

Stock Code: 4906



Gemtek Technology Co., Ltd.
2018 Annual Shareholders' Meeting
Handbook

Date: June 15, 2018 (Friday)

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 2018 Annual Meeting of Shareholders

I Call the Meeting to Order

II Chairperson Takes Chair

III Chairperson Remarks

IV Management Presentation (Company Reports)

V Proposals

VI Discussion

VII Questions and Extemporaneous Motions

VIII Adjournment

Gemtek Technology Co., Ltd.

2018 Agenda of Annual Shareholders' Meeting

Time: 9:00 a.m. on Friday, June 15, 2018

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 2017.
- b. Audit Committee's review report
- c. To report 2017 employees' profit sharing bonus and directors' compensation
- d. To report on convertible bonds.

IV. Proposed Resolutions

- a. To ratify 2017 Business Report and Financial Statements
- b. To adopt the proposal for distribution of 2017 earnings

V. Discussion Items

- a. To discuss the 2017 Proposal of Cash Distribution derived from Capital Surplus

VI. Extemporary Motion

VII. Adjournment

I. Management Presentations - Reports on Company Affairs

Report No. 1

2017 Business Reports

Explanation:

The 2017 Business Report is attached as Attachment A.

Report No. 2

Supervisor’s Review Report on the 2017 Financial Statements

Explanation:

The 2017 Supervisor’s Review Report is attached as Attachment B.

Report No. 3

To report 2017 employees’ profit sharing bonus and remuneration of directors and supervisors.

Explanation

- (1) According to the Articles of Incorporation 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.
- (2) On March 19, 2018, the Company Board of Directors approved the 2017 distribution of employee bonuses and remuneration benefits of directors and supervisors. The Company shall allocate 13.5% for employee profit sharing bonuses, which is approximately NT\$45,051,515 issued in cash; and 1.8% for the remuneration benefits of directors and supervisors, which is approximately NT\$6,006,868 issued in cash.
- (3) There is no significant difference between the estimation and exact amount of employee profit sharing bonuses and remuneration benefits of directors and supervisors paid for the year 2017.

Report No. 4

To report on convertible bonds.

Explanation

The report on convertible bonds is attached as Attachment E.

II. Proposed Resolutions

Proposal No. 1

Proposed by the Board

Ratification of the 2017 Business Report and Financial Statements.

Explanation:

- (1) The 2017 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 2017 Business Report and 2017 Financial Statements have been approved by the Board and inspected by the supervisors of Gemtek Technology Co., Ltd.
- (2) The 2017 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 2017 profits.

Explanation:

- (1) The Board has adopted the Proposal for Distribution of 2017 Profits in accordance with the Company Act and Articles of Incorporation.
- (2) The proposed aggregate amount of cash dividends is NT\$275,452,550 ; each common shareholder shall be entitled to receive a cash dividend of NT\$0.8 per share. Upon the approval of the Annual Meeting of Shareholders, it is proposed that the Board of Directors be authorized to resolve the ex-dividend date, ex-rights date, and other relevant issues. Cash dividends shall be distributed only to the minimal extent of NT\$1. Any fractional amounts rendered below NT\$1 shall be relinquished and provided to the Employee Benefits Committee.
- (3) In the event that, before the distribution record date, the proposed profit distribution is affected by an amendment to relevant laws or regulations, a request by the competent authorities, or a buyback of shares or issuance of new shares for transferring treasury shares to employees or for equity conversion in connection with domestic or overseas convertible corporate bonds or other convertible securities or employee stock options, it is proposed that the Board of Directors be authorized to adjust the cash and stock to be distributed to each share based on the number of actual shares outstanding on the record date for distribution.

III. Discussion Items

Proposal No. 1

Proposed by the Board

To discuss the 2017 Proposal of Cash Distribution derived from Capital Surplus.

Explanation:

- (1) The proposed aggregate amount of NT\$68,863,137 gained from capital surplus shall be paid proportionately to shareholders; each common shareholder shall be entitled to receive NT\$0.2 per share.
- (2) According to Company Act Article 165, it is proposed that the Board of Directors be authorized to resolve the ex-dividend date, ex-rights date, and other relevant issues upon the approval of the Annual Meeting of Shareholders,
- (3) Cash dividends shall be distributed only to the minimal extent of NT\$1. Any fractional amounts rendered below NT\$1 shall be relinquished and provided to the Employee Benefits Committee.
- (4) In the event that, before the distribution record date, the proposed profit distribution is affected by an amendment to relevant laws or regulations, a request by the competent authorities, or a buyback of shares or issuance of new shares for transferring treasury shares to employees or for equity conversion in connection with domestic or overseas convertible corporate bonds or other convertible securities or employee stock options, it is proposed that the Board of Directors be authorized to adjust the cash and stock to be distributed to each share based on the number of actual shares outstanding on the record date for distribution.

IV. Extemporary Motion

V. Adjournment

Gemtek Technology Co., Ltd.

2017 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.

II. 2017 Business Report

1. Business Results

In 2017, the total consolidated operating income was NT\$13,580,607,000. The combined operating costs and operating expenses was NT\$13,622,292,000. The consolidated non-operating income was NT\$481,954,000. The consolidated non-operating expenses was NT\$113,197,000. The pre-tax net profit was NT\$327,076,000; income tax expense was NT\$15,131,000. Therefore, the consolidated net profit after tax for this year is NT\$311,941,000.

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 2017, the current ratio was 164.46% and the debt ratio was 36.97%, indicating that the composition of the company's financial structure was adequately sound and stable.

In 2017, the company earned a profit of NT\$311,941,000, a return on assets of 2.35%, a return on equity of 3.46%, and an earnings per share (after tax) of NT\$1.01.

3. Research and Development

2017 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.

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.

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) OEM/ODM/JDM businesses for network service equipments, which include broadband network related equipments built on top of telecommunications infrastructures (5G related technologies, LTE Small Cell, CPE), telecommunication integration products (VoIP, VDSL, G.fast, GPON Etc), telecommunication network products (WiFi AP/Router) and business class wireless AP/routers.
- (2) Internet of Things (LPWAN technology end-to-end solution) and AI related products (AI speakers and sensors).

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.

2017 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 2017 Business Reports, Financial Statements and Proposed Discussions on Capital Surplus Distributions.

The Supervisor, having audited and reviewed the above-mentioned 2017 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 19, 2018

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 2016 and 2017, 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).

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 2016 and 2017, months ranging from January 1 to December 31, based on the details provided for Individual Financial Performances and Individual Cash Flow.

