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超豐電子股份有限公司
GREATEK ELECTRONICS INC.

2021 ANNUAL REPORT



No. 136, Gongyi Rd., Zhunan Township, Miaoli County, Taiwan

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This Annual Report is available at :

Market Observation Post System (MOPS) : <https://mops.twse.com.tw>

Company website: <https://www.greatek.com.tw>

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Not Applicable.

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Letter to Shareholders

At the 2022 Annual Shareholders' Meeting

Dear Shareholders,

Benefiting from the rapid growth in advanced technologies in 5G communications, artificial intelligence (AI), the Internet of Things (IoT), advanced driver assistance systems (ADAS), and high performance computing (HPC), the semiconductor industry was able to continue its growth from the previous year in 2021. The global semiconductor industry market grew by approximately 25% in 2021; Greatek also performed quite well as our annual revenues and profits both reached record-breaking figures at NT\$19.46 billion and NT\$4.6 billion, respectively. Our revenue growth was approximately 32% YoY, while profits grew by 73% YoY.

Looking forward to 2022, we believe that the global supply chain disruptions and materials and labor shortage brought forth by the COVID pandemic are expected to continue. In order to respond to these challenges, Greatek will continue to promote automations, process improvements, new product research and development, and to enhance our production yield. The post-pandemic era also led to more advanced technological developments and an increased demand for consumer electronics. Therefore, the overall demand for semiconductor products in 2022 remains optimistic and the total production value may continue to reach new heights.

To maintain continuous growth, Greatek continues to invest to build new plants and to acquire new equipment. We are also actively recruiting and training new talents. To ensure sustainable business operations and to develop and integrate Group resources, management succession plan and personnel transfer have already commenced within the Group. First of all, I was promoted to serve as the Group CEO in 2020, and further assumed the role of Chairman after the re-elections of Greatek's Directors in 2021. The former Chairman Mr. D.K. Tsai is the Group Chairman while concurrently serving as a Greatek Director, where he will continue to facilitate Greatek's developments and to integrate the Group's resources. Going forward, I will continue to uphold Greatek's business philosophy of integrity and prudence and continue to lead business expansions as well as Greatek's leadership position within the industry whether in terms of manufacturing technologies, quality, cost, efficiency, or service.

Greatek entices potential customers from both at home and abroad by providing advanced, professional, and comprehensive packaging and testing services. We have been strategically and successfully expanding our international customers in recent years and achieved fairly good results as well as positive recognition from our customers, which allowed our revenues to grow rapidly. Thank you for your support and encouragement; Greatek and all our employees will continue to work closely as a team to promote innovation and to take our revenue and profits to new heights.

We wish

you good health and fortune.

Chairman: Boris Hsieh

Greatek Electronics Inc.

2021 Business Report

As the vaccine coverage rises, the effects of the COVID-19 pandemic on the economy has lessened and the global economy continued to recover. Nevertheless, factors including supply chain disruptions, raw material shortage, and a shortage of logistics and shipping have reduced the economic growth momentum, and the International Monetary Fund (IMF) has reduced the global economic growth rate to 5.9% in January 2022. Though the world economy continued to meet challenges from the pandemic, 2021 marked a bountiful year for the semiconductor industry. This was mostly attributable to the changes the pandemic has brought in the way people live, work and do business, including the accelerated digital transformation as well as the demand for 5G, AI, and automotive electronics, all of which presented enormous business opportunities for semiconductor, and as a result, the global semiconductor market experienced significant growth in 2021. According to a November 2021 estimate by the World Semiconductor Trade Statistics (WSTS), the scale of the global semiconductor market was valued at US\$553 billion in 2021, which showed an annual growth of 25.6%, marking the greatest growth rate record in the last decade. In particular, the growth rate of logic chips was 27.3%. In November 2021, the Industry, Science and Technology International Strategy Center (ISTI) of Industrial Technology Research Institute (ITRI) estimated that Taiwan's integrated circuit (IC) production value would reach NT\$4,056.6 billion in 2021, with an annual growth rate of 25.9%, while IC packaging and testing would grow 13.5%.

Greatek's 2021 operating revenue came to another incredible record-breaking height of NT\$19.46 billion and its annual revenue grew by 32% compared to 2020. This growth was mostly attributable to growth drivers found in power management IC (PMIC), microcontrollers (MCU), USB 4.0, 5G, WiFi 6, artificial intelligence (AI), the Internet of Things (IoT), high performance computing, and automotive electronics, which led operating margin to grow by 64.6% over the previous period. Below is a summary of Greatek's operating performance in 2021 and its Business Plan for 2022:

I. Implementation results of the 2021 Business Report:

The 2021 operating revenue was NT\$19.46 billion, representing a 32% over the NT\$14.7 billion in 2020. Gross margin was 32.2%, showing a 6.3% increase from the 25.9% in 2020. In terms of earnings, the net income after tax was NT\$4.603 billion, representing a 72.9% increase from the NT\$2.662 billion in 2020. The earnings per share (EPS) was NT\$8.09, which was a 72.9% increase from the NT\$4.68 in 2020.

II. Budget implementation:

Greatek did not disclose its financial forecast in 2021.

III. Financial Revenue and Profitability Analysis:

Greatek's operating principles include robust growth, proactive innovations, and prudent investments. The 2021 capital expenditures amounted to approximately NT\$5.39 billion, and most of which went toward increasing packaging, testing, and die processing service (DPS) capacity and improving production efficiency and costs. Though capital expenditure has increased, the Company's ending cash balance as of December 31, 2021 was NT\$4.0 billion due to continued profitability and adequate financial income and expenditure controls. The current

ratio was 210%, helping the Company to maintain sound and robust financial structure. Financial income and expenditure and profitability analysis are stated as follows:

1. Financial Income & Expenditure

Cash flows in 2021:

- (1) Net cash inflow from operating activities: NT\$7,414,609 thousand (mostly attributable to net profit and depreciation)
- (2) Net cash outflow from investing activities: NT\$(5,520,502 thousand), mostly attributable to acquisition of property, plant, and equipment.
- (3) Net cash outflow from financing activities: NT\$(1,764,523 thousand), mostly attributable to distribution of cash dividends.

2. Profitability Analysis

Item/Year	2021	2020
Return on asset (%)	19.16	12.97
Return on equity (%)	23.71	15.37
Net profit ratio (%)	23.65	18.11
Earnings per share (NT\$)	8.09	4.68

IV. Research & Developments

Greatek is committed to expanding the R&D department; on top of retaining industry-specific elites, we also continue to recruit talents to enhance R&D capacity, develop new products, and to improve production processes. Greatek's production skills and product developments are aligned with the demand in the electronic end product market and customer needs. In recent years, electronic products with characteristics of light-weighted, thin, short, small, high-efficiency, highly-integrated, safe, low-cost, and power-saving are much more preferred in the market. Therefore, in 2021, the Company was devoted to developing Fine Pitch Bonding, High Pin count BGA, Hybrid/High Thermal and RF Testing.

The R&D expense in 2021 was NT\$287 million, accounting for 1.5% of full year revenue.

V. Summary of the 2022 Business Plan

1. Operating Directions and Production and Marketing Policies

- (1) By upholding a customer and service-oriented approach, the Company will enhance its overall quality, technologies, and efficiency in order to provide professional services that satisfy its customers.
- (2) To actively expand product lines to satisfy market and customer needs in order to expand Greatek's market share.
- (3) To invest prudently and to fully utilize our facilities and equipment so as to realize the maximum benefits from our production capacity.
- (4) To actively research and develop new processes and new materials; to reduce costs; to achieve operating goals; and to generate profit.
- (5) Founded on integrity, Greatek will make lasting and stable profits for the Company and its customers and suppliers.
- (6) To establish a fair, reasonable and comprehensive system and to build an ideal work environment for the employees in order to build collective awareness, cohesion, and

teamwork.

- (7) The Company will strengthen professional training, encourage lifelong learning, and train talents to achieve sustainable management.
- (8) To upgrade both software and hardware and to build effective preventive systems and management mechanisms; to actively protect Greatek's information security; and to provide a safe operating and production environment.

2. Sales Volume Estimate

Based on the industry outlook, future market demand, and the Company's capacity, the estimated sales volume of the Company in 2022 is as follows:

Sales item	Estimated sales volume
Packaging	Approx. 11.3 billion units
W/T testing	Approx. 720,000 units
F/T testing	Approx. 7.4 billion units
WLP	Approx. 240,000 units
WLCSP	Approx. 800 million units

3. Future Growth Strategies

- (1) To actively seize and maintain existing long-term partnerships with customers to increase the share of their demand allocation.
- (2) To actively expand to front-line customers and to strategically expand to world-class customers to strengthen our customer mix and to accelerate revenue growth.
- (3) To stay on top of market trends, to remain aligned to customers' new product development, and to actively plan and build new product capacity.
- (4) Research and develop packaging and testing technologies and skills that cater to market demand to achieve both technical and cost competitiveness.
- (5) To actively introduce relevant certifications that are of international recognitions and standards, in line with applicable laws and regulations to unlock more opportunities for the business.
- (6) To increase equipment automation, increase productivity and product quality, thereby reducing costs and enhancing profitability.
- (7) To strengthen information management and enhance the operating efficiency and quality in production and sales in order to provide better customer service.

The World Economic Outlook report, published by the IMF in January 2022, indicated that though there was another outbreak of the pandemic, the global economy will continue to recover, and the 2022 global GDP is expected to reach 4.4%. In November 2021, the WSTS estimated that the total semiconductor production value is expected to continue its record-breaking trend and may exceed US\$600 billion in 2022. The annual growth rate is estimated at 8.8%, in which the logic chips are expected to grow at 11.1%. As the global vaccination coverage ratio grows, the pandemic is having less and less effect on the economy. After world economies gradually resume normalcy, the monetary policies of developed nations are beginning to shift in recent periods. The financial relief packages are gradually losing their effects and emerging countries are faced with increasing pressure. Therefore, major international forecast agencies all believe that the growth of the global economy in 2022 will be slower than the previous period, and uncertainties will increase in the financial market. In addition,

the disruptions to critical global supply chain led by the pandemic lasted longer than what was expected, coupled with rising energy prices, have led to rapid inflation. As risks in the economic conditions increase, policies and trade-offs have become even more complex. The IC shortage in 2021 put semiconductor industry under the spotlight, and countries including the US, China, Europe, Japan, and Korea have all enhanced the stature of the semiconductor industry to unprecedented levels. Going forward, the semiconductor industry will be even more dispersed, leading to important issues in re-building localized supply chains.

Greatek is always on top of the economic and industry changes, and executes the optimal response in terms of production and sales strategies. In addition to developing advanced processes and enhancing R&D capacity, the Company is also committed to developing new customers home and abroad. Greatek's key developments in 2022 include: to enhance QFN Dual Row product manufacturing capability; to enhance the packaging and testing ability for third generation semiconductor materials (gallium nitride; GaN); to develop Hybrid/MIS Package (Flip Chip & Wire Bond) products; and to develop System in a Package (SiP) products. In terms of capital expenditures, Greatek will continue to expand capacity in packaging and testing. As for cost control, the Company will enhance equipment productivity and continue to improve processes and the use of raw materials. Greatek aspires to satisfy the needs of even more customers by relying on our excellent product quality, well-rounded service, and competitive edge in costs, so as to continuously achieve new heights in operating revenues and profits.

Chairman: Boris Hsieh

President: Louis Ning

Accounting Manager: Mei-Ling Lin

Company Overview

I. Date of Incorporation: March 7, 1983

II. Company History

February 1983 - Company was founded as a limited company under the name of "He Teh Integrated Circuit Co. Ltd." with paid-in capital of NT\$1 million at 11-1F, No. 150, Sec. 1, Zhongxiao E. Rd., Taipei City, Taiwan.

Scope of business included manufacturing and trading of various integrated circuit (IC), IC design, bidding, quotation, and distribution of related products from domestic and overseas enterprises, and import/export of related businesses.

March 1983 - Company registration was approved.

June 1984 - Authorized to amend the organizational structure as a company limited by shares.

August 1995 - Purchased 4,450 square meters (or 1,376 pings) of factory land at No. 358, Hexing Rd. at Zhunan Industrial Area.

Total construction area was 9,474.24 square meters (or 2,865 pings).

October 1995 - Relocated to No. 1, Ln. 363, Guangfu Rd., 17 Neighborhood, Shanjia Vil., Zhunan Township, Miaoli County.

Company name was amended to "Greatek Electronics Inc."

Additional scope of business: testing and packaging of integrated circuit (IC).

December 1995 - Authorized to establish the Hexing Plant.

Plant address: No. 358, Hexing Rd., Zhunan Township, Miaoli County.

March 1996 - Became a public company.

May 1996 - Hexing Plant officially adopted mass production and Greatek was relocated to No. 358, Hexing Rd., Zhunan Township, Miaoli County.

June 1997 - Purchased 10,079.44 square meters (or 3,049 pings) of factory land for Gongyi Plant No. 1.

November 1997 - Began construction of Gongyi Plant I; total construction area was 35,434.31 square meters (or 10,719 pings).

Establishment of Gongyi Plant I was approved.

April 1998 - Passed and received the ISO 9002 Quality Management System certification.

July 1998 - Selected as recipient of the "Tax ID Leader of the Year" by the Ministry of Finance.

September 1998 - Honored with "Asia Pacific Contemporary Outstanding Enterprise Award" from the Chungwa International Commerce Promotions Association.

November 1998 - Gongyi Plant I began operation.

December 1998 - Relocated to No. 136, Gongyi Rd., Zhunan Township, Miaoli County, Taiwan. "Exemplary Foreign Worker Management Award" from the Miaoli County Police Bureau.

May 1999 - Received "1999 Private Enterprise with Outstanding Work Environment Award" from the Council of Labor Affairs of the Executive Yuan.

