Jong-hui Hsu	660,927	0.19 %	
Director	Yue-ji Chang	3,000,715	0.84 %	
Director	Yao-geng Zhao	-	-	Independent Director
Director	Zhu-san Wang	-	-	Independent Director
Total Shares Held by Directors		16,020,580	4.49 %	
Supervisor	TSKY CO., LTD.	500,000	0.14 %	
Supervisor	Yi-shin Liao	243,240	0.07 %	
Supervisor	Shou-cheng Shen	770,795	0.22 %	
Total Shares Held by Supervisors		1,514,035	0.43 %	
Total Shares Held by Directors and Supervisors		17,534,615	4.92 %	

Note: As of April 20, 2019, the total number of issued shares is 356,883,496 common shares.

The total number of statutory shares held by all directors is 14,275,339 shares.

The total number of statutory shares held by all supervisors is 1,427,533 shares.