Basis for Audit Opinions

Auditors shall perform their work in accordance with the rules that govern 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 sections in this review report. Auditors are also obliged to act in accordance with the auditor independence regulations and the associated principles of their affiliated CPA firm and maintain their attribute of independence from Gemtek Technology Co., Ltd. It is believed that sufficient and appropriate verification evidence has been obtained 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 integrity of the 2017 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 2017 Individual Financial Statements of Gemtek Technology Co., Ltd. as follows:

Revenue Recognition

The main operating income of Gemtek Technology Co., Ltd. comes from 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. 18 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's 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 documented correctly.

Additional Matters

In regard to the Company's Individual Financial Statement, the inclusion of the 2017 Financial Statement of the investee company Trackio International AG, which adopts the equity method, and the 2016 & 2017 Financial Statements of partial investee companies BandRich Inc. and G3 Global Berhad (formerly Yen Global Berhad) were audited respectively by unaffiliated audit firms. Due to this background, the relevant information related to the above-mentioned financial statements are subject to the inspection and disclosure of the unaffiliated auditors.

The investment balances utilizing the equity method derived from company investments that haven't been verified by our auditors are NT\$356,473,000 and NT\$219,137,000 for 2016 and 2017 fiscal years, ending on December 31, respectively; thus, accounted for 2.47% and 1.73% of the Company's total assets. The composite income statement utilizing the equity method derived from affiliated companies that have not been verified by our auditors are (NT\$102,802,000) and (NT\$3,936,000) for 2016 and 2017 fiscal years respectively; thus, accounted for (10.40%) and (3.23%) of the total consolidated profit and loss of the Company.

Duties and Responsibilities of Management and Corporate Governance

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

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

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

Responsibilities of Auditors for the audit of Individual Financial Statements

The purpose of auditors inspecting the Individual Financial Statements is to obtain reasonable assurance as to whether the Individual Financial Statements are free of material misstatement, whether caused by error or fraud, and thereby deliver an audit report. Reasonable assurance is the level of confidence that the financial statements are not materially misstated that an auditor, exercising professional skill and care, is expected to attain from an audit. Individual amounts or aggregate figures that are falsely expressed may be reasonably anticipated and suspected to affect the business decisions made by users of the Individual Financial Statements, therefore manifesting the significance of reasonable assurance.

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. Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
2. Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
3. Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

4. Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
5. Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
6. Evaluating whether the Company's individual financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We are responsible for directing, supervising and performing the audit, and have ultimate responsibility for 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 2017 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 19, 2018

正文科技股份有限公司

個體資產負債表

民國 106 年及 105 年 12 月 31 日

單位：新台幣仟元

代 碼	資 產	106年12月31日		105年12月31日	
		金 額	%	金 額	%
	流動資產				
1100	現金及約當現金(附註四及六)	\$ 697,801	5	\$ 660,656	5
1110	透過損益按公允價值衡量之金融資產—流動(附註四及七)	113,859	1	60,447	-
1147	無活絡市場之債券投資—流動(附註四、十及二九)	708,000	5	319,500	3
1150	應收票據(附註四、五及十一)	61,127	-	7,647	-
1170	應收帳款淨額(附註四、五及十一)	3,591,154	25	3,408,272	27
1180	應收帳款—關係人(附註四及二八)	41,124	-	9,023	-
1200	其他應收款	11,176	-	17,321	-
1210	其他應收款—關係人(附註二八)	16,988	-	21,013	-
1220	本期所得稅資產(附註四、五及二二)	1,663	-	-	-
130X	存貨(附註四、五及十二)	98,697	1	115,423	1
1470	其他流動資產(附註十五)	93,453	1	96,246	1
11XX	流動資產總計	5,435,042	38	4,715,548	37
	非流動資產				
1523	備供出售金融資產—非流動(附註四及八)	114,595	1	66,409	1
1543	以成本衡量之金融資產—非流動(附註四及九)	117,865	1	42,167	-
1546	無活絡市場之債券投資—非流動(附註四、十及二九)	38,057	-	35,624	-
1550	採用權益法之投資(附註四及十三)	7,398,732	51	6,389,457	51
1600	不動產、廠房及設備(附註四、十四及二八)	1,181,550	8	1,357,283	11
1840	遞延所得稅資產(附註四、五及二二)	69,475	-	27,157	-
1990	其他非流動資產(附註四、五、十五及十九)	74,242	1	43,045	-
15XX	非流動資產總計	8,994,516	62	7,961,142	63
1XXX	資 產 總 計	\$ 14,429,558	100	\$ 12,676,690	100
	負債及權益				
	流動負債				
2100	短期借款(附註十六)	\$ 1,428,800	10	\$ -	-
2120	透過損益按公允價值衡量之金融負債—流動(附註四及七)	5,234	-	487	-
2150	應付票據	22,659	-	25,317	-
2170	應付帳款	102,417	1	53,868	1
2180	應付帳款—關係人(附註二八)	2,240,609	15	2,421,860	19
2219	其他應付款(附註十八及二八)	268,615	2	349,869	3
2230	本期所得稅負債(附註四、五及二二)	35,000	-	42,066	-
2321	一年或一營業週期內到期或執行賣回權公司債(附註十七)	525,675	4	-	-
2399	其他流動負債(附註十三及十八)	132,594	1	127,226	1
21XX	流動負債總計	4,761,603	33	3,020,693	24
	非流動負債				
2530	應付公司債(附註十七)	-	-	939,157	7
2570	遞延所得稅負債(附註四、五及二二)	174,946	1	178,804	2
2670	其他非流動負債(附註十三及十八)	1	-	14,009	-
25XX	非流動負債總計	174,947	1	1,131,970	9
2XXX	負債總計	4,936,550	34	4,152,663	33
	權益(附註四、十七、二十、二二、二四及二五)				
	股 本				
3110	普通股股本	3,207,203	22	3,027,018	24
3140	預收股本	65,901	1	11,192	-
3100	股本總計	3,273,104	23	3,038,210	24
3200	資本公積	4,507,982	31	4,312,177	34
	保留盈餘				
3310	法定盈餘公積	699,626	5	642,919	5
3320	特別盈餘公積	249,623	2	195,638	1
3350	未分配盈餘	319,980	2	584,706	5
3300	保留盈餘總計	1,269,229	9	1,423,263	11
3490	其他權益	442,693	3	(249,623)	(2)
3XXX	權益總計	9,493,008	66	8,524,027	67
	負 債 與 權 益 總 計	\$ 14,429,558	100	\$ 12,676,690	100