"Disaster Prevention Alliance Outstanding Teamwork Award" from the Council of Labor Affairs of the Executive Yuan.

- June 2000 - Approved to serve as a bonded factory.
- August 2000 - Passed and received QS 9000 Quality Management System certification.
- October 2000 - IPO of Greatek's ordinary shares, which are traded under the stock symbol 2441.
- November 2000 -Received "Industrial Excellence Award" from the Industrial Development Bureau, Ministry of Economic Affairs (MOEA).
- November 2001 -Passed and received ISO 14001 Environmental Management System certification.
- July 2002 - Selected as recipient of the "Tax ID Leader of the Year" by the Ministry of Finance.
Issued NT\$200 million of corporate bonds.
- November 2002 -Received "Golden Merchant Award" from the General Chamber of Commerce of the Republic of China.
- May 2003 - Passed and received the ISO 9001:2000 Quality Management System certification.
- August 2003 - Issued NT\$1 billion of convertible bonds.
Certified as a SONY Green Partner.
- May 2005 - Passed and received the ISO 14001:2004 Environmental Management System certification.
- August 2006 - Purchased 3,414.77 square meters (or 1,033 pings) of factory land for Wafer Testing Plant.
- December 2006 -Began construction of Wafer Testing Plant; total construction area was 7,325.83 square meters (or 2,216 pings).
- January 2007 - Passed and received ISO TS16949 Automotive Quality Management System certification.
- August 2007 - Wafer Testing Plant began operation.
- December 2007 -Received "Recruitment of Indigenous Workers Award" from the Miaoli County Government.
Issued NT\$200 million of employee stock option certificates.
- June 2008 - Received "2007 National Occupational Health and Safety Cooperation Organization Service Excellence" from the Council of Labor Affairs of the Executive Yuan.
- August 2008 - Purchased 17,033.36 square meters (or 5,153 pings) of factory land for Gongyi Plant II.
- November 2008 -Began construction of Gongyi Plant II; total construction area was 41,328.49 square meters (or 12,502 pings).
- September 2009 -Received "Excellent Enterprise for Recruitment of Physically and Mentally Challenged Workers" from the Taoyuan, Hsinchu and Miaoli Area Employment Center of Workforce Development Agency, Ministry of Labor.
- December 2009 -Passed and received ISO 9001:2008 Quality Management System certification.
Passed and received ISO TS16949:2009 Automotive Quality Management System certification.
- January 2010 - Gongyi Plant II began operation.
Disposed of Hexing Plant.
- October 2011 - Received "Outstanding Bonded Factory Award" from Taichung Customs of

Customs Administration, Ministry of Finance

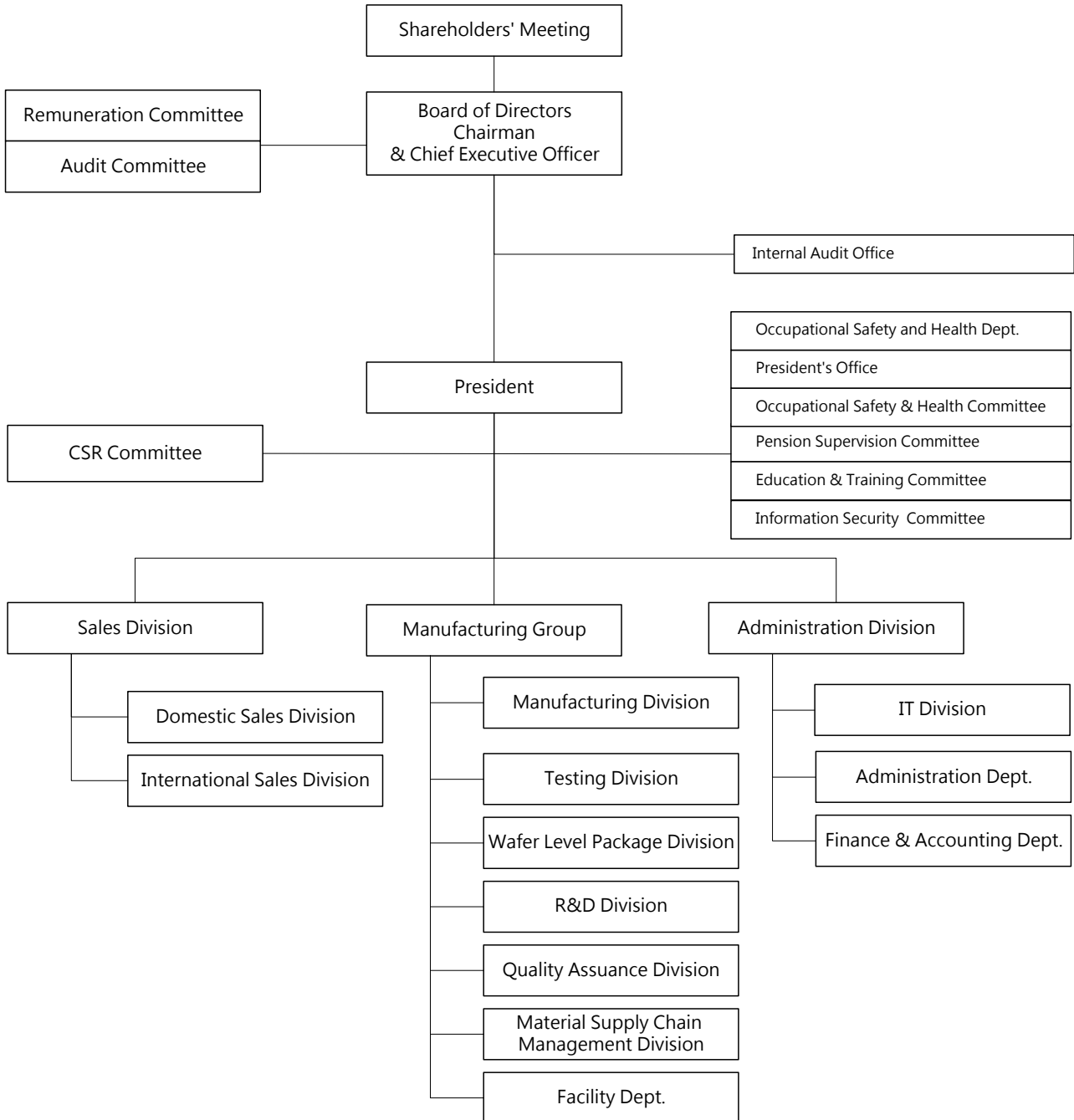
- February 2012 - Powertech Technology Inc. publicly acquired 244,064,379 shares of Greatek's ordinary shares and became a major shareholder holding 10% or more of Greatek's shares.
- April 2012 - Re-elections were held during Interim Shareholders' Meeting, and Powertech Technology Inc. officially joined Greatek's management team.
- December 2013 - The first employee stock option certificates issued in 2007 had expired, and cumulatively 17,686,000 shares were subscribed by employees during its subscription period.
- January 2014 - Passed and received IECQ QC 080000:2012 Hazardous Substance Process Management System certification.
- August 2014 - Acquired 25,451.88 square meters (7,699 pings) of factory land for Toufen Plant through tender offer.
- March 2015 - Total construction area of employees' dormitories was 7,028.91 square meters (2,126 pings).
- April 2015 - Total construction area of Toufen Plant I (Greatek Plant III) was 36,100.05 square meters (10,920 pings).
Joined Electronic Industry Citizenship Coalition (EICC) as a Powertech subsidiary. EICC was subsequently reorganized and renamed as Responsible Business Alliance (RBA) on October 17, 2017.
- March 2016 - Employees' dormitories were officially in use.
- October 2016 - Toufen Plant I (Greatek Plant III) began operation.
- September 2017 - Electroplating Plant was built and began operation; total construction area was 6,665.62 square meters (2,016 pings).
Received No. 249 in "2016 Award for International Trade - Outstanding Export/Import Business" from the Bureau of Foreign Trade, MOEA.
- October 2017 - Passed and received ISO 26262:2011 Functional Safety Management System certification.
- December 2017 - Passed and received IATF 16949:2016 Automotive Quality Management System certification.
Passed and received ISO 9001:2015 Quality Management System certification.
- July 2018 - Passed and received ISO 14001:2015 Environmental Management System certification.
- September 2018 - Received No. 215 in "2017 Award for International Trade - Outstanding Export/Import Business" from the Bureau of Foreign Trade, MOEA.
- April 2019 - Passed and received ANSI/ESD S20.20-2014 Electrostatic Discharge Control Program certification.
- May 2019 - Passed and received ISO 45001:2018 Occupational Safety and Health Management System certification.
Passed and received CNS 45001 (TOSHMS) Taiwan Occupational Safety and Health Management System certification.
- August 2019 - Gongyi Plant and Toufen Plant have both passed the Validated Assessment Program (VAP) audit from Responsible Business Alliance (RBA).
- September 2019 - Passed and received the IECQ QC080000 Hazardous Substance Process Management System certification.

- Received No. 136 in "2018 Award for International Trade - Outstanding Export/Import Business" from the Bureau of Foreign Trade, MOEA.
- September 2020 -Received No. 171 in "2019 Award for International Trade - Outstanding Export/Import Business" from the Bureau of Foreign Trade, MOEA.
- May 2021 - Acquired 3,190 square meters of land (965 pings) for employee dormitories.
- June 2021 - Acquired 9,497 square meters of land (2,329 pings) for plant expansions.
- November 2021 -Received No. 119 in "2020 Award for International Trade - Outstanding Export/Import Business" from the Bureau of Foreign Trade, MOEA.

Corporate Governance Report

Chapter 1. Organizational System:

I. Organizational Framework



II. Operations of Major Departments

1. Chairman:
Oversees the planning of Greatek's operations and implements continuous supervision and improvement of various internal controls.
2. Chief Executive Officer (CEO):
Oversees the implementation of Greatek's operations and plans overall management strategies, objectives, and supervises their respective implementations.
3. President:
Coordinates Greatek's overall strategic objectives and executes and supervises its operations.
4. Internal Audit Office:
Reviews and evaluates the effectiveness of Greatek's internal control system.
5. CSR Committee:
Formulates, plans, and executes Greatek's corporate social responsibilities (CSR), ethical corporate management, code of ethics and business conduct, as well as business continuity management policies.
6. Occupational Safety and Health Department:
Formulates, plans, supervises, and promotes safety and health management matters and instructs related departments on its implementation.
7. President's Office:
Plans, executes, and analyzes Greatek's operational and strategic plans.
8. Occupational Safety and Health Committee:
Formulates occupational hazard prevention programs, supervises the implementation of occupational safety and health management at each department, and implements relevant training.
9. Pension Supervision Committee:
Supervises and manages pension system and dedicated pension accounts.
10. Education & Training Committee:
Plans, supervises, and instructs matters related to training.
11. Information Security Committee:
In charge of promoting and coordinating the building and maintenance of an information security management system.
12. Sales Division:
Plans, supervises, and executes operations related to the Sales Division; business expansion, marketing, and customer service.
13. Manufacturing Division:
Oversees packaging products; plans, supervises and executes labor force, production capacity, equipment, new product development, and productivity improvement related to manufacturing; and controls and reduces manufacturing costs.
14. Testing Division:
Processes related to product testing; plans, supervises, and executes relevant labor force, productivity, equipment, testing programs, new product development and process systems; controls and reduces testing costs.

15. WLP Division:
Oversees packaging services including wafer bumping and wafer level chip scale packaging; plans, supervises, and executes relevant labor force, productivity, equipment, new product development and process systems; controls and reduces manufacturing costs.
16. R&D Division:
Researches and develops new products and processes; compares and experiments with new materials and equipment; analyzes product abnormalities and drafts countermeasures.
17. Quality Assurance Division:
Formulates and implements operating systems including quality control, document control, and instrument calibration; handles customer complaints; tests for reliability and analyzes abnormalities.
18. Material Supply Chain Management Division:
Formulates, supervises, and executes operations related to production management, materials management, procurement, export/import and bonded warehousing.
19. Facility Department:
Supplies and maintains equipment related to water, electricity, gas, and air conditioning throughout the plant; carries out fire management training and maintains related facilities; controls and manages air pollution, wastewater, and effluents.
20. Administration Division:
Formulates, supervises, and implements procedures related to management information, administration, HR, and finance and accounting; drafts and amends management systems and promotes public relations.