後附之附註係本個體財務報告之一部分。
(請參閱勤業眾信聯合會計師事務所民國 107 年 3 月 19 日查核報告)

董事長：陳鴻文

經理人：蘇暉皓

會計主管：林志鴻

正文科技股份有限公司

個體綜合損益表

民國 106 年及 105 年 1 月 1 日至 12 月 31 日

單位：新台幣仟元，惟
每股盈餘為元

代 碼		106年度		105年度	
		金 額	%	金 額	%
4000	營業收入（附註四及二八）	\$ 12,467,384	100	\$ 13,311,451	100
5000	營業成本（附註十二、十九、 二一及二八）	(11,292,352)	(91)	(11,445,719)	(86)
5900	營業毛利	<u>1,175,032</u>	<u>9</u>	<u>1,865,732</u>	<u>14</u>
	營業費用（附註十九及二一）				
6100	推銷費用	(280,857)	(2)	(347,355)	(2)
6200	管理費用	(209,896)	(2)	(242,312)	(2)
6300	研究發展費用	(814,293)	(6)	(933,082)	(7)
6000	營業費用合計	(<u>1,305,046</u>)	(<u>10</u>)	(<u>1,522,749</u>)	(<u>11</u>)
6900	營業（淨損）淨利	(<u>130,014</u>)	(<u>1</u>)	<u>342,983</u>	<u>3</u>
	營業外收入及支出				
7010	其他收入（附註二一及 二八）	62,073	1	59,456	-
7020	其他利益及損失（附註 二一及二八）	103,747	1	5,349	-
7050	財務成本	(30,751)	-	(35,328)	-
7070	採用權益法認列之子公 司及關聯企業損益份 額（附註四及十三）	<u>277,602</u>	<u>2</u>	<u>282,085</u>	<u>2</u>
7000	營業外收入及支出 合計	<u>412,671</u>	<u>4</u>	<u>311,562</u>	<u>2</u>
7900	稅前淨利	282,657	3	654,545	5
7950	所得稅利益（費用）（附註 四、五及二二）	<u>29,284</u>	<u>-</u>	(<u>87,473</u>)	(<u>1</u>)
8200	本年度淨利	<u>311,941</u>	<u>3</u>	<u>567,072</u>	<u>4</u>

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代 碼		106年度		105年度	
		金 額	%	金 額	%
	其他綜合損益				
8310	不重分類至損益之項目				
8311	確定福利計畫之再 衡量數(附註十 九)	(\$ 5,176)	-	(\$ 474)	-
8360	後續可能重分類至損益 之項目(附註二十)				
8361	國外營運機構財務 報表換算之兌換 差額	(173,441)	(1)	(362,007)	(3)
8362	備供出售金融資產 未實現利益	48,186	-	325	-
8370	採用權益法認列之 子公司、關聯企 業及合資之其他 綜合損益份額	<u>806,572</u>	<u>6</u>	<u>(82,877)</u>	<u>-</u>
8300	本年度其他綜合損 益淨額合計	<u>676,141</u>	<u>5</u>	<u>(445,033)</u>	<u>(3)</u>
8500	本年度綜合損益總額	<u>\$ 988,082</u>	<u>8</u>	<u>\$ 122,039</u>	<u>1</u>
	每股盈餘(附註二三)				
9750	基 本	<u>\$ 1.01</u>		<u>\$ 1.89</u>	
9850	稀 釋	<u>\$ 0.95</u>		<u>\$ 1.54</u>	

後附之附註係本個體財務報告之一部分。

(請參閱勤業眾信聯合會計師事務所民國 107 年 3 月 19 日查核報告)

董事長：陳鴻文

經理人：蘇暉皓

會計主管：林志鴻

正文科技股份有限公司
個體權益變動表
民國 106 年及 105 年 1 月 1 日至 12 月 31 日

單位：新台幣仟元

代 碼		股 本 (附 註 二 十)			資 本 公 積 (附 註 四 、 十 七 及 二 十)			其 他 權 益 (附 註 四 、 二 十 、 二 四 及 二 五)					權 益 總 額
		股 數 (仟 股)	金 額	預 收 股 本	法 定 盈 餘 公 積	特 別 盈 餘 公 積	未 分 配 盈 餘	國 外 營 運 機 構 財 務 報 表 換 算 之 兌 換 差 額	備 供 出 售 金 融 商 品 未 實 現 損 益	員 工 未 賺 得 酬 勞	合 計		
A1	105 年 1 月 1 日 餘 額	302,920	\$ 3,029,201	\$ -	\$ 4,263,143	\$ 622,252	\$ 195,638	\$ 220,477	\$ 265,846	(\$ 59,911)	(\$ 43,546)	\$ 162,389	\$ 8,493,100
B1	104 年 度 盈 餘 指 撥 及 分 配 法 定 盈 餘 公 積	-	-	-	-	20,667	-	(20,667)	-	-	-	-	-
B5	本 公 司 股 東 現 金 股 利 小 計	-	-	-	-	-	-	(181,705)	-	-	-	-	(181,705)
		-	-	-	-	20,667	-	(202,372)	-	-	-	-	(181,705)
D1	105 年 度 淨 利	-	-	-	-	-	-	567,072	-	-	-	-	567,072
D3	105 年 度 稅 後 其 他 綜 合 損 益	-	-	-	-	-	-	(474)	(359,905)	(84,654)	-	(444,559)	(445,033)
D5	105 年 度 綜 合 損 益 總 額	-	-	-	-	-	-	566,598	(359,905)	(84,654)	-	(444,559)	122,039
C5	其 他 資 本 公 積 變 動： 本 公 司 發 行 可 轉 換 公 司 債 認 列 權 益 組 成 部 分	-	-	-	43,080	-	-	-	-	-	-	-	43,080
I1	公 司 債 轉 換 為 普 通 股	-	-	11,192	9,610	-	-	-	-	-	-	-	20,802
N1	限 制 員 工 權 利 新 股 註 銷	(218)	(2,183)	-	(3,656)	-	-	-	-	-	5,839	5,839	-
E1	限 制 員 工 權 利 新 股 酬 勞 成 本	-	-	-	-	-	-	-	-	-	26,708	26,708	26,708
T1	限 制 員 工 權 利 新 股 股 利 退 回	-	-	-	-	-	-	3	-	-	-	-	3
Z1	105 年 12 月 31 日 餘 額	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
B1	105 年 度 盈 餘 指 撥 及 分 配 法 定 盈 餘 公 積	-	-	-	-	56,707	-	(56,707)	-	-	-	-	-
B3	提 列 特 別 盈 餘 公 積	-	-	-	-	-	53,985	(53,985)	-	-	-	-	-
B5	本 公 司 股 東 現 金 股 利 小 計	-	-	-	-	-	-	(460,799)	-	-	-	-	(460,799)
		-	-	-	-	56,707	53,985	(571,491)	-	-	-	-	(460,799)
D1	106 年 度 淨 利	-	-	-	-	-	-	311,941	-	-	-	-	311,941
D3	106 年 度 稅 後 其 他 綜 合 損 益	-	-	-	-	-	-	(5,176)	(177,979)	859,296	-	681,317	676,141
D5	106 年 度 綜 合 損 益 總 額	-	-	-	-	-	-	306,765	(177,979)	859,296	-	681,317	988,082
C7	其 他 資 本 公 積 變 動： 採 用 權 益 法 認 列 之 關 聯 企 業 之 資 本 公 積 變 動 數	-	-	-	(1,639)	-	-	-	-	-	-	-	(1,639)
I1	公 司 債 轉 換 為 普 通 股	18,073	180,732	54,709	193,547	-	-	-	-	-	-	-	428,988
N1	限 制 員 工 權 利 新 股 註 銷	(55)	(547)	-	(918)	-	-	-	-	-	1,465	1,465	-
E1	限 制 員 工 權 利 新 股 酬 勞 成 本	-	-	-	4,815	-	-	-	-	-	9,534	9,534	14,349
Z1	106 年 12 月 31 日 餘 額	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

後附之附註係本個體財務報告之一部分。

(請參閱勤業眾信聯合會計師事務所民國 107 年 3 月 19 日查核報告)

董事長：陳鴻文

經理人：蘇暉皓

會計主管：林志鴻

正文科技股份有限公司

個體現金流量表

民國 106 年及 105 年 1 月 1 日至 12 月 31 日

單位：新台幣仟元

代 碼		106年度	105年度
	營業活動之現金流量		
A00010	稅前淨利	\$ 282,657	\$ 654,545
A20010	收益費損項目：		
A20100	折舊費用	77,593	90,213
A20200	攤銷費用	33,595	30,265
A20300	呆帳（迴轉利益）費用	(30,283)	19,436
A20400	透過損益按公允價值衡量金融 資產及負債之淨利益	(35,045)	(55,108)
A20900	財務成本	30,751	35,328
A21200	利息收入	(10,979)	(6,635)
A21300	股利收入	(9,292)	(7,675)
A21900	股份基礎給付酬勞成本	14,349	26,708
A22400	採用權益法認列之子公司及關 聯企業利益之份額	(277,602)	(282,085)
A22500	處分及報廢不動產、廠房及設備 （利益）損失	(126,180)	754
A23200	處分採用權益法之投資利益	(19,489)	-
A23800	存貨跌價及呆滯回升利益	(55,201)	(8,455)
A24100	未實現外幣兌換損失（利益）	10,722	(23,724)
A29900	專門技術服務收入	(30,370)	-
A30000	營業資產及負債之淨變動數		
A31110	持有供交易之金融資產	(14,332)	25,425
A31130	應收票據	(53,831)	(1,554)
A31150	應收帳款	(196,423)	(142,500)
A31160	應收帳款－關係人	(32,830)	906,094
A31180	其他應收款	10,206	(22,925)
A31200	存 貨	71,927	15,808
A31240	其他流動資產	2,021	(3,637)
A31990	預付退休金	(2,524)	(2,764)
A32130	應付票據	(2,658)	229
A32150	應付帳款	49,857	(121,004)
A32160	應付帳款－關係人	(154,225)	823,404
A32180	其他應付款	(81,558)	98,288
A32230	其他流動負債	<u>13,353</u>	<u>(24,580)</u>
A33000	營運產生之現金	(535,791)	2,023,851
A33100	收取之利息	10,943	6,844
A33200	收取之股利	9,292	7,675

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代 碼		106年度	105年度
A33300	支付之利息	(\$ 13,966)	(\$ 2,793)
A33500	支付之所得稅	(25,621)	(35,947)
AAAA	營業活動之淨現金(流出)流入	(555,143)	1,999,630
	投資活動之現金流量		
B00300	取得備供出售金融資產	-	(1,075)
B00600	取得無活絡市場之債務工具投資	(393,836)	(319,865)
B01200	取得以成本衡量之金融資產	(75,698)	-
B01800	取得採用權益法之投資	(98,724)	(169,457)
B02000	預付長期投資款增加	(15,103)	-
B02300	處分採用權益法之投資	4,596	-
B02700	購置不動產、廠房及設備	(36,012)	(24,014)
B02800	處分不動產、廠房及設備價款	260,332	402
B03700	存出保證金增加	(800)	(119)
B06700	其他非流動資產增加	(51,541)	(23,273)
B07600	收取關聯企業股利	29,797	28,080
BBBB	投資活動之淨現金流出	(376,989)	(509,321)
	籌資活動之現金流量		
C00100	短期借款增加(減少)	1,430,075	(1,017,575)
C01200	發行公司債	-	994,920
C01300	贖回公司債	-	(1,841,000)
C04300	其他非流動負債增加	1	-
C04500	發放現金股利	(460,799)	(181,705)
C04800	限制員工權利新股股利退回	-	3
CCCC	籌資活動之淨現金流入(流出)	969,277	(2,045,357)
EEEE	現金及約當現金淨增加(減少)	37,145	(555,048)
E00100	期初現金及約當現金餘額	660,656	1,215,704
E00200	期末現金及約當現金餘額	\$ 697,801	\$ 660,656

後附之附註係本個體財務報告之一部分。

(請參閱勤業眾信聯合會計師事務所民國 107 年 3 月 19 日查核報告)

董事長：陳鴻文

經理人：蘇暉皓

會計主管：林志鴻

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 2016 and 2017, 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 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 2016 and 2017, months ranging from January 1 to December 31, based on the details provided for Consolidated Financial Performances and Consolidated Cash Flow.

Basis for Audit Opinions

Auditors shall perform their work in accordance with the rules that govern financial statements audit and the generally accepted auditing standards. The responsibilities of the auditors when auditing consolidated financial statements under these practices will be further explained in one of the sections in this review report. Auditors are also obliged to act in accordance with the auditor independence regulations and the associated principles of their affiliated CPA firm and maintain their attribute of independence from Gemtek Technology Co., Ltd. and its subsidiaries. It is believed that sufficient and appropriate verification evidence has been obtained in advance as the basis for auditors to address their audit opinions.

Critical Audit Matters

The Critical Audit Matters refer to the critical findings being assessed by the professional judgement of the auditors to determine the integrity of the 2017 Consolidated Financial Statements provided by Gemtek Technology Co., Ltd. and its subsidiaries. The disclosure of specified matters have been duly communicated and documented during the articulation of audit opinions. Auditors are not subject to express their individual opinions on the specified matters.

We hereby summarize the Critical Audit Matters of the 2017 Consolidated Financial Statements of Gemtek Technology Co., Ltd. and its subsidiaries as follows:

Revenue Recognition

The main operating income of Gemtek Technology Co., Ltd. and its subsidiaries comes from 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. 18 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 Consolidated 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 their 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 documented correctly.

Inventory Valuation

The main products of Gemtek Technology Co., Ltd. and its subsidiaries include electronic components, computer software, hardware, and peripheral equipment. One of the duties of the management team is to forecast possible inventory price loss based on the current market conditions and historical sale figures of various products. For information related to inventory valuation, please refer to Attachment IV, V and XIII of the Consolidated Financial Statements. The assessment of allowance to reduce inventory is significantly vital in terms of management and accounting estimates and judgement, therefore, the assessment of allowance to reduce inventory is deemed as one of the Critical Audit Matters.

In view of this defined matter, auditors shall be presented with the comparative information pertaining to inventory cost and net realizable value, and compare the numbers against the estimated selling price data and the latest sales record to justify the consistency and rationality of inventories. The auditor should also perform inventory mapping by acquiring an Inventory Age Analysis Report to evaluate the accuracy of inventory classification and the overall level of allowance to reduce inventory.

Additional Matters

In regard to the Company's Consolidated Financial Statements the inclusion of the 2017 Financial Report of the investee company Trackio International AG, which adopts the equity method, and the 2016 & 2017 Financial Reports of partial investee companies BandRich Inc. and G3 Global Berhad (formerly Yen Global Berhad) were audited respectively by unaffiliated audit firms. Due to this background, the relevant information related to the above-mentioned financial statements are subject to the inspection and disclosure of unaffiliated auditors.

The investment balances utilizing the equity method derived from company investments that haven't been verified by our auditors are NT\$356,473,000 and NT\$219,137,000 for 2016 and 2017 fiscal years, ending on December 31, respectively; thus, accounted for 2.37% and 1.59% of the total assets of the Company and its subsidiaries. The composite income statement utilizing the equity method derived from affiliated companies that have not been verified by our auditors are (NT\$102,802,000) and (NT\$3,936,000) for 2016 and 2017 fiscal years respectively; thus, accounted for (10.40%) and (3.23%) of the total consolidated profit and loss of the Company and its subsidiaries.

Having inspected the Individual Financial Statements of Gemtek Technology Co., Ltd. for years 2016 and 2017, our auditors hereby present the Audit Review Report, which includes Additional Matters, with no withheld opinions for further reference.

Duties and Responsibilities of Management and Corporate Governance

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

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

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

Responsibilities of Auditors for the audit of Consolidated Financial Statements

The purpose of auditors inspecting the Consolidated Financial Statements is to obtain reasonable assurance as to whether the Consolidated Financial Statements are free of material misstatement, whether caused by error or fraud, and thereby deliver an audit report. Reasonable assurance is the level of confidence that the financial statements are not materially misstated that an auditor, exercising professional skill and care, is expected to attain from an audit. Individual amounts or aggregate figures that are falsely expressed may be reasonably anticipated and suspected to affect the business decisions made by users of the Consolidated Financial Statements, therefore manifesting the significance of reasonable assurance.

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. Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
2. Obtaining an understanding of internal control relevant to the audit in order to design audit

procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries;

3. Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
4. Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern;
5. Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
6. Evaluating whether the consolidated financial statements of the Company and its subsidiaries represent the underlying transactions and events in a manner that achieves fair presentation. We are responsible for directing, supervising and performing the audit, and have ultimate responsibility for 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 2017 Consolidated Financial Statements of the Company and its subsidiaries. The auditors shall state the matters of emphasis in the audit report, unless the law does not allow the disclosure of specific issues, or in rare cases, the auditor decides not to communicate certain issues in the audit report due to concerns of negative impacts overriding public interests.

Deloitte & Touche Taiwan
Certified Public Accountant
Ching-zen Yang

Deloitte & Touche Taiwan
Certified Public Accountant
Zhe-li Gung

Securities and Futures Commission
Approved Document Number:
6-0920123784

Financial Supervisory Commission
Approved Document Number:
1000028068

Date: March 19, 2018

正文科技股份有限公司及子公司

合併資產負債表

民國 106 年及 105 年 12 月 31 日

單位：新台幣仟元

代 碼	資 產	106年12月31日		105年12月31日	
		金 額	%	金 額	%
	流動資產				
1100	現金及約當現金(附註四及六)	\$ 1,505,396	10	\$ 1,481,213	11
1110	透過損益按公允價值衡量之金融資產—流動(附註四及七)	633,595	4	468,951	3
1147	無活絡市場之債務工具投資—流動(附註四、十一及三二)	957,539	7	1,081,825	8
1150	應收票據淨額(附註四、五及十二)	61,127	1	7,647	-
1170	應收帳款淨額(附註四、五及十二)	3,771,177	25	3,606,156	26
1180	應收帳款—關係人(附註四及三一)	52,167	-	33,752	-
1200	其他應收款(附註三一)	21,882	-	67,927	1
1220	本期所得稅資產(附註四、五及二五)	1,663	-	2,788	-
130X	存貨(附註四、五及十三)	1,705,225	11	1,361,678	10
1412	預付租賃款(附註四及十七)	1,420	-	1,449	-
1470	其他流動資產(附註四及十八)	144,204	1	147,278	1
11XX	流動資產總計	<u>8,855,395</u>	<u>59</u>	<u>8,260,664</u>	<u>60</u>
	非流動資產				
1523	備供出售金融資產—非流動(附註四及八)	1,674,094	11	433,043	3
1527	持有至到期日金融資產—非流動(附註四及九)	142,971	1	257,046	2
1543	以成本衡量之金融資產—非流動(附註四及十)	308,389	2	249,213	2
1546	無活絡市場之債務工具投資—非流動(附註四、十一及三二)	127,337	1	454,874	3
1550	採用權益法之投資(附註四及十五)	895,918	6	729,367	5
1600	不動產、廠房及設備(附註四、十六及三一)	2,780,898	18	3,105,014	23
1840	遞延所得稅資產(附註四、五及二五)	95,934	1	67,988	1
1985	長期預付租賃款(附註四及十七)	55,451	-	58,051	-
1990	其他非流動資產(附註五、十八、二二及三二)	124,287	1	162,102	1
15XX	非流動資產總計	<u>6,205,279</u>	<u>41</u>	<u>5,516,698</u>	<u>40</u>
1XXX	資 產 總 計	<u>\$ 15,060,674</u>	<u>100</u>	<u>\$ 13,777,362</u>	<u>100</u>
	負債及權益				
	流動負債				
2100	短期借款(附註十九)	\$ 1,428,800	10	\$ 477,300	4
2120	透過損益按公允價值衡量之金融負債—流動(附註四及七)	5,234	-	487	-
2150	應付票據	22,659	-	25,317	-
2170	應付帳款	2,779,677	18	2,838,518	21
2180	應付帳款—關係人(附註三一)	14,485	-	36,216	-
2219	其他應付款(附註二一)	431,415	3	533,192	4
2230	本期所得稅負債(附註四、五及二五)	40,426	-	47,573	-
2321	一年或一營業週期內到期或執行賣回權公司債(附註二十)	525,675	4	-	-
2399	其他流動負債(附註二一)	136,196	1	154,010	1
21XX	流動負債總計	<u>5,384,567</u>	<u>36</u>	<u>4,112,613</u>	<u>30</u>
	非流動負債				
2530	應付公司債(附註二十)	-	-	939,157	7
2570	遞延所得稅負債(附註四、五及二五)	182,597	1	187,068	1
2670	其他非流動負債(附註四及二一)	502	-	14,497	-
25XX	非流動負債總計	<u>183,099</u>	<u>1</u>	<u>1,140,722</u>	<u>8</u>
2XXX	負債總計	<u>5,567,666</u>	<u>37</u>	<u>5,253,335</u>	<u>38</u>
	權益(附註四、二十、二三、二五、二七及二八)				
	股本				
3110	普通股股本	3,207,203	21	3,027,018	22
3140	預收股本	65,901	1	11,192	-
3100	股本總計	<u>3,273,104</u>	<u>22</u>	<u>3,038,210</u>	<u>22</u>
3200	資本公積	4,507,982	30	4,312,177	31
	保留盈餘				
3310	法定盈餘公積	699,626	4	642,919	5
3320	特別盈餘公積	249,623	2	195,638	2
3350	未分配盈餘	319,980	2	584,706	4
3300	保留盈餘總計	<u>1,269,229</u>	<u>8</u>	<u>1,423,263</u>	<u>11</u>
3490	其他權益	442,693	3	(249,623)	(2)
3XXX	權益總計	<u>9,493,008</u>	<u>63</u>	<u>8,524,027</u>	<u>62</u>
	負債與權益總計	<u>\$ 15,060,674</u>	<u>100</u>	<u>\$ 13,777,362</u>	<u>100</u>

後附之附註係本合併財務報告之一部分。

(請參閱勤業眾信聯合會計師事務所民國 107 年 3 月 19 日查核報告)

董事長：陳鴻文

經理人：蘇暉皓

會計主管：林志鴻

正文科技股份有限公司及子公司

合併綜合損益表

民國 106 年及 105 年 1 月 1 日至 12 月 31 日

單位：新台幣仟元，惟
每股盈餘為元

代 碼		106年度		105年度	
		金 額	%	金 額	%
4000	營業收入（附註四及三一）	\$ 13,580,607	100	\$ 14,511,254	100
5000	營業成本（附註十三、二二、 二四及三一）	(11,877,740)	(88)	(12,225,981)	(84)
5900	營業毛利	<u>1,702,867</u>	<u>12</u>	<u>2,285,273</u>	<u>16</u>
	營業費用（附註二二及二四）				
6100	推銷費用	(336,127)	(3)	(403,604)	(3)
6200	管理費用	(419,649)	(3)	(456,139)	(3)
6300	研究發展費用	(988,776)	(7)	(1,086,334)	(8)
6000	營業費用合計	(1,744,552)	(13)	(1,946,077)	(14)
6900	營業淨利	(41,685)	(1)	<u>339,196</u>	<u>2</u>
	營業外收入及支出				
7010	其他收入（附註二四及 三一）	146,165	1	157,007	1
7020	其他利益及損失（附註 二四及三一）	335,789	3	203,292	2
7050	財務成本	(32,616)	-	(42,402)	-
7060	採用權益法認列之關聯 企業損益之份額（附 註四及十五）	(80,581)	(1)	<u>23,457</u>	<u>-</u>
7000	營業外收入及支出 合計	<u>368,757</u>	<u>3</u>	<u>341,354</u>	<u>3</u>
7900	稅前淨利	327,072	2	680,550	5
7950	所得稅費用（附註四、五及 二五）	(15,131)	-	(113,478)	(1)
8200	本年度淨利	<u>311,941</u>	<u>2</u>	<u>567,072</u>	<u>4</u>

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代 碼		106年度		105年度	
		金 額	%	金 額	%
	其他綜合損益				
8310	不重分類至損益之項目				
8311	確定福利計畫之再 衡量數(附註二 二)	(\$ 5,176)	-	(\$ 474)	-
8360	後續可能重分類至損益 之項目(附註二三)				
8361	國外營運機構財務 報表換算之兌換 差額	(173,441)	(1)	(362,007)	(2)
8362	備供出售金融資產 未實現評價損益	48,186	-	325	-
8370	採用權益法認列之 子公司及關聯企 業之其他綜合損 益之份額	<u>806,572</u>	<u>6</u>	<u>(82,877)</u>	<u>(1)</u>
8300	其他綜合損益(淨 額)合計	<u>676,141</u>	<u>5</u>	<u>(445,033)</u>	<u>(3)</u>
8500	本年度綜合損益總額	<u>\$ 988,082</u>	<u>7</u>	<u>\$ 122,039</u>	<u>1</u>
	每股盈餘(附註二六)				
9750	基 本	<u>\$ 1.01</u>		<u>\$ 1.89</u>	
9850	稀 釋	<u>\$ 0.95</u>		<u>\$ 1.54</u>	

後附之附註係本合併財務報告之一部分。

(請參閱勤業眾信聯合會計師事務所民國 107 年 3 月 19 日查核報告)

董事長：陳鴻文

經理人：蘇暉皓

會計主管：林志鴻

正文科技股份有限公司及子公司
合併權益變動表
民國 106 年及 105 年 1 月 1 日至 12 月 31 日

單位：新台幣仟元

代碼		股本 (附註二、三)			資本公積 (附註四、二十及二三)			其他權益 (附註四、二三、二七及二八)					權益總額
		股數 (仟股)	金額	預收股本	保留盈餘 (附註二二、二三及二五)	法定盈餘公積	特別盈餘公積	未分配盈餘	國外營運機構財務報表換算之兌換差額	備供出售金融商品未實現損益	員工未賺得酬勞	合計	
A1	105 年 1 月 1 日餘額	302,920	\$ 3,029,201	\$ -	\$ 4,263,143	\$ 622,252	\$ 195,638	\$ 220,477	\$ 265,846	(\$ 59,911)	(\$ 43,546)	\$ 162,389	\$ 8,493,100
B1	104 年度盈餘指撥及分配 法定盈餘公積	-	-	-	-	20,667	-	(20,667)	-	-	-	-	-
B5	本公司股東現金股利 小計	-	-	-	-	-	-	(181,705)	-	-	-	-	(181,705)
		-	-	-	-	20,667	-	(202,372)	-	-	-	-	(181,705)
D1	105 年度淨利	-	-	-	-	-	-	567,072	-	-	-	-	567,072
D3	105 年度稅後其他綜合損益	-	-	-	-	-	-	(474)	(359,905)	(84,654)	-	(444,559)	(445,033)
D5	105 年度綜合損益總額	-	-	-	-	-	-	566,598	(359,905)	(84,654)	-	(444,559)	122,039
C5	其他資本公積變動： 本公司發行可轉換公司債認列權益組成部分	-	-	-	43,080	-	-	-	-	-	-	-	43,080
I1	公司債轉換為普通股	-	-	11,192	9,610	-	-	-	-	-	-	-	20,802
N1	限制員工權利新股註銷	(218)	(2,183)	-	(3,656)	-	-	-	-	-	5,839	5,839	-
E1	限制員工權利新股酬勞成本	-	-	-	-	-	-	-	-	-	26,708	26,708	26,708
T1	限制員工權利新股股利退回	-	-	-	-	-	-	3	-	-	-	-	3
Z1	105 年 12 月 31 日餘額	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
B1	105 年度盈餘指撥及分配 法定盈餘公積	-	-	-	-	56,707	-	(56,707)	-	-	-	-	-
B3	提列特別盈餘公積	-	-	-	-	-	53,985	(53,985)	-	-	-	-	-
B5	本公司股東現金股利	-	-	-	-	-	-	(460,799)	-	-	-	-	(460,799)
		-	-	-	-	56,707	53,985	(571,491)	-	-	-	-	(460,799)
D1	106 年度淨利	-	-	-	-	-	-	311,941	-	-	-	-	311,941
D3	106 年度稅後其他綜合損益	-	-	-	-	-	-	(5,176)	(177,979)	859,296	-	681,317	676,141
D5	106 年度綜合損益總額	-	-	-	-	-	-	306,765	(177,979)	859,296	-	681,317	988,082
C7	其他資本公積變動： 採用權益法認列之關聯企業之資本公積變動數	-	-	-	(1,639)	-	-	-	-	-	-	-	(1,639)
I1	公司債轉換為普通股	18,073	180,732	54,709	193,547	-	-	-	-	-	-	-	428,988
N1	限制員工權利新股註銷	(55)	(547)	-	(918)	-	-	-	-	-	1,465	1,465	-
E1	限制員工權利新股酬勞成本	-	-	-	4,815	-	-	-	-	-	9,534	9,534	14,349
Z1	106 年 12 月 31 日餘額	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

後附之附註係本合併財務報告之一部分。
(請參閱勤業眾信聯合會計師事務所民國 107 年 3 月 19 日查核報告)

董事長：陳鴻文

經理人：蘇暉皓

會計主管：林志鴻

正文科技股份有限公司及子公司

合併現金流量表

民國 106 年及 105 年 1 月 1 日至 12 月 31 日

單位：新台幣仟元

代 碼		106年度	105年度
	營業活動之現金流量		
A00010	稅前淨利	\$ 327,072	\$ 680,550
A20010	收益費損項目：		
A20100	折舊費用	278,541	323,585
A20200	攤銷費用	37,590	55,079
A20300	呆帳（迴轉利益）費用	(29,146)	20,423
A20400	透過損益按公允價值衡量金融 資產及負債之淨利益	(327,438)	(151,942)
A20900	財務成本	32,616	42,402
A21900	股份基礎給付酬勞成本	14,349	26,708
A23100	處分投資利益	(19,611)	(115,743)
A21200	利息收入	(43,238)	(48,279)
A21300	股利收入	(36,320)	(25,319)
A22300	採用權益法認列之關聯企業損 失（利益）之份額	80,581	(23,457)
A22500	處分及報廢不動產、廠房及設 備（利益）損失	(125,105)	21,393
A22800	專門技術服務收入	(30,370)	-
A23500	以成本衡量之金融資產減損損 失	30,267	-
A23800	存貨跌價及呆滯（回升利益） 損失	(132,373)	208
A24100	未實現外幣兌換損失（利益）	37,675	(2,909)
A29900	預付租賃款攤銷	1,404	1,514
A30000	營業資產及負債之淨變動數		
A31110	持有供交易之金融資產	169,155	452,747
A31130	應收票據	(53,831)	(1,554)
A31150	應收帳款	(186,002)	(122,216)
A31160	應收帳款－關係人	(22,363)	432,137
A31180	其他應收款	39,956	(17,187)
A31200	存 貨	(227,574)	(330,205)

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代 碼		106年度	105年度
A31240	其他流動資產	2,156	(16,256)
A31990	預付退休金	(2,524)	(2,764)
A32130	應付票據	(2,658)	229
A32150	應付帳款	\$ 10,594	\$ 651,939
A32160	應付帳款－關係人	(21,406)	(32,829)
A32180	其他應付款項	(101,722)	142,097
A32230	其他流動負債	(<u>17,967</u>)	(<u>8,868</u>)
A33000	營運產生之現金	(317,692)	1,951,483
A33100	收取之利息	49,327	31,579
A33200	收取之股利	36,320	25,319
A33300	支付之利息	(15,775)	(43,153)
A33500	支付之所得稅	(<u>53,570</u>)	(<u>76,892</u>)
AAAA	營業活動之淨現金流(出)入	(<u>301,390</u>)	<u>1,888,336</u>

投資活動之現金流量

B00900	取得持有至到期日金融資產	-	(157,598)
B01000	出售持有至到期日投資價款	91,296	-
B01300	處分以成本衡量之金融資產	4,972	-
B01200	取得以成本衡量之金融資產	(99,784)	(92,190)
B00400	處分備供出售金融資產價款	-	173,167
B00300	取得備供出售金融資產	(414,510)	(2,125)
B01800	取得採用權益法之長期股權投資	(254,927)	(169,156)
B01900	處分採用權益法之長期股權投資	4,596	-
B02000	預付長期投資款增加	(29,983)	(96,750)
B00600	無活絡市場之債券投資減少(增加)	451,823	(381,159)
B02700	購置不動產、廠房及設備	(140,735)	(144,736)
B02800	處分不動產、廠房及設備	274,808	49,627
B03700	存出保證金增加	(937)	4,216
B06700	其他非流動資產增加	28,949	(26,246)
B07600	收取關聯企業股利	<u>30,599</u>	<u>30,599</u>
BBBB	投資活動之淨現金流出	(<u>53,833</u>)	(<u>812,351</u>)

籌資活動之現金流量

C00100	短期借款增加(減少)	966,251	(1,315,464)
C01200	發行公司債	-	994,920
C01300	償還公司債	-	(1,841,000)

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代 碼		106年度	105年度
C04500	發放現金股利	(460,799)	(181,705)
C04800	限制員工權利新股股利退回	-	3
C04100	其他非流動負債增加	<u>15</u>	<u>15</u>
CCCC	籌資活動之淨現金流入(出)	<u>505,467</u>	(<u>2,343,231</u>)
DDDD	匯率變動對現金及約當現金之影響	(<u>126,061</u>)	(<u>350,764</u>)
EEEE	現金及約當現金淨增加(減少)數	\$ 24,183	(\$ 1,618,010)
E00100	期初現金及約當現金餘額	<u>1,481,213</u>	<u>3,099,223</u>
E00200	期末現金及約當現金餘額	<u>\$ 1,505,396</u>	<u>\$ 1,481,213</u>

後附之附註係本合併財務報告之一部分。

(請參閱勤業眾信聯合會計師事務所民國 107 年 3 月 19 日查核報告)

董事長：陳鴻文

經理人：蘇暉皓

會計主管：林志鴻

Gemtek Technology Co., Ltd.

2017 Profit Distribution Table

Unit: NT\$

Item	Amount
2016 Retained Earnings	13,160,443
Less: Actuarial gains and losses included in retained earnings	(5,176,134)
2017 Net Profit After Tax	311,941,024
Less: Appropriated Legal Reserves	(31,194,102)
Reverse Special Reserves Appropriated by order of the law	360,085
Reverse Appropriated Special Reserves	53,985,250
Profit available for distribution for the current period	343,076,566
Shareholder Dividends (NT\$0.8 per share)	275,452,550
2017 Retained Earnings	67,624,016

Notes:

1. The shareholder's dividend ratio was calculated as of March 19, 2016. Company's outstanding common shares was 344,315,687 shares. The cash dividends distributed to shareholders is approximately NT\$0.8 per share. The fractional amount of less than NT\$1 shall be given to the employee welfare committee.
2. In the event that, before the distribution record date, the proposed number of outstanding shares is affected by buyback of shares or issuance of new shares for transferring treasury shares to employees or for equity conversion in connection with domestic or overseas convertible corporate bonds or other convertible securities or employee stock options, it is proposed that the Board of Directors be authorized to adjust the cash and stock to be distributed to each share based on the number of actual shares outstanding on the record date for distribution.

Chairman: Hong-wen Chen

General Manager: Hui-hao Su

Accounting Supervisor: Zhi-hong Lin

Report on Convertible Bonds

The offering and issuance of unsecured convertible bonds for the 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\$18.30 on the day of July 26, 2017.
- (4) As of April 30, 2018, the number of shares requested to be converted into ordinary shares by the bondholder per conversion procedure was 45,111,213 shares, the conversion amount was NT\$838,500,000.
- (5) As of April 30, 2018, the amount of convertible bonds remaining was NT\$161,500,000.

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 10, 2018 to April 20, 2018 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 2018 shareholders meeting.

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

Section I - General Provisions

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

Section II - Capital Stock

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

Section III - Shareholders' Meetings

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

outstanding shares are present.

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

Section IV – Directors 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 separately. The relevant regulations pertaining to the professional qualifications, restrictions on shareholding and concurrent positions held, nomination and election, and other compliance requirements of the independent directors as stipulated by the competent securities authority should be followed accordingly.
- 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 $\frac{1}{2}$ of the outstanding common shares. If the number of shares represented by the shareholders present at the Meeting has not yet constituted the quorum at the time scheduled for the Meeting, the Chairperson may postpone the Meeting. The postponements shall be limited to no more than two times and the aggregate time postponed shall not exceed one hour. If no quorum can yet be constituted after two postponements but the shareholders present at the Meeting represent more than $\frac{1}{3}$ of the total outstanding shares, tentative resolutions may be made in accordance with Company Act Article 175.

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

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

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

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

Gemtek Technology Co., Ltd.
Shareholdings of the Board of Directors
Book Closure Date: April 17, 2018

Position	Name	Shareholdings		Remark
		Number of Shares	Shareholding Ratio	
Chairperson of the Board	Hung-wen Chen	5,907,937	1.70 %	
Director	Bon-Mao Investment Co., Ltd. Representative: Yi-hsin Liu	2,440,000	0.70 %	
Director	Apex Action Investment Limited Representative: Chien-yang Li	1,000,000	0.29 %	
Director	Cheng-ren Yang	1,390,269	0.40 %	
Director	Fu-zan Tsai	1,584,732	0.46 %	
Director	Jong-hui Hsu	660,927	0.19 %	
Director	Yue-ji Chang	3,000,715	0.86 %	
Director	Yao-geng Zhao	-	-	Independent Director
Director	Zhu-san Wang	-	-	Independent Director
Total Shares Held by Directors		15,984,580	4.60 %	
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		17,498,615	5.03 %	

Note: As of April 17, 2018, the total number of issued shares is 347,758,276 common shares.
The total number of statutory shares held by all directors is 13,910,331 shares.
The total number of statutory shares held by all supervisors is 1,391,033 shares.