Chapter 2 Information About Directors, President, Vice President, Assistant Vice President, and Heads of Departments and Branches

I. Information on Directors (I)

As of March 31, 2022

Title (Note 1)	Nationality/Place of Registration	Name	Age & Gender (Note 2)	Date Elected/Assumed Office	Term (Years)	Date First Elected	Shareholding When Elected		Current Shareholding		Shares Held by Spouse & Minor Children		Shareholding by Nominees		Experience (Education) (Note 3)	Other Position Concurrently Held at Greatek and Other Companies	Executives, Directors, or Supervisors Who Are Spouses or Within the Second Degree of Kinship			Remarks (Note 4)
							Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Title	Name	Relationship	
Director	Taiwan (R.O.C.)	Powertech Technology Inc.	-	2021.07.21	3	2012.04.03	244,064,379	42.91%	244,064,379	42.91%	-	-	0	0%	-	Corporate Director of TeraPower Technology Inc. Corporate Director of Powertech Holding (B.V.I.) Inc.; Corporate Director of Powertech Technology (Singapore) Pte. Ltd. Corporate Director of Powertech Semiconductor (Xian) Co., Ltd.	-	-	-	-
Representative of Corporate Director	Taiwan (R.O.C.)	Chairman Boris Hsieh (Note 5)	Male 61-70	2021.07.21	3	2012.04.03	0	0%	0	0%	0	0%	500,000	0.09%	Executive MBA, National Chiao Tung University Vice President of Hon Hai Precision Industry Co., Ltd. President of Kingston Technology Far East Co., Ltd. Senior Vice President of Powertech Technology Inc. President of Chu Cheng Technology Ltd.	Chief Executive Officer of Powertech Technology Inc. Chief Executive Officer of Greatek Electronics Inc. Legal Representative Director of Powertech Technology Inc.	No	No	No	No
Representative of Corporate Director	Taiwan (R.O.C.)	D.K. Tsai (Note 5)	Male 71-80	2021.07.21	3	2012.04.03	0	0%	0	0%	0	0%	0	0%	Department of Industrial Engineering, National Taipei University of Technology General Manager of Kingston Technology Far East Corp. Chairman of Kingston Technology Far East Co., Ltd.	Chairman and CSO of Powertech Technology Inc. Director of Powertech Holding (B.V.I.) Inc. Director of Powertech Technology (Singapore) Pte. Ltd. Director of PTI Technology (Singapore) Pte. Ltd. Director of Powertech Technology (Suzhou) Ltd. Director of Powertech Technology Akita Inc. Executive Director of Powertech Technology Japan Ltd. Director of Tera Probe, Inc. Independent Director of Chicony Power Technology Co., Ltd. Chairman of PTI Education Foundation	No	No	No	No
Representative of Corporate Director	Taiwan (R.O.C.)	Louis Ning (Note 6)	Male 61-70	2021.07.21	3	1995.11.18	2,201,224	0.39%	2,201,224	0.39%	0	0%	0	0%	Department of Physics, Chung Yuan Christian University Head of Manufacturing Department at Hua-Hsu Electronics Co., Ltd.	President of Greatek Electronics Inc.	No	No	No	No
Representative of Corporate Director	Taiwan (R.O.C.)	J.S. Leu	Male 61-70	2021.07.21	3	2012.04.03	0	0%	0	0%	0	0%	0	0%	Department of Mechanical Engineering, Feng Chia University Deputy Director of Packaging Production Division, Powerchip Semiconductor Corporation Senior Vice President of Powertech Technology Inc.	President and COO of Powertech Technology Inc. Director of Powertech Technology Inc. Chairman of Powertech Technology (Suzhou) Ltd. Chairman of Powertech Semiconductor (Xian) Co., Ltd. Director of Powertech Technology (Singapore) Pte. Ltd. Director of PTI Technology (Singapore) Pte. Ltd.	No	No	No	No
Representative of Corporate Director	Taiwan (R.O.C.)	Evan Tseng (Note 7)	Male 61-70	2018.05.29	3	2018.05.29	0	0%	0	0%	0	0%	0	0%	Master Degree in Accounting, Soochow University Senior Assistant Vice President of Management and Planning at SYSTEX Corporation	CFO and Senior Vice President of Powertech Technology Inc. Chairman of TeraPower Technology Inc. Director of Powertech Technology (Singapore) Pte. Ltd. Director of Powertech Technology Akita Inc. Director of Powertech Semiconductor (Xian) Co., Ltd. Supervisor of Powertech Technology (Suzhou) Ltd. Director of Tera Probe, Inc. Supervisor of Tsai Lin Pu Social Welfare Foundation	No	No	No	No
Representative of Corporate Director	Taiwan (R.O.C.)	Yu-Chin Chen	Male 51-60	2021.07.21	3	2021.07.21	0	0%	0	0%	0	0%	0	0%	Department of Industrial Engineering, Chung Yuan Christian University Manager of Powerchip Semiconductor Corporation Divisional Head of Powertech Technology Inc.	Vice President and COO of Powertech Technology Inc. Director of PTI Education Foundation	No	No	No	No

Title (Note 1)	Nationality/Place of Registration	Name	Age & Gender (Note 2)	Date Elected/Assumed Office	Term (Years)	Date First Elected	Shareholding When Elected		Current Shareholding		Shares Held by Spouse & Minor Children		Shareholding by Nominees		Experience (Education) (Note 3)	Other Position Concurrently Held at Greatek and Other Companies	Executives, Directors, or Supervisors Who Are Spouses or Within the Second Degree of Kinship			Remarks (Note 4)
							Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Title	Name	Relationship	
															President of Powertech Semiconductor (Xian) Co., Ltd.					
Director	Taiwan (R.O.C.)	Hung-Wei Venture Capital Co., Ltd. (Note 8)	-	2021.07.21	3	2007.06.11	5,823,602	1.02%	5,823,602	1.02%	-	-	0	0%	-	-	-	-	-	-
Representative of Corporate Director	Taiwan (R.O.C.)	Representative Jr-Neng Chang (Note 8)	Male 41-50	2021.07.21	3	2007.06.11	0	0%	0	0%	0	0%	0	0%	Master Degree in Accounting, National Taiwan University Legal Representative Supervisor of Greatek Electronics Inc.	Vice President of Realtek Semiconductor Corporation Director of Realtek Investment Singapore Private Limited Supervisor of RayMX Microelectronics Corp. Supervisor of MetalX Technology Corporation	No	No	No	No
Independent Director	Taiwan (R.O.C.)	Chu-Chien Feng	Male 71-80	2021.07.21	3	2015.06.10	0	0%	0	0%	0	0%	0	0%	Executive MBA., National Chiao Tung University Chairman and President of Global View Co., Ltd. Chairman of Radiant Innovation Inc. Independent Director of Avita Corporation	Independent Director of AMPAK Technology Inc. Independent Director of Powertip Tech Corp.	No	No	No	No
Independent Director	Taiwan (R.O.C.)	Chi-Yung Wu	Male 61-70	2021.07.21	3	2018.05.29	0	0%	0	0%	0	0%	0	0%	Department of Electrical Engineering, Feng Chia University Chairman of Holtek Semiconductor Inc.	Chairman of Holtek Semiconductor Inc. Chairman of Holtek Semiconductor (Xiamen) Inc. Chairman of Holtek Semiconductor (China) Inc. Chairman of BestComm RF Electronics Inc. Chairman of Best Solution Technology Inc. Chairman of Best Modules Corp. Chairman of Holtek Investment Co., Ltd. Director of Holtek Semiconductor (Suzhou) Inc. Director of Holtek Semiconductor Holding (BVI) Ltd. Director of Kingtek Semiconductor Holding (BVI) Ltd. Director of Bestcomm RF Electronics Inc.	No	No	No	No
Independent Director	Taiwan (R.O.C.)	M.J. Chuang	Male 51-60	2021.07.21	3	2018.05.29	0	0%	0	0%	0	0%	0	0%	Department of Electrical Engineering, Musashi Institute of Technology Managing Director of Hikari Glass (H.K.) Limited President of Taiwan Business Division, HOYA Corporation President of Calin Technology Co., Ltd.	Executive Assistant of the Chairman, Overseas President and Representative of Taiwan Office of Union Optech (Zhongshan) Technology Co., Ltd.	No	No	No	No

Note 1: The corporate shareholder shall be identified by name and representative (in the case of representative of a corporate shareholder, please specify the corporate shareholder's name) and also complete the following Table 1.

Note 2: Please specify actual age, and the age may also be expressed as a range, for instance, Ages 41 to 50, or Ages 51 to 60.

Note 3: For experiences related to holding the current position, if one has worked in the auditing accounting firm or its affiliated companies, he/she shall state the job title and duties.

Note 4: Where the Chairman of the Board of Directors and the President or person of an equivalent post (the highest-ranking manager) of the Company are the same person, spouses, or relatives within the first degree of kinship, a description shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (for example, increase the number of Independent Directors, and having more than one-half of all Directors who do not concurrently serve as employees or managers).

Chief Executive Officer Boris Hsieh was approved by the Board of Directors on July 21, 2021 to serve as the Chairman, and the Group's management succession plan is still being implemented. Two of the Directors concurrently serve as employees and this does not exceed one-half of all Directors. Moreover, the seats of the Independent Directors account for one-third of the Board of Directors; therefore, the functions of the Board and the managers should be clearly divided.

Note 5: Mr. D.K. Tsai, Representative of Corporate Director, had been serving as Greatek's Chairman since April 3, 2012. To pass on our corporate culture and to commence the succession plan, the Chairmanship was turned over to Mr. Boris Hsieh as of July 21, 2021.

Note 6: Representative of Corporate Director Mr. Louis Ning served as a natural-person Director of Greatek from November 18, 1995 to April 2, 2012.

Note 7: Mr. Evan Tseng, Representative of Corporate Director, was released of his duty as of July 21, 2021 when his duration of tenure expired.

Note 8: Director Hung-Wei Venture Capital Co., Ltd. and its Representative Jr-Neng Chang served as Supervisor and Corporate Representative of Greatek from June 10, 2015 to May 28, 2018.

Note 9: Greatek has established an Audit Committee in place of Supervisors as of May 29, 2018.

Table 1: Substantial Shareholders of Corporate Directors as of March 31, 2022

Name of Corporate Director	Substantial Shareholder of Corporate Directors & Shareholding Ratio
Powertech Technology Inc.	China Life Insurance Co., Ltd. (Taiwan) 4.94%; Cathay Life Insurance Company, Ltd. 4.45%; Dedicated investment account of Kingston Technology Corporation 3.94%; Dedicated investment account of Mars Investment Holdings in the custody of Bank of Taiwan 3.73%; CHUNGHWA POST CO., LTD. 2.50%; Nan Shan Life Insurance Company, Ltd. 2.42%; Labor Pension Fund(New Scheme) 2.26%; KTC-SUN Corporation 1.81%; Labor Retirement Reserve Fund 1.38%; JPMorgan Chase Bank in custody for Vanguard Emerging Markets Investment Account 1.33%
Hung-Wei Venture Capital Co., Ltd.	Realtek Semiconductor Corporation 100.00%

Note 1: For Director or Supervisor who acts as a corporate shareholder's representative, please specify the name of the corporate shareholder.

Note 2: Please specify names of the substantial shareholders of the given corporate shareholder (top ten shareholders) and the ratio of their respective shareholding. Where the substantial shareholder is a corporation, please complete the following Table II.

Note 3: If the corporate shareholder is not organized as a company, the "Names of Shareholders" and the "Ratio of Shareholding" in the preceding paragraph shall be revised to "Names of Funders or Donors" and the "Ratio of Fund or Donation".

Table 2: Substantial Shareholders of the Substantial Shareholders in Table I that are Corporations as of April 10, 2022

Name of Corporate Director	Substantial Shareholder of Corporate Directors & Shareholding Ratio
China Life Insurance Co., Ltd. (Taiwan)	China Development Financial Holding Corporation 100%
Cathay Life Insurance Company, Ltd.	Cathay Financial Holdings Co., Ltd. 100%
Dedicated investment account of Kingston Technology Corporation	John Tu 50%; David Sun 50%
CHUNGHWA POST CO., LTD.	Ministry of Transportation and Communications
Nan Shan Life Insurance Company, Ltd.	Dedicated trust from Runcheng Investment Holdings Co., Ltd. in the custody of First Bank 55.5563%; Runcheng Investment Holdings Co., Ltd. 33.9936%; Ruen Hua Dyeing & Weaving Co., Ltd. 1.3441%; Ying-Tsung Tu 1.1576%; Ruen-Tai-Hsin Co., Ltd. 0.9653%; Ruentex Development Co., Ltd. 0.2319%; Ruentex Industries Co., Ltd. 0.2133%; Yuan Hsin Investment Co., Ltd. 0.1563%; Ruentex Leasing Co., Ltd. 0.1321%; JI PIN Investment Co., Ltd. 0.1069%
KTC-SUN Corporation	David Sun 100%
Realtek Semiconductor Corporation	Cotek Pharmaceutical Industry Co., Ltd. 4.32%; Fubon Life Insurance Co., Ltd. 3.44%; Labor Pension Fund(New Scheme) 3.13%; Cathay Life Insurance Company, Ltd. 2.72%; Dedicated investment account of BVI Leist International Co., Ltd. in the custody of CTBC Bank 1.85%; China Life Insurance Co., Ltd. (Taiwan) 1.65%; Enable Educational Technology Co., Ltd. 1.60%; CHUNGHWA POST CO., LTD. 1.56%; Labor Retirement Reserve Fund 1.41%;Dedicated investment account of JP Morgan Funds in the custody of JPMorgan 1.35%

Information on Directors(II)

I. Disclosure of the Professional Qualifications of the Directors and Independence of the Independent Directors:

Qualification Name	Professional qualifications and experiences (Note 1)	Independence criteria (Note 2)	Number of other public companies where the individual concurrently serves as an Independent Director
Chairman Representative of Powertech Technology Inc. Boris Hsieh	<ol style="list-style-type: none"> Director's professional qualifications and experiences: President of Kingston Technology Far East Corp. (Semiconductor) Vice President of Hon Hai Precision Industry Co., Ltd. (Other electronics) Senior Vice President of Powertech Technology Inc. (Semiconductor) President of Jucheng Electronics Co., Ltd. (Semiconductor) Chief Executive Officer of Greatek Electronics Inc. (Semiconductor) Representative of Corporate Director Powertech Technology Inc. (Semiconductor) Chief Executive Officer of Powertech Technology Inc. (Semiconductor) When the Director was nominated, a statement was issued stating that no condition defined in Article 30 of the Company Act has occurred. 	The Director does not have marital or kinship relationship with any other Director of the Company.	-
Director Representative of Powertech Technology Inc. D.K. Tsai	<ol style="list-style-type: none"> Director's professional qualifications and experiences: General Manager of Kingston Technology Far East Corp. (Semiconductor) Chairman of Kingston Technology Far East Corp. (Semiconductor) Chairman of Powertech Technology Inc. (Semiconductor) Director of Powertech Holding(B.V.I.) Inc. (Investment) Director of Powertech Technology(Singapore) Pte. Ltd. (Semiconductor) Director of PTI Technology(Singapore) Pte. Ltd. (Semiconductor) Director of Powertech Technology(Suzhou) Ltd. (Semiconductor) Director of Powertech Technology Akita Inc. (Semiconductor) Executive Director of Powertech Technology Japan Ltd. (Semiconductor) Director of Tera Probe, Inc. (Semiconductor) Chairman of Greatek Electronics Inc. (Semiconductor) Independent Director of Compal Electronics, Inc. (Computer and peripheral equipment industry) Independent Director of Chicony Power Technology Co., Ltd. (Electronic components and parts) When the Director was nominated, a statement was issued stating that no condition defined in Article 30 of the Company Act has occurred. 	The Director does not have marital or kinship relationship with any other Director of the Company.	1
Director Representative of	<ol style="list-style-type: none"> Director's professional qualifications and experiences: Head of Manufacturing Department at Hua-Hsu Electronics Co., Ltd. (Other 	The Director does not have marital or kinship relationship with any other Director of the	-

Qualification Name	Professional qualifications and experiences (Note 1)	Independence criteria (Note 2)	Number of other public companies where the individual concurrently serves as an Independent Director
Powertech Technology Inc. Louis Ning	<p>electronics)</p> <p>President of Greatek Electronics Inc. (Semiconductor)</p> <p>2. When the Director was nominated, a statement was issued stating that no condition defined in Article 30 of the Company Act has occurred.</p>	Company.	
Director Representative of Powertech Technology Inc. J.S. Leu	<p>1. Director's professional qualifications and experiences: Powerchip Semiconductor Corporation (Semiconductor) Senior Vice President at Powertech Technology Inc. (Semiconductor) President of Powertech Technology Inc. (Semiconductor) Director of Powertech Technology Inc. (Semiconductor) Chairman of Powertech Technology (Suzhou) Ltd. (Semiconductor) Chairman of Powertech Semiconductor (Xian) Co., Ltd. (Semiconductor) Director of Powertech Technology (Singapore) Pte. Ltd. (Semiconductor) Director of PTI Technology (Singapore) Pte. Ltd. (Semiconductor)</p> <p>2. When the Director was nominated, a statement was issued stating that no condition defined in Article 30 of the Company Act has occurred.</p>	The Director does not have marital or kinship relationship with any other Director of the Company.	-
Director Representative of Powertech Technology Inc. Y.C. Chen	<p>1. Director's professional qualifications and experiences: President of Powertech Technology (Xian) Corp. (Semiconductor) Senior Vice President and COO of Powertech Technology Inc. (Semiconductor)</p> <p>2. When the Director was nominated, a statement was issued stating that no condition defined in Article 30 of the Company Act has occurred.</p>	The Director does not have marital or kinship relationship with any other Director of the Company.	-
Director Hung-Wei Venture Capital Co., Ltd. Representative Jr- Neng Chang	<p>1. Director's professional qualifications and experiences: Representative of Corporate Supervisor Greatek Electronics Inc. (Semiconductor) Vice President of Realtek Semiconductor Corporation (Semiconductor) Director of Realtek Investment Singapore Private Limited (Investment) Supervisor of RayMX Microelectronics Corp. (Semiconductor) Supervisor of MetaLex Technology Corporation (Semiconductor)</p> <p>2. When the Director was nominated, a statement was issued stating that no condition defined in Article 30 of the Company Act has occurred.</p>	The Director does not have marital or kinship relationship with any other Director of the Company.	-
Independent Director Chu- Chien Feng	<p>1. Independent Director Feng has more than five years of work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company: President of Global View Co., Ltd. (November 1997 to December 2006</p>	1. Independent Director Feng, his spouse, or relative within the second degree of kinship, is not a Director, Supervisor, or employee of the Company or any of its affiliates.	2

Name \ Qualification	Professional qualifications and experiences (Note 1)	Independence criteria (Note 2)	Number of other public companies where the individual concurrently serves as an Independent Director
	<p>Other electronics) Chairman of Global View Co., Ltd. (January 2005 to December 2006 Other electronics) Chairman of Radiant Innovation Inc. (March 2000 to September 2014 Medical devices) Executive Assistant of the President of HiTi Digital, Inc. (2015 to October 2021 Computer and peripheral equipment industry) Supervisor of CHC Technology Inc. (August 2018 to October 2021 Computer and peripheral equipment industry) Independent Director of Avita Corporation (June 2016 to June 2019 Medical devices) Independent Director of AMPAK Technology Inc. (September 2020 to present Telecommunications industry) Independent Director of Powertip Tech Corp. (July 2021 to present Optronics)</p> <p>2. When the Director was nominated, a statement was issued stating that no condition defined in Article 30 of the Company Act has occurred.</p>	<p>2. The number of shares held and shareholding ratio held by Independent Director Feng, his spouse, or relative within the second degree of kinship, or held by a nominee, is zero.</p> <p>3. Independent Director Feng does not serve as a Director, Supervisor, or employee at a company with specific relations with the Company (refer to regulations in Items 5 to 8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies).</p> <p>4. Independent Director Feng has not provided auditing services to the Company or any affiliate of the Company, or provided commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company in the past 2 years.</p>	
Independent Director Chi-Yung Wu	<p>1. Independent Director Wu has more than five years of work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company: Chairman of Holtek Semiconductor Inc. (~October 1998 Semiconductor) Chairman of Holtek Semiconductor Inc. (October 1998 to present Semiconductor) Chairman of Holtek Semiconductor(Xiamen) Inc. (February 2008 to present Electronics) Chairman of Holtek Semiconductor(China) Inc. (July 2012 to present Semiconductor) Chairman of BestComm RF Electronics Inc. (January 2014 to present Electronics) Chairman of Best Solution Technology Inc. (August 2014 to present Electronics) Chairman of Best Modules Corp. (May 2016 to present Electronics) Chairman of Holtek Investment Co., Ltd. (March 2003 to present</p>	<p>1. Independent Director Wu, his spouse, or relative within the second degree of kinship, is not a Director, Supervisor, or employee of the Company or any of its affiliates.</p> <p>2. The number of shares held and shareholding ratio held by Independent Director Wu, his spouse, or relative within the second degree of kinship, or held by a nominee, is zero.</p> <p>3. Independent Director Wu does not serve as a Director, Supervisor, or employee at a company with specific relations with the Company (refer to regulations in Items 5 to 8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies).</p>	-

Name \ Qualification	Professional qualifications and experiences (Note 1)	Independence criteria (Note 2)	Number of other public companies where the individual concurrently serves as an Independent Director
	<p>Investment) Director of Holtek Semiconductor(Suzhou) Inc. (October 2018 to present Electronics) Director of Holtek Semiconductor Holding(BVI) Ltd. (October 1999 to present Investment) Director of Kingtek Semiconductor Holding(BVI) Ltd. (January 2002 to present Investment) Director of Bestcomm RF Electronics Inc. (March 2014 to present Investment)</p> <p>2. When the Director was nominated, a statement was issued stating that no condition defined in Article 30 of the Company Act has occurred.</p>	<p>4. Independent Director Wu has not provided auditing services to the Company or any affiliate of the Company, or provided commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company in the past 2 years.</p>	
Independent Director M.J. Chuang	<p>1. Independent Director Chuang has more than five years of work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company: Managing Director of Hikari Glass(H.K.) Limited (December 2003 to December 2004 Optronics) President of Taiwan Business Division, HOYA Corporation (December 2006 to November 2015 Optronic equipment manufacturing) President of Calin Technology Co., Ltd. (January 2016 to December 2019 Optronics) Executive Assistant of the Chairman, Overseas President and Representative of Taiwan Office of Union Optech (Zhongshan) Technology Co., Ltd. (October 2020 to present Optronics)</p> <p>2. When the Director was nominated, a statement was issued stating that no condition defined in Article 30 of the Company Act has occurred.</p>	<p>1. Independent Director Chuang, his spouse, or relative within the second degree of kinship, is not a Director, Supervisor, or employee of the Company or any of its affiliates.</p> <p>2. The number of shares held and shareholding ratio held by Independent Director Chuang, his spouse, or relative within the second degree of kinship, or held by a nominee, is zero.</p> <p>3. Independent Director Chuang does not serve as a Director, Supervisor, or employee at a company with specific relations with the Company (refer to regulations in Items 5 to 8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies).</p> <p>4. Independent Director Chuang has not provided auditing services to the Company or any affiliate of the Company, or provided commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company in the past 2 years.</p>	-

Note 1: Professional qualifications and experiences: Separately specify the professional qualifications and experiences of Directors and Supervisors, in case the person is a member of the Audit Committee and possesses accounting or financial expertise, the person's accounting or financial background as well as work experiences shall be described, and whether the conditions listed in Article 30 of the Company Act have occurred.

Note 2: For Independent Directors, the compliance to independence criteria shall be specified, this includes but is not limited to: whether the Independent Director, spouse, or relative within the second degree of kinship, has served as a Director, Supervisor, or employee of the Company; the number of shares held and shareholding ratio held by the Independent Director, spouse, or relative within the second degree of kinship, or held by a nominee; whether the Independent Director has served as a Director, Supervisor, or employee at a company with specific relations with the Company (refer to regulations in Items 5 to 8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); and compensations received by the Independent Director for providing auditing services or commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company in the past 2 years.

II. Diversity policy and status of independence of the Board of Directors:

(I) Diversification in the Composition of the Board: Describe the diversity policy of the Board of Directors, goals, and status of implementation. The diversity policy includes but is not limited to the selection standard of the Directors, professional qualifications and experiences required for the Board of Directors, and composition or ratio of factors including gender, age, nationality, and culture and more, and please describe the Company's specific goals and their status of implementation regarding the aforementioned policy.

1. Diversification of the Board of Directors:

(1) When nominating and selecting the Directors, besides not exceeding the one-third limit on the number of Directors who concurrently serve as the Company's managers, to achieve the ideal goal of corporate governance, the overall composition of the Board shall be equipped with the following skills: Operational judgment, accounting and financial analysis, business management, crisis management, industry knowledge, international market perspective, leadership, and decision-making skills.

(2) The selection standard of the Directors is based on the principle of meritocracy while also factoring in diverse background and factors such as age, gender, nationality, culture and more. Due to the Company's operating and developmental needs, the Directors shall be equipped with professional corporate management knowledge, skills, and industry experiences as well as an international market perspective and more.

2. Diversification objective in the composition of the Board: There shall be no more than one-third of all Directors who concurrently serve as the Company's managers, and the skill sets required for the overall composition of the Board shall also be met.

3. Implementation status of the diversity policy of the Board of Directors:

● Implementation of diversification in the Board:

	Gender	Concurrent employee	Age				Year of service	Operational judgment	Accounting and financial analysis ability	Business management	Crisis management	Industry knowledge	International market perspective	Leadership and decision-making
			41~50	51~60	61~70	71~80								
Boris Hsieh	Male	V			V		10	V	V	V	V	V	V	V
D.K. Tsai	Male					V	10	V	V	V	V	V	V	V
Louis Ning	Male	V			V		26	V	V	V	V	V	V	V
J.S. Leu	Male				V		10	V		V	V	V	V	V
Y.C. Chen	Male			V			1	V		V	V	V	V	
Jr-Neng Chang	Male		V				14	V	V	V	V	V	V	
Chu-Chien Feng	Male					V	7	V	V	V	V	V	V	V
Chi-Yung Wu	Male				V		4	V	V	V	V	V	V	V
M.J. Chuang	Male			V			4	V	V	V	V	V	V	V

Greatek's Board of Directors is comprised of 9 male Taiwanese Directors, including 3 seats of Independent Directors, and no more than one third of all the Directors concurrently serve as Greatek's managers. Directors in the current Board of Directors come from diversified backgrounds and are equipped with professional management skills and relevant industry experiences. The Directors include managers from relevant industries, including semiconductor, computers, electronics, medical, and optronics. Besides the various skills and professional skills required of the Directors, the operation of various functional committees also ensure that the Directors' experiences may contribute toward the supervision and decision-making regarding corporate governance, environmental sustainability, corporate social responsibility, legal compliance, and human rights protection.

- (II) Independence of the Board of Directors: Greatek has 3 Independent Directors, consisting of one-third of all Directors. One of the Independent Directors has served for 9 years or less, while 2 others have served for 4 to 6 years. All Independent Directors meet the limitation on concurrent position specified by the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and do not serve as Independent Directors for more than 3 other TWSE/TPEX listed companies. The Directors do not have a marital relationship with, or a relative within the second degree of kinship with, any other Director of the Company.

II. Information about President, Vice President, Assistant Vice President, and Head of Department and Branch

As of March 31, 2022

Title (Note 1)	Nationality	Name	Gender	Date assuming office	Shareholding		Shares held by spouse and minor children		Shareholding by Nominees		Experience (Education) (Note 2)	Other position concurrently held at Greatek or other companies	Managers who are spouses or within the second degree of kinship			Remarks (Note 3)
					Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Position	Name	Relation	
Chief Executive Officer	Taiwan (R.O.C.)	Boris Hsieh	Male	2013.01.01	0	0%	0	0%	500,000	0.09%	Executive MBA, National Chiao Tung University Vice President of Hon Hai Precision Industry Co., Ltd. President of Kingston Technology Far East Co., Ltd. Senior Vice President of Powertech Technology Inc. President of Chu Cheng Technology Ltd.	Chief Executive Officer of Powertech Technology Inc. Legal Representative Director of Powertech Technology Inc.	No	No	No	No
President	Taiwan (R.O.C.)	Louis Ning	Male	2002.08.01	2,201,224	0.39%	0	0%	0	0%	Department of Physics, Chung Yuan Christian University Head of Manufacturing Department at Hua-Hsu Electronics Co., Ltd.	No	No	No	No	No
Executive Vice President	Taiwan (R.O.C.)	Tonwey Cheng (Note 4)	Male	2016.09.01	0	0%	0	0%	0	0%	Department of Electrical Engineering, National Sun Yat-sen University Vice President of Marketing and Sales at Walton Advanced Engineering Inc. Vice President of Operations at King Yuan Electronics Co., Ltd. Senior Vice President at Powertech Technology Inc. President of Powertech Technology (Singapore) Pte. Ltd.	No	No	No	No	No
Manufacturing Division Vice President	Taiwan (R.O.C.)	Avis Lee	Male	2005.06.01	257,314	0.05%	56,562	0.01%	0	0%	Incomplete Master degree from Chung Hua University Manager of Xi-Feng Silicon Co., Ltd.	No	No	No	No	No

Title (Note 1)	Nationality	Name	Gender	Date assuming office	Shareholding		Shares held by spouse and minor children		Shareholding by Nominees		Experience (Education) (Note 2)	Other position concurrently held at Greatek or other companies	Managers who are spouses or within the second degree of kinship			Remarks (Note 3)
					Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Position	Name	Relation	
Testing Division Vice President	Taiwan (R.O.C.)	Jones Chen	Male	2018.11.01	55,000	0.01%	43,102	0.01%	1,001,038	0.19%	Department of Electronics, Feng Chia University Head of Testing Division, Greatek Electronics Inc.	No	No	No	No	No
Administration Division Vice President	Taiwan (R.O.C.)	Sheng Chen	Female	2020.11.01	100,000	0.02%	0	0%	0	0%	Department of Banking and Insurance, Feng Chia University Head of Administration Division, Greatek Electronics Inc.	No	No	No	No	No

Note 1: It shall include information of President, Vice President, Assistant Vice President, Supervisors of various Departments and Branches, and any position equivalent to President, Vice President, Assistant Vice President, regardless of job title, shall also be disclosed. Greatek does not have any Assistant Vice President.

Note 2: For experiences related to holding the current position, if one has worked in the auditing accounting firm or its affiliated companies, he/she shall state the job title and duties.

Note 3: Where the Chairman of the Board of Directors and the President or person of an equivalent post (the highest-ranking manager) of the Company are the same person, spouses, or relatives within the first degree of kinship, a description shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (for example, increase the number of Independent Directors, and having more than one-half of all Directors who do not concurrently serve as employees or managers).

Note 4: Vice President Tonwey Cheng applied for unpaid leave from August 1, 2017 and was transferred to the parent company, Powertech Technology Inc. He resumed his position and his duties were adjusted on February 1, 2021. Tonwey Cheng resigned from Executive Vice President on March, 31, 2022.

Chapter 3 Remuneration Paid to Directors, President, and Vice President in the Most Recent Year

I. Remuneration to Directors and Independent Directors

Unit: NT\$ thousands

Title	Name	Directors' remuneration								The sum of A, B, C and D in proportion to Net Income after tax (Note 7)		Remuneration from concurrent position as employees						Ratio of total remuneration (A, B, C, D, E, F, and G) to Net Income after tax (Note 7)		Remuneration Received from Invested Companies other than the Company's Subsidiary, or from Parent Company (Note 9)		
		Base Compensation (A) (Note 1)		Pensions (B)		Compensation to Directors (C) (Note 2)		Fees related to professional practice (D) (Note 3)				Salaries, bonus and special allowance (E) (Note 4)		Pensions (F) (Note 5)		Employee Compensation (G) (Note 6)						
		Greatek	All companies included in the financial statements (Note 7)	Greatek	All companies included in the financial statements (Note 7)	Greatek	All companies included in the financial statements (Note 7)	Greatek	All companies included in the financial statements (Note 7)	Greatek	All companies included in the financial statements (Note 7)	Greatek	All companies included in the financial statements (Note 7)	Greatek	All companies included in the financial statements (Note 7)	Cash	Share	Cash	Share		Greatek	All companies included in the financial statements (Note 7)
Corporate Director	Powertech Technology Inc. (Note 8)	0	0	0	0	110,520	110,520	0	0	2.40%	2.40%	0	0	0	0	0	0	0	0	2.40%	2.40%	None
Chairman	Powertech Technology Inc. Representative D.K. Tsai																					
Director	Powertech Technology Inc. Representative Boris Hsieh																					
Director	Powertech Technology Inc. Representative Louis Ning																					
Director	Powertech Technology Inc. Representative J.S. Leu	0	0	0	0	13,815	13,815	780	780	0.32%	0.32%	19,335	19,335	53	53	3,500	0	3,500	0	0.81%	0.81%	182,344
Director	Powertech Technology Inc. Representative Evan Tseng (Note 10)																					
Director	Powertech Technology Inc. Representative Yu-Chin Chen (Note 10)																					
Director	Hung-Wei Venture Capital Co., Ltd. Representative Jr-Neng Chang																					
Independent Director	Chu-Chien Feng																					
Independent Director	Chi-Yung Wu	4,320	4,320	0	0	0	0	390	390	0.10%	0.10%	0	0	0	0	0	0	0	0	0.10%	0.10%	0
Independent Director	M.J. Chuang																					
<p>1. Please state the policy, system, standard and structure of Independent Directors' remuneration payment, and describe the relevance between the amount of remuneration and the factors including responsibilities, risks, time commitment by the individual, etc.:</p> <p>(1). The policy and system of Independent Directors' remuneration payment is in line with Article 20 of the Articles of Incorporation, "compensations are paid on a monthly basis, and Independent Directors do not participate in the remuneration payments to Directors as stated in Article 24".</p> <p>(2). Standard and structure for remuneration payments to Independent Director is formulated by the Remuneration Committee in consideration of industry characteristics and the nature of Greatek's business. It also takes factors including responsibilities, risks, and time commitment into consideration. The remunerations are individually reviewed and submitted to the Board of Directors for approval.</p> <p>2. In addition to the information disclosed above, has any of the Company's Directors received compensations for providing services (e.g. serving as a non-employee consultant) to any of the companies listed in this financial report in the most recent year: None.</p>																						

Note 1: refers to the remunerations paid to Directors in the most recent year (including Director's salary, duty allowance, severance pay, bonus and reward, etc.).

Note 2: the amount disclosed is the remuneration payment appropriated for Directors as approved by the Board of Directors on February 25, 2022.

Note 3: Refers to the Directors' professional practicing fees in the most recent year (including transportation allowance, special allowance, various allowances, and provision of such tangible objects as dormitory and car, etc.). If housing, vehicle or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual

cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, disclose compensation paid to the driver in a note; however, it shall not be included in the calculation of remuneration payments.

- Note 4: Refers to the salary, duty allowance, severance pay, bonus, reward, transportation allowance, special allowance, various allowances, and provision of such tangible objects as dormitory and car received by the Directors who acted as concurrent employees (including President, Vice President, Managerial Officer and employee) in the most recent year. If housing, vehicle or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, disclose compensation paid to the driver in a note; however, it shall not be included in the calculation of remuneration payments. Additionally, any salary expense listed under IFRS 2 Share-Based Payment, including employee stock options, new restricted employee shares, and cash capital increase by stock subscription, shall also be included in remuneration.
- Note 5: Reserves and pension are recognized and appropriated in line with the Labor Standards Act and Labor Insurance Act.
- Note 6: Employee bonus for Directors in 2021 shall be distributed this year according to the remuneration amounts approved by the Board of Directors on February 25, 2022, which is based on actual distribution percentage in the previous year.
- Note 7: Greatek is not required to prepare Consolidated Financial Statement. For those who have adopted the IFRSs, net income shall refer to the earnings after tax identified in the entity of Individual Financial Statement for the most recent year.
- Note 8: If the total amount of remuneration received by all the Directors from all the companies listed in the financial statements exceeds two (2) percent of its net income after tax, and the amount of remuneration received by any individual Director exceeds NT\$15 million, the Company shall disclose the amount of remuneration paid to that individual Director.
- Note 9: a. Please specify whether the Company's Directors have received remuneration from invested companies other than the Company's subsidiary, or from parent company (If there is none, please fill in "none").
- b. If the Company's Directors have received remuneration from invested companies other than the Company's subsidiary, or from parent company the amount shall be included in Section I of the following table and the section shall be renamed "Parent Company and All the Invested Companies".
- c. The remuneration shall refer to the remuneration, compensation (including employee bonus and professional practicing fees) received by the Company's Directors who acted as the Directors, Supervisors or Managerial Officers of invested companies other than its subsidiaries.
- Note 10: Mr. Evan Tseng, Representative of Corporate Director, was released of his duty as of July 21, 2021 when his duration expired, and Mr. Y.C. Chen has subsequently assumed the Directorial position. Compensations received during his service in a position other than Director is not required.

Range of remuneration

Range of remuneration paid to Directors	Names of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	Greatek	All companies included in the financial statement H (Note)	Greatek	All companies included in the financial statement I (Note)
Less than NT\$1,000,000	Powertech Technology Inc. Representative Boris Hsieh Powertech Technology Inc. Representative D.K. Tsai Powertech Technology Inc. Representative Louis Ning Powertech Technology Inc. Representative J.S. Leu Powertech Technology Inc. Representative Evan Tseng Powertech Technology Inc. Representative Yu-Chin Chen	Powertech Technology Inc. Representative Boris Hsieh Powertech Technology Inc. Representative D.K. Tsai Powertech Technology Inc. Representative Louis Ning Powertech Technology Inc. Representative J.S. Leu Powertech Technology Inc. Representative Evan Tseng Powertech Technology Inc. Representative Yu-Chin Chen	Powertech Technology Inc. Representative D.K. Tsai Powertech Technology Inc. Representative J.S. Leu Powertech Technology Inc. Representative Evan Tseng Powertech Technology Inc. Representative Yu-Chin Chen	-
NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive)	Chu-Chien Feng, Chi-Yung Wu, M.J. Chuang	Chu-Chien Feng, Chi-Yung Wu, M.J. Chuang	Chu-Chien Feng, Chi-Yung Wu, M.J. Chuang	-
NT\$2,000,000 (inclusive) to NT\$3,500,000 (exclusive)	-	-	-	-
NT\$3,500,000 (inclusive) to NT\$5,000,000 (exclusive)	-	-	-	Powertech Technology Inc. Representative Evan Tseng Powertech Technology Inc. Representative Yu-Chin Chen
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)	-	-	Powertech Technology Inc. Representative Louis Ning	-
NT\$10,000,000 (inclusive) to NT\$15,000,000 (exclusive)	Hung-Wei Venture Capital Co., Ltd.	Hung-Wei Venture Capital Co., Ltd.	Powertech Technology Inc. Representative Boris Hsieh Hung-Wei Venture Capital Co., Ltd	-
NT\$15,000,000 (inclusive) to NT\$30,000,000 (exclusive)	-	-	-	Powertech Technology Inc. Representative Louis Ning
NT\$30,000,000 (inclusive) to NT\$50,000,000 (exclusive)	-	-	-	Powertech Technology Inc. Representative Boris Hsieh Powertech Technology Inc. Representative J.S. Leu
NT\$50,000,000 (inclusive) to NT\$100,000,000 (exclusive)	-	-	-	Powertech Technology Inc. Representative D.K. Tsai
NT\$100,000,000 or more	Powertech Technology Inc.	Powertech Technology Inc.	Powertech Technology Inc.	-
Total	11	11	11	6

Note: Greatek has no subsidiary and is therefore exempted from preparing Consolidated Financial Statements. Greatek's parent company is Powertech Technology Inc.

II. Remunerations to President and Vice Presidents

Unit: NT\$ thousands

Title	Name	Salary (A) (Note 1)		Severance pay and pension (B) (Note 2)		Bonus and special allowance (C) (Note 3)		Employee compensation (D) (Note 4)				Ratio of Total Compensation (A+B+C+D) to Net Income after tax (%) (Note 5)		Remuneration Received from Invested Companies other than the Company's Subsidiary, or from Parent Company (Note 7)
		Greatek	All companies included in the financial statement (Note 5)	Greatek	All companies included in the financial statement (Note 5)	Greatek	All companies included in the financial statement (Note 5)	Greatek		All companies included in the financial statement (Note 5)		Greatek	All companies included in the financial statement (Note 5)	
								Cash	Share	Cash	Share			
Chief Executive Officer	Boris Hsieh (Note 6)	9,624	9,624	378	378	20,720	20,720	9,520	-	9,520	-	0.87%	0.87%	67,582
President	Louis Ning													
Executive Vice President	Tonwey Cheng (Note 6)													
Manufacturing Division Vice President	Avis Lee													
Testing Division Vice President	Jones Chen													
Administration Division Vice President	Sheng Chen													

Note 1: Salary, job allowance, and severance pay paid to the President and Vice Presidents in the most recent fiscal year.

Note 2: Reserves and pension are recognized and appropriated in line with the Labor Standards Act and Labor Insurance Act.

Note 3: The bonus, reward, transportation allowance, special allowance, various allowances, and provision of such tangible objects as dormitory and car, as well as other remunerations, received by the President and Vice Presidents in the most recent year. If housing, vehicle or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, disclose compensation paid to the driver in a note; however, it shall not be included in the calculation of remuneration payments.

Additionally, any salary expense listed under IFRS 2 Share-Based Payment, including employee stock options, new restricted employee shares, and cash capital increase by stock subscription, shall also be included in remuneration.

Note 4: Employee bonus shall be distributed this year according to the remuneration amounts approved by the Board of Directors on February 25, 2022, which is based on actual distribution percentage in the previous year.

Note 5: Greatek is not required to prepare Consolidated Financial Statements. For those who have adopted the IFRSs, net income shall refer to the earnings after tax identified in the entity of Individual Financial Statement for the most recent year.

Note 6: Vice President Tonwey Cheng applied for unpaid leave from August 1, 2017 and was transferred to the parent company, Powertech Technology Inc. He resumed his position and his duties were adjusted on February 1, 2021.

Note 7:a. Please specify whether the Company's President and Vice Presidents have received remuneration from invested companies other than the Company's subsidiary, or from parent company (If there is none, please fill in "none").

b. If the Company's President and Vice Presidents have received remuneration from invested companies other than the Company's subsidiary, or from the parent company, the amount shall be included in Section I of the following table and the section shall be renamed "Parent Company and All the Invested Companies".

c. The remuneration shall refer to the remuneration, compensation (including employee bonus and professional practicing fees) received by the Company's President and Vice Presidents who acted as the Directors, Supervisors or Managerial Officers of invested companies other than its subsidiaries.

Range of remuneration

Range of remuneration paid to the President and Vice Presidents	Name of President and Vice Presidents	
	Greatek	from Parent Company E
Less than NT\$1,000,000	-	Tonwey Cheng
NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive)	-	-
NT\$2,000,000 (inclusive) to NT\$3,500,000 (exclusive)	Sheng Chen	-
NT\$3,500,000 (inclusive) to NT\$5,000,000 (exclusive)	Jones Chen Avis Lee	-
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)	Tonwey Cheng Louis Ning	-
NT\$10,000,000 (inclusive) to NT\$15,000,000 (exclusive)	Boris Hsieh	-
NT\$15,000,000 (inclusive) to NT\$30,000,000 (exclusive)	-	Louis Ning
NT\$30,000,000 (inclusive) to NT\$50,000,000 (exclusive)	-	Boris Hsieh
NT\$50,000,000 (inclusive) to NT\$100,000,000 (exclusive)	-	-
NT\$100,000,000 or more	-	-
Total	6	3

Managerial officers appropriated with employee compensations and the status of such allocation

As of March 31, 2022; Unit: NT\$ thousands; %

	Title	Name	Share	Cash (Note 2)	Total	Proportion to Net Income After Tax (Note 3)
Manager	President	Louis Ning	0	10,210	10,210	0.22%
	Executive Vice President	Tonwey Cheng				
	Vice President of Manufacturing Division	Avis Lee				
	Vice President of Testing Division	Jones Chen				
	Vice President of Administration Division and CFO and Chief Corporate Governance Officer	Sheng Chen				
	Accounting Manager	Mei-Ling Lin				

Note 1: The scope of managerial officers shall be defined in the following manner, as per the Board's Directive Letter No. 0920001301 dated March 27, 2003:

- (1) President and equivalents;
- (2) Vice president and equivalents;
- (3) Assistant vice president and equivalents;
- (4) Chief of Finance Dept.;
- (5) Chief of Accounting Dept.;
- (6) Any other persons in charge of the Company's affairs and entitled to sign instruments on behalf of the Company.

Note 2: The employee bonus (including shares and cash) to be distributed to the Managerial Officers as approved by the Board of Directors is impossible to forecast; therefore, the amount to be distributed this year shall be based on the actual distribution amount of last year.

Note 3: For those who have adopted the IFRSs, net income shall refer to the earnings after tax identified in the entity of Individual Financial Statement for the most recent year.

III. Compare and Analyze the Total Remuneration As a Percentage of Net Income Stated in the Parent Company Only Financial Reports or Individual Financial Reports, Paid by the Company and by All Consolidated Entities (Including the Company) for the Most Recent 2 Fiscal Years to Each of the Company's Directors, Supervisors, President, and Vice Presidents, and Describe the Policies, Standards, and Packages For Payment of Remuneration, As Well As The Procedures for Determining Remuneration, And Its Linkage to Business Performance and Future Risk Exposure:

- (I) Analysis of total compensation paid to Directors, President, and Vice Presidents as a percent of net income after tax of Individual Financial Statements for the most recent 2 years

Unit: NT\$ thousands

	2020	2021
Net income after tax	2,662,311	4,602,762
Directors' remuneration	77,282	129,825
Directors' remuneration as a percentage of net income after tax	2.90%	2.82%
Remuneration of President and Vice Presidents	23,083	40,242
Remuneration of President and Vice Presidents as a percentage of net income after tax	0.87%	0.87%

- (II) The policies, standards, combinations, procedure of decision-making of remunerations, and

their relation to business performance and future risk

1. The policies, standards, and combinations of the remunerations:
 - (1) Remunerations paid to Directors include base compensation, bonus and transportation allowance. In line with Article 20 of the Articles of Incorporation, when performing duties for the Company, the Directors may be paid with remunerations whether the Company makes a profit. The determining of the remunerations is delegated to the Board of Directors by considering the Directors' levels of participation and contribution in Company operations and by referencing both domestic and international industrial standards.. All Directors are entitled to the same appropriation of transportation allowance. The Independent Directors' are paid with fixed remunerations on a monthly basis, and Independent Directors do not participate in the remuneration payments to Directors as stated in Article 24. In case the Company makes a profit in a fiscal year, pursuant to provisions in Article 24 of the Articles of Incorporation, the Company shall set aside no more than 3 percent of its profit as Directors' remunerations from its pre-tax net profit before deducting the employees' compensations and Directors' remunerations.
 - (2) The compensations for managers include salaries, bonuses, and employee compensations, and the Compensations Management Method, Employee Compensation Distribution Method, and Year-end Bonus and Incentives Distribution Method, have been formulated in reference to market and industry standards and Greatek's overall operating performance. In particular, pursuant to provisions in Article 24 of the Articles of Incorporation, the Company shall set aside no less than nine to fifteen percent of its profit as employee compensation from its pre-tax net profit before deducting the employees' compensations and Directors' remunerations.
 2. Procedures for Determining Compensations
 - (1) Greatek evaluates the performance of the Board of Directors at the end of each fiscal year in line with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the Evaluation of the Board of Directors, which was approved by the Board of Directors meeting on July 29, 2020.

The self-evaluation results from the Board of Directors, the Directors, and members of the functional committees in 2021 were all "Beyond the Standard Level".
 - (2) Directors are paid with directors' remunerations, while the Independent Directors are paid a fixed remuneration on a monthly basis.
 - (3) To incentivize our employees' efforts, Greatek shares operating performance with the employees. All employees are distributed with corresponding bonuses and employee compensations based on the Company's operating performance, financial position, and results of their individual work performance evaluations.
 - (4) The Directors' remuneration policy and the standard and structure of the managers' compensations are reviewed by the Remuneration Committee, and submitted to the Board of Directors for resolution.
 3. Relation to business performance and future risk:
 - (1) The Directors' remunerations is highly correlated to Greatek's management performance and risk control.
 - (2) The compensations to the President and Vice Presidents are correlated to the responsibilities they bear and Greatek's overall operating performance.
- (III) Greatek is exempted from compiling a Consolidated Financial Statement.

Chapter 4 Status of Corporate Governance

I. Functions of the Board of Directors:

The Board of Directors has convened 7 meetings (A) in 2021 with the following attendance records:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A) (Note)	Remarks
Chairman	Powertech Technology Inc. Corporate Representative Boris Hsieh	6	1	86	
Director	Powertech Technology Inc. Corporate Representative D.K. Tsai	7	0	100	
Director	Powertech Technology Inc. Corporate Representative Louis Ning	7	0	100	
Director	Powertech Technology Inc. Corporate Representative J.S. Leu	7	0	100	
Director	Powertech Technology Inc. Corporate Representative Evan Tseng	4	0	100	Released from duty on July 21, 2021
Director	Powertech Technology Inc. Corporate Representative Y.C. Chen	3	0	100	Newly appointed on July 21, 2021
Director	Hung-Wei Venture Capital Co., Ltd. Corporate Representative Jr-Neng Chang	4	3	57	
Independent Director	Chu-Chien Feng	7	0	100	
Independent Director	Chi-Yung Wu	7	0	100	
Independent Director	M.J. Chuang	7	0	100	

Note: Actual attendance rate (%) shall be calculated based on the number of meetings convened and the actual number of meetings a Director has attended during the term of office.

Other Matters:

- I. With regard to the implementation of the Board of Directors, if any of the following circumstances occur, the dates, terms of the meetings, contents of motions, all Independent Directors' opinions and the Company's handling of such opinions shall be specified:
- (I) Matters referred to in Article 14-3 of the Securities and Exchange Act.
In accordance with the provisions of Article 14-4 of the Securities and Exchange Act, Greatek has set up an Audit Committee. The Audit Committee members did not express any objection or reservation to the proposal.
- (II) Any recorded or written Board resolutions to which Independent Directors have objections or reservations to be noted in addition to the above:
None.
- II. Regarding recusals of Directors from voting due to conflicts of interests, the names of the Directors, contents of motions, reasons for recusal, and results of voting shall be specified:

Board Meetings	Proposal	Director requiring recusal	Reason for avoiding conflicts of interest	Voting
2021/7/30 2nd meeting from the 10th Board	The 2021 remuneration adjustment proposal for the managerial officers and various compensation packages.	Representatives of Powertech Technology Inc. Louis Ning	Though Chairman Boris Hsieh concurrently serves as the CEO, there is no conflict of interest since he is not directly paid with employees' compensations; Director Louis Ning is recused from discussion and voting to avoid conflict of interest since he concurrently serves as Greatek's President.	Approved without revision and without dissent by all attending Directors (including those attending by proxy) other than the Directors recused from discussion and voting.
	Proposal for transportation allowance of the 10th Board of Directors and remunerations	This proposal was voted separately to avoid conflict of interest from the Directors	1. Transportation allowance for the Directors: Chairman has designated Independent Director Feng to serve as a proxy chair over this proposal. The six	(1) Transportation allowance for the Directors: Independent Director Feng acted as proxy chair to this proposal, which was approved without revision and without

for Independent Directors.	and the Independent Directors	Directors other than the Independent Directors were recused from the discussion or voting to prevent conflict of interest. 2. Remunerations and transportation allowance for the Independent Directors: The Independent Directors were recused from the discussion or voting to prevent conflict of interest.	dissent by all attending Independent Directors other than the Directors recused from discussion and voting. (2) Remunerations and transportation allowance for the Independent Directors: Approved without revision and without dissent by all attending Directors (including those attending by proxy) other than the Independent Directors recused from discussion and voting.
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III. TWSE/TPEX listed companies shall disclose the information of self-evaluation (or peer evaluation) of the Board of Directors, such as evaluation cycle, period, scope, method and contents, and to describe the implementation status of such evaluation:

1. Performance evaluation mechanism and implementation status of the Board of Directors and functional committees:

Evaluation cycle	Evaluation period	Scope of evaluation	Method of evaluation	Content of evaluation
Once a year	2021/1/1~2021/12/31	Board of Directors	Internal evaluation of the Board	Evaluation of performance for the Board of Directors include five major aspects: participation in the operation of the Company, enhancing the quality of the Board of Directors' decision making, composition and structure of the Board, election and continuing education of the Directors, and internal control. Upon evaluation and distribution of survey questionnaires, the achievement has been 95%, and the evaluation result indicated that performance was beyond the standard level.
		Individual Director	Self-evaluation of the Board members	Performance evaluation for Board members includes six major aspects: alignment of the goals and missions of the Company; awareness of the duties of a Director; participation in the operation of the Company; management of internal relationship and communication; the Director's professionalism and continuing education; and internal control. Upon collection and compilation of the self-evaluation questionnaires from the nine Board members, the achievement has been 95%, and the evaluation result indicated that performance was beyond the standard level.
		Functional committees	Self-evaluation of the Audit Committee	Evaluation of performance for functional committees included five major aspects: participation in the operation of the Company, awareness of the duties of the Audit Committee, enhancing the quality of decisions made by the Audit Committee, composition of the Audit Committee and election of its members, and internal control. Upon collection and compilation of the self-evaluation questionnaires from the three Independent Directors, the achievement has been 100%, and the evaluation result indicated that performance was beyond the standard level.
		Functional committees	Self-evaluation of the Remuneration Committee	Evaluation of performance for functional committees included five major aspects: participation in the operation of the Company, awareness of the duties of the Remuneration Committee, enhancing the quality of decisions made by the Remuneration Committee, composition of the Remuneration Committee and election of its members, and internal control. Upon collection and compilation of the self-evaluation questionnaires from the three Independent Directors, the achievement has been 100%, and the evaluation result indicated that performance was beyond the standard level.

2. The performance evaluation results have been submitted to the Board of Directors meeting convened on February 25, 2022.
- IV. Measures undertaken during the current year and most recent fiscal year to strengthen the functions of the Board of Directors (such as the establishment of an audit committee and improvement of information transparency, etc.) and assessment of their implementation:
1. The 10th Board of Directors has appointed the 5th Remuneration Committee on July 21, 2021.
 2. On July 21, 2021, Greatek has formulated the Audit Committee, which is comprised of three Independent Directors.
 3. The formulation of "Self-evaluation or Peer Evaluation Method of the Board of Directors" was approved on July 29, 2020.
 4. Greatek conducts performance evaluation over the Board of Directors and the functional committees on an annual basis, and the results of which are reported to the Board of Directors.
 5. A Corporate Governance Officer has been established since October 30, 2020.
 6. Risk management policy and procedures have been formulated as of October 29, 2021.
 7. Greatek immediately updates both the Chinese and the English versions of the financial statements on the day that a proposal is approved by the Board.

II. Functions of the Audit Committee

1. The Audit Committee is formed by three Independent Directors, and the goal of the committee is to assist the Board of Directors fulfill its supervision over the following matters:
 - (1) The fair presentation of the Company's financial reports.
 - (2) Appointment or dismissal of the Company's CPAs and evaluation of their independence and performance.
 - (3) The effective implementation of the Company's internal control system.
 - (4) The Company's compliance to relevant regulations and rules.
 - (5) Management of existing or potential risks.
2. The Audit Committee was set up in accordance with the Audit Committee Charter and Article 14-5 of the Securities and Exchange Act in 2021, and will review the following matters:
 - (1) Formulate or amend internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
 - (2) Assessment of the effectiveness of the internal control system.
 - (3) Material asset or derivative transactions.
 - (4) Derivative transactions.
 - (5) Appointment, dismissal, and compensation of the Certified Public Accountants.
 - (6) Annual financial statements that bear the signature or seal of the Chairman, managerial officers, and the accounting manager.
 - (7) Business Report, Earnings Distribution Plan, or Plan to Off-set Accumulated Losses.
 - (8) Other material matters set forth by applicable laws, the competent authority, or by the Company.
 - Review of financial statements

The Board of Directors will prepare the Business Report, financial statements and earnings distribution plan, in which the financial statements have been audited and certified by Deloitte Taiwan, and by whom an Audit Report has been issued accordingly.

The aforementioned Business Report, financial statements, and earnings distribution plan have been reviewed and approved to be correct by the Audit Committee.
 - Appointment and evaluation of the CPAs independence and suitability; the Audit Committee is held responsible for supervising the independence of the CPAs to ensure the reasonableness and reliability of the financial statements.

In general, except for tax-related services or specially authorized projects, the CPA and its accounting firm shall not provide other services to the Company.

To ensure the independence of the CPAs, the Audit Committee has formulated an Independence and Competence Evaluation Table in line with The Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No.10 "Integrity, Objectivity, and Independence". Upon resolution from the Audit Committee and the Board of Directors on February 26, 2021, CPAs Yu-Feng Huang and Cheng-Chih Lin from Deloitte Taiwan have both met the criteria for

- independence and competence evaluation, and can properly serve as Greatek's CPAs.
- Assessment of the effectiveness of the internal control system
The Audit Committee audits regular reports from departments, CPAs and the management to assess the effectiveness of Greatek's internal control system policy and procedures (including control measures over finance, operation, risk management, information security, and legal compliance). The Audit Committee believes that Greatek's risk management and internal control systems are valid, and that Greatek has adopted necessary control mechanisms to supervise and to correct violations and unethical conduct.
3. Greatek held general re-elections at the Shareholders' Meeting on July 21, 2021, and the three Independent Directors were re-elected, and together they form the second term of the Audit Committee

In 2021, the Audit Committee has convened 4 meetings (A), with the following attendance records from the Independent Directors:

Title	Name	Attendance in person (B)	Attendance by proxy	Actual attendance rate (%) (B/A) (Note)	Remarks
Independent Director	Chu-Chien Feng	4	0	100	Re-elected on July 21, 2021
Independent Director	Chi-Yung Wu	4	0	100	Re-elected on July 21, 2021
Independent Director	M.J. Chuang	3	1	75	Re-elected on July 21, 2021

Note 1: Where an Independent Director resign before the end of the year, the Notes column shall be annotated with the date of resignation. Actual presence rate (%) shall be calculated using the number of Audit Committee meetings convened and actual presence during the term of service.

Note 2: If any Independent Director was re-elected before the end of the year, incoming and outgoing Independent Directors shall be listed accordingly, and the Remark column shall indicate whether the Independent Director's status is "Outgoing", "Incoming" or "Re-elected", and the date of re-election. Actual attendance rate (%) shall be calculated based on the number of Audit Committee meetings convened and the actual number of meetings an Independent Director has attended during the term of office.

Other Matters:

- I. If the operation of Audit Committee has one of the following situations, the minutes shall clearly state the Audit Committee meeting date, period, content of the resolution, dissenting or reserved opinion, or material suggestion from the Independent Directors, resolution from the Audit Committee, and the Company's handling of said opinions.

(I) Matters referred to in Article 14-5 of the Securities and Exchange Act.

Meeting date and period	Proposal	Matters referred to in Article 14-5 of the Securities and Exchange Act	Resolutions not approved by the Audit Committee, but were approved by two-thirds or more of all Directors.
2021/2/26 11th meeting in the 1st term of Audit Committee	Amendment to Greatek's internal control system.	V	No
	Proposal for the outsourced plant construction of Plant V (Toufen Plant II)	V	No
	2020 assessment on the effectiveness of internal control system and "Statement of Internal Control System".	V	No
	Appointment of 2021 CPA and evaluation on CPA's independence.	V	No
	Review of Greatek's 2020 Business Report.	V	No
	Review of Greatek's 2020 financial statements.	V	No
	Review of Greatek's 2020 earnings distribution plan.	V	No
	Dissenting or reserved opinion, or material suggestions from the Independent Directors: None. Resolution from the Audit Committee: Approved without amendment or dissent by all Directors in attendance. Greatek's handling of the opinions from Independent Directors: Approved without		

	amendment or dissent by all Directors in attendance (including attendance by proxy) on February 26, 2021.		
2021/4/29 12th meeting in the 1st term of Audit Committee	Application for amount to be used toward engagement in transaction of forward exchange derivatives.	V	No
	Review of Greatek's 2021 First Quarter(Q1) financial statements.	V	No
	Dissenting or reserved opinion, or material suggestions from the Independent Directors: None. Resolution from the Audit Committee: Approved without amendment or dissent by all Directors in attendance. Greatek's handling of the opinions from Independent Directors: Approved without amendment or dissent by all Directors in attendance on April 29, 2021.		
2021/7/30 1st meeting in the 2nd term of Audit Committee	Review of Greatek's 2021 Second Quarter(Q2) financial statements.	V	No
	Dissenting or reserved opinion, or material suggestions from the Independent Directors: None. Resolution from the Audit Committee: Approved without amendment or dissent by all Directors in attendance (including attendance by proxy). Greatek's handling of the opinions from Independent Directors: Approved without amendment or dissent by all Directors in attendance (including attendance by proxy) on July 30, 2021.		
2021/10/29 2nd meeting in the 2nd term of Audit Committee	Establish Greatek's 2022 Audit Plan.	V	No
	Review of Greatek's 2021 Third Quarter(Q3) financial statements.	V	No
	Review of the Company's risk management policy and procedures.	V	No
	Dissenting or reserved opinion, or material suggestions from the Independent Directors: None. Resolution from the Audit Committee: Approved without amendment or dissent by all Directors in attendance. Greatek's handling of the opinions from Independent Directors: Approved without amendment or dissent by all Directors in attendance (including attendance by proxy) on October 29, 2021.		

(II) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all Directors:

None.

II. Regarding recusals of Independent Directors from voting due to conflicts of interests, the names of the Independent Directors, contents of motions, reasons for recusal, and results of voting shall be specified:

None.

III. Communications between the Independent Directors, the Company's chief internal auditor and CPAs (shall include the material items, methods and results of audits of corporate finance or operations, etc.)

1. The chief internal auditor regularly submits the audit results to the Independent Directors via electronic means in the following month after completing audit items.
2. The Audit Committee and the Board of Directors convene quarterly meetings, and the chief internal auditor attends all of these meetings and reports and communicates audit tasks to the Audit Committee and the Board of Directors.
3. Pursuant to provisions stipulated in No. 39 "communications with the component auditor" of the International Standards on Auditing (ISA), during the planning and completion phases, the CPA reports and communicates with the Independent Directors during Audit Committee meetings in each quarter regarding governance matters related to the audit or review procedures for financial statements.

4. The Independent Directors, chief internal auditors, and the CPA have maintained good communications during the Audit Committee meetings in 2021; key communications have been summarized as the following:

Audit Committee	Key communication matters with the chief internal auditor	Key communication matters with CPA
2021/2/26 11th meeting in the 1st term of Audit Committee	<ul style="list-style-type: none"> ● Review of the internal audit report. ● Discussion over the amendments to Greatek's internal control system. ● Discussion over the 2020 assessment on the effectiveness of internal control system" and "Statement of Internal Control System". 	<ul style="list-style-type: none"> ● Discussion over audit contents and results of the 2020 financial statements (discussion and communications over the matters related to the review summarizations). ● Introduction to Securities and Exchange Act: Functions of the corporate governance unit and responsibilities in enhancing the financial statement preparation skills.
2021/4/29 12th meeting in the 1st term of Audit Committee	<ul style="list-style-type: none"> ● Review of the internal audit report. 	<ul style="list-style-type: none"> ● Discussion over audit contents and results of the 2021 Q1 financial statements. ● Introduction to tax laws: Reporting and communications over regulatory requirements of high-risk innovative businesses.
2021/7/30 1st meeting in the 2nd term of Audit Committee	<ul style="list-style-type: none"> ● Review of the internal audit report. 	<ul style="list-style-type: none"> ● Discussion over audit contents and results of the 2021 Q2 financial statements.
2021/10/29 2nd meeting in the 2nd term of Audit Committee	<ul style="list-style-type: none"> ● Review of the internal audit report. ● Discussion over 2022 Internal Audit Plan. 	<ul style="list-style-type: none"> ● Discussion over audit contents and results of the 2021 Q3 financial statements (discuss and communicate over significant risk and key audit matters during the planning stage).
<p>Results: the aforementioned matters have all been reviewed or approved by the Audit Committee, and the Independent Directors did not express any dissent or reserved opinion.</p>		

III. Status of Corporate Governance, and any variance from the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and reasons thereof:

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Explanation	
(I) Does the Company establish and disclose its Corporate Governance Best-Practice Principles based on the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"?	V		Greatek has formulated the Corporate Governance Best-Practice Principles based on the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and disclosed relevant information on the "Corporate Governance" section of its website.	None
(II) Shareholding Structure & Shareholders' Rights				
1. Does the Company establish an internal procedure for handling shareholders' suggestions, concerns, disputes, and litigations? Has the procedure been implemented accordingly?	V		Greatek complies with the Corporate Governance Best-Practice Principles and should shareholders have any question or comment, they can communicate with Greatek via the "Investors" section on company website. Greatek has designated the spokesperson to handle shareholder suggestions, concerns and other relevant matters.	None
2. Has the Company maintained the list of major shareholders and ultimate controllers of the major shareholders?	V		Greatek discloses shareholding status of major Shareholders, Managerial Officers and related parties on a monthly basis pursuant to provisions required by the Securities and Exchange Act. Additionally, Greatek also discloses a list of shareholders holding 5% or more of Greatek's shares on a quarterly basis in our financial statements.	None
3. Has the Company established and implemented risks control and "firewall" mechanisms between the Company and its affiliates?	V		Greatek has formulated the "Management Guidelines for Related Party Transactions" and set up regulations regarding financial transactions between affiliated companies. Additionally, "Guidelines for Supervision over Subsidiaries" have also been formulated to establish risk control and firewall mechanisms.	None
4. Has the established internal rules prohibiting insider trading on undisclosed information?	V		Greatek has formulated "Procedures for the Prevention of Insider Trading" and "Code of Ethical Conduct" and announced them on both Greatek's internal bulletin board and the "Corporate Governance" section of company website. We informs insiders of common violations from time to time, and remind the Board of Directors of relevant confidentiality and responsibilities in the notice letter of quarterly Board meeting. The "Guide to Regulations Governing Directors" and "Directions Concerning Securities Market Regulatory Matters for TWSE Listed Companies and Their Directors, Supervisors, and Major Shareholders" are immediately sent via	None

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Explanation	
			electronic means to newly elected 10th Board's Directors after the election on July 21, 2021, and the new Directors have immediately signed "Statement of Appointment" and are arranged to pursue relevant continuing education courses.	
(III) Composition and Responsibilities of the Board of Directors 1. Has the Company established a diversification policy for the composition of its Board of Directors and has the policy been implemented accordingly? 2. In addition to establishing Compensation Committee and Audit Committee in accordance with laws, would the Company voluntarily set up other functional committees? 3. Does the Company establish performance assessment measures and methods of Board of Directors, conduct performance assessment regularly every year, submit the performance assessment result to the Board of Directors and use as reference for individual Director pay and nomination of successor?	V	V	<p>The diversification policy for the composition of the Board has been stipulated in Article 20 of Greatek's "Corporate Governance Best Practice Principles". To achieve the ideal corporate governance in practice, we have no more than 2 Directors who concurrently serve as employees, and the term of Independent Directors does not exceed 9 years. The composition of the current Board of Directors has diversified professional knowledge and capabilities, and all members have knowledge, skills, and qualities necessary to fulfill their duties. The composition of the Board of Directors is diverse. Among them, there's only one concurrent Managerial Officer (comprises of less than 1/3 of all Directors), and we have 3 Independent Directors, accounting for 1/3 of all Directors. Two of which have assumed office for less than 3 years, and one has assumed office for 3-9 years. Eight members of the Board are aged over 50 while one is aged below 50.</p> <p>Currently, Greatek does not have a need to establish other functional committees.</p> <p>Greatek's Board of Directors has formulated the "Self-evaluation or Peer Evaluation Method of the Board of Directors" on July 29, 2020, and performance evaluation will be carried out at the end of every fiscal year. The evaluation results will be submitted to the Board of Directors before the end of the following quarter, and results will be used as reference for selecting or nominating Directors.</p>	<p>None</p> <p>Will be set up based on future needs.</p> <p>None</p>

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof																																	
	Yes	No	Explanation																																		
4. Does the Company regularly evaluate the independence of CPAs?	V		<p>Greatek regularly assesses the independence and the competence of the CPA in each year, and adopts the following assessment procedures:</p> <p>1. Examine whether the CPA and members of the audit team are non-stakeholders and meet the following criteria for independence and competence. (Abstract of important criteria)</p> <table border="1"> <thead> <tr> <th>Evaluation item</th> <th>Yes</th> <th>No</th> </tr> </thead> <tbody> <tr> <td>1. The CPA has not served as Greatek's CPA for 7 years or more.</td> <td>V</td> <td></td> </tr> <tr> <td>2. The CPA has no direct or significant indirect financial interest with Greatek.</td> <td>V</td> <td></td> </tr> <tr> <td>3. There is no financing or guarantee between the CPA and Greatek.</td> <td>V</td> <td></td> </tr> <tr> <td>4. The CPA does not have material and close business relationships with Greatek.</td> <td>V</td> <td></td> </tr> <tr> <td>5. The CPA does not have potential employment with Greatek.</td> <td>V</td> <td></td> </tr> <tr> <td>6. The CPA has no contingent fees related to Greatek's audit cases.</td> <td>V</td> <td></td> </tr> <tr> <td>7. The CPA is not a Director or managers of Greatek during the current or most recent two years, and does not have significant influence on the audits.</td> <td>V</td> <td></td> </tr> <tr> <td>8. There is no kinship relationship between the CPA and any of Greatek's Directors, Supervisors, or personnel who have a significant influence on the audits.</td> <td>V</td> <td></td> </tr> <tr> <td>9. The CPA and the audit service team members have no acceptance of gifts or special offers of great value from Greatek's Directors, Supervisors, or Managerial Officers.</td> <td>V</td> <td></td> </tr> <tr> <td>10. No unloading of a joint CPA within one year as a Director, Supervisor or Managerial Officer of Greatek or a position that has a significant influence.</td> <td>V</td> <td></td> </tr> </tbody> </table> <p>2. Submit the assessment results along with the Statement of Independence (no violation of the Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No.10) issued by the CPA to the Audit Committee and the Board of Directors.</p> <p>3. For the most recent two years, CPA's independence and competence have been evaluated and separately approved by the Audit Committee and the Board of Directors on February 26, 2021 and February 25, 2022.</p>	Evaluation item	Yes	No	1. The CPA has not served as Greatek's CPA for 7 years or more.	V		2. The CPA has no direct or significant indirect financial interest with Greatek.	V		3. There is no financing or guarantee between the CPA and Greatek.	V		4. The CPA does not have material and close business relationships with Greatek.	V		5. The CPA does not have potential employment with Greatek.	V		6. The CPA has no contingent fees related to Greatek's audit cases.	V		7. The CPA is not a Director or managers of Greatek during the current or most recent two years, and does not have significant influence on the audits.	V		8. There is no kinship relationship between the CPA and any of Greatek's Directors, Supervisors, or personnel who have a significant influence on the audits.	V		9. The CPA and the audit service team members have no acceptance of gifts or special offers of great value from Greatek's Directors, Supervisors, or Managerial Officers.	V		10. No unloading of a joint CPA within one year as a Director, Supervisor or Managerial Officer of Greatek or a position that has a significant influence.	V		None
Evaluation item	Yes	No																																			
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Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Explanation	
(IV) Does the Company appoint competent and appropriate corporate governance personnel and corporate governance officer to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by Directors, assisting Directors' compliance of law, handling matters related to Board Meetings and Shareholders' Meetings according to law, and minutes of Board Meetings and Shareholders' Meetings)?	V		On October 30, 2020, the Board of Directors has approved the appointment of Vice President Sheng Chen from Administrations Division to serve as the Chief Corporate Governance Officer, the highest ranking manager in charge of corporate governance matters: providing information required by the Directors for execution of business, assisting Directors in complying with laws and decrees, providing information on continuing studies to Directors, continuing to maintain communications between Directors and business managers, handling relevant matters of Meetings of the Board of Directors and Shareholders' Meeting, and making minute books of the Meetings of the Board of Directors and Shareholders' Meeting according to law, handling corporate registrations, and convening two Investor Conferences in each year to enhance investor relations and to assist in the functions of functional committees and more. The Chief Corporate Governance Officer is required to complete of continuing studies in each year. Please refer to Continuing Studies from Directors and Managers for details.	None
(V) Has the Company established channels for communication with stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.), set up a "Stakeholder Section" on the website, and appropriately responded to the major CSR issues that stakeholders were concerned with?	V		Greatek is committed to communicating with stakeholders, and has set up "Stakeholder" section under the "CSR" section on its website. Additionally, all designated contact persons are required to respond to opinions from stakeholders, and report to the Board of Directors annually regarding the communication between each individual stakeholder.	None
(VI) Has the Company delegated a professional shareholder service agency to handle shareholders' meeting?	V		Greatek has appointed the Share Agency Department at Yuanta Securities Co., Ltd. to handle related shareholder affairs.	None

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Explanation	
(VII) Information Disclosure				
1. Does the Company establish a website to disclose information on finance and corporate governance?	V		The "Investors" section on the website discloses financial, business, and governance information in both Chinese and English. Greatek has implemented the spokesperson system and dedicated personnel are in charge of collecting and disclosing relevant information based on their roles in both Chinese and English on the "Investor" section of company website. Such information disclosure include financial information, Annual Report, Investor Conference, and corporate governance and more. Greatek complies with relevant laws, and handles the information reporting and publication before the prescribed deadlines.	None
2. Does the Company use other information disclosure channels (e.g. maintaining an English website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	V			None
3. Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline?	V			None
(VIII) Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?	V		1. Employees' rights: Greatek complies with domestic laws and regulations including the Labor Standards Act, and has implemented the Responsible Business Alliance (RBA) Code of Conduct in practice. Additionally, Greatek has also established the Employee Welfare Committee to handle various employee benefits, while the Pension Supervisory Committee is in charge of formulating the pension system, supervision and management of pension allocations. 2. Employees' well-being: Greatek is focused on occupational safety and health risks, and we strive to protect the occupational safety and health, both physical and emotional well-being of our employees through achieving the ISO 45001 Occupational Safety and Health Management System Certification. We are committed to caring for our employees, and we organize general and special health checkups for our employees in order to prevent occupational hazards. We also file group insurance for our employees.	None

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Explanation	
			<p>3. Supplier relations: Greatek sees suppliers as important partners to our operations, and we jointly pursue corporate sustainable management and growth with our suppliers through forming close-knit partnerships. Suppliers for our major materials must pass the supplier evaluation and receive regular audit and evaluation to ensure that they meet our requirements for sustainable management and the quality of our collaboration.</p> <p>4. Investor relations, community engagement, and the rights of stakeholders: Greatek is committed to communicating with various stakeholders. Please refer to Status of Communications with Stakeholders for details.</p> <p>5. Continuing studies from Directors and managers: Please refer to Continuing Studies from Directors and Managers for details.</p> <p>6. Risk management policy and implementation of risk evaluation standard: Greatek has formulated various risk management mechanisms, internal control, and regulations to evaluate and manage all kinds of risks in accordance with laws.</p> <p>7. Implementation of customer policy: Greatek actively develops technologies that meet the needs of our customers, and has passed various Certifications including IECQ QC 080000:2012, IATF 16949:2016, and ISO 9001:2015.</p> <p>8. Purchase of liability insurance for Directors: Greatek renews the liability insurance for Directors and key employees, and has reported relevant information including the insured amount, scope of insurance, and insurance premium rates to the Board of Directors on October 29, 2021.</p> <p>9. Implementation Status of Risk Management Policy and Risk Evaluation Standard : Please refer to Implementation Status of Risk Management Policy and Risk Evaluation Standard.</p>	
(IX) Please state the improved situation concerning the corporate governance evaluation result published in recent years of corporate governance center of TWSE and raise priority strengthening matters and measures concerning the ones not improved. (Not required for the companies excluded from the evaluation)				

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Explanation	
1. To strengthen the structure and functions of the Board of Directors, Greatek has formulated the "Self-evaluation or Peer Evaluation Method of the Board of Directors" on July 29, 2020 and appointed one Chief Corporate Governance Officer on October 30, 2020. 2. Greatek values the shareholders' right to know, and immediately announces financial statements on the day that they have been approved by the Board. 3. To fairly treat our shareholders, the Company's financial and business reports and material information are also concurrently announced on the MOPS in English. 4. To strengthen communications with stakeholders in order to build good interactive channels of communication, we upload the Shareholders' Meeting Handbook and Annual Report earlier than the required deadlines.				

(X) Implementation Status of Risk Management Policy and Risk Evaluation Standard

On October 29, 2021, the Board of Directors approved the "Risk Management Policy and Procedures" as the basis for Greatek's risk management. The risk management units within various organizations are organized into a risk management team based on their respective organizations, and the risk management team will propose risk identifications and evaluations in line with the risk management procedures, as well as risk control plans and responses. The highest management level will manage all risk issues and report to the Board of Directors in each year.

In 2021, risk management team conducts risk evaluations on environmental, social, and governance issues related to the Company's operations based on the materiality principle. Relevant risk management policies are subsequently formulated based on the risks determined from the evaluations, which were reported to the Board of Directors on July 30, 2021.

Greatek Electronics Inc. Risk Management Policy and Procedures

Risk management policy

While confronted with operating risks, financial risks, environmental risks, and safety and health management risks encountered by enterprises around the world, Greatek has formulated risk management mechanisms to manage potential risks that could have possible effects on our operations and profitability, allowing us to rapidly respond when facing such risks in order to reduce losses and to continue to maintain the rights and interests of stakeholders.

Risk management procedures

1. Collect internal and external issues and stakeholders' requirements and expectations
 - (1) Collect internal and external issues
 - ① Risk management team will jointly review Greatek's strategic goals and management in each May with CSR team, and the risk management team will prepare a list of "stakeholder issues".
 - ② After collecting information relevant to the issues, the risk management team will conduct risk management by evaluating relevant risks.
 - (2) Information on the risks will be stored by the Management Review meeting after evaluation, and the Management Review meeting will inspect and review the changes on the current organizational environment, strategic objectives, and risk management in each year.
2. Risk management
 - (1) Timing of risk evaluation: To address policy or organizational adjustments, the risk evaluation process will be carried out from time to time, and the highest-ranking managers will be in charge of determining the time and scope of such evaluations.
 - (2) Method of risk evaluation
 - ① The risk management team classifies the levels of risk into low, medium, and high, and high risks will be determined as material risks. The units responsible for the material risk issues are required to propose improvement targets and action plans regarding the risk to seize opportunities for improvement and to reduce operating risks.
 - ② Upon approval from the highest management level, completed issue evaluations and improvements will serve as annual targets for relevant units, and management plans will be executed accordingly.
 - (3) Risk handling
 - ① Reduce risks: Improvement targets and improvement plans shall be formulated to reduce the operating risks from material issues.
 - ② Risk tolerance: To properly reflect the existing risks in operations, tolerable low to medium-level risks shall be included in the management procedures of the quality management system.
 - ③ Opportunity measures: Develop new technologies, principles, markets, and launch new products to strengthen Greatek or improve our ability to serve customers.
 - (4) Implementation status and results of the risk improvement plans should be discussed during the Management Review meetings. In case performance review after implementing relevant risk management measures indicates that the risk level has been reduced to a tolerable level, it may be removed from the risk issues.

For the implementation status of risk management, please refer to: Review and Analysis of the Company's Financial Position, Financial Performance and Risk Evaluation: IV. Analysis and Evaluation of Risks.

IV. In case the Company has set up a Remuneration Committee, its composition, functions, and operations shall be disclosed. Greatek's Remuneration Committee is formed by the three Independent Directors. It is operated in line with Greatek's "Remuneration Committee Charter" and its main duties include the following:

1. Periodically reviewing the Remuneration Committee Charter and making recommendations for amendments.
2. Establishing and regularly reviewing the Board of Directors and Managerial Officer's performance evaluation in conjunction with the remuneration policies, systems, standards, and structure.
3. Periodically assessing the degree to which performance goals for the Directors and Managerial Officers have been achieved, setting the types and amounts of their individual compensation based on the results of the reviews conducted in accordance with the performance assessment standards.

(I) Information on the Members of the Remuneration Committee

As of March 31, 2022

Title (Note 1)	Qualification Name	Professional qualifications and experiences (Note 2)	Independence criteria (Note 3)	Number of other public companies where the individual concurrently serves as a member of the Remuneration Committee
Independent Director (Convener)	Chu-Chien Feng	1. Independent Director Feng has more than five years of work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company: President of Global View Co., Ltd. (November 1997 to December 2006 Other electronics) Chairman of Global View Co., Ltd. (January 2005 to December 2006 Other electronics) Chairman of Radiant Innovation Inc. (March 2000 to September 2014 Medical devices) Executive Assistant of the President of HiTi Digital, Inc. (2015 to October 2021 Computer and peripheral equipment industry) Supervisor of CHC Technology Inc. (August 2018 to October 2021 Computer and peripheral equipment industry) Independent Director of Avita Corporation (June 2016 to June 2019 Medical devices) Independent Director of AMPAK Technology Inc. (September 2020 to present Telecommunications industry) Independent Director of Powertip Tech Corp. (July 2021 to present Optronics)	1. Independent Director Feng, his spouse, or relative within the second degree of kinship, is not a Director, Supervisor, or employee of the Company or any of its affiliates. 2. The number of shares held and shareholding ratio held by Independent Director Feng, his spouse, or relative within the second degree of kinship, or held by a nominee, is zero. 3. Independent Director Feng does not serve as a Director, Supervisor, or employee at a company with specific relations with the Company (refer to regulations in Items 5 to 8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies). 4. Independent Director Feng has not provided auditing services to the Company or any affiliate of the Company, or provided commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company in the past 2 years.	2

Title (Note 1)	Qualification Name	Professional qualifications and experiences (Note 2)	Independence criteria (Note 3)	Number of other public companies where the individual concurrently serves as a member of the Remuneration Committee
		2. When the Director was nominated, a statement was issued stating that no condition defined in Article 30 of the Company Act has occurred.		
Independent Director	Chi-Yung Wu	<p>1. Independent Director Wu has more than five years of work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company:</p> <p>Chairman of Holtek Semiconductor Inc. (~October 1998 Semiconductor)</p> <p>Chairman of Holtek Semiconductor Inc. (October 1998 to present Semiconductor)</p> <p>Chairman of Holtek Semiconductor(Xiamen) Inc. (February 2008 to present Electronics)</p> <p>Chairman of Holtek Semiconductor(China) Inc. (July 2012 to present Semiconductor)</p> <p>Chairman of BestComm RF Electronics Inc. (January 2014 to present Electronics)</p> <p>Chairman of Best Solution Technology Inc. (August 2014 to present Electronics)</p> <p>Chairman of Best Modules Corp. (May 2016 to present Electronics)</p> <p>Chairman of Holtek Investment Co., Ltd. (March 2003 to present Investment)</p> <p>Director of Holtek Semiconductor(Suzhou) Inc. (October 2018 to present Electronics)</p> <p>Director of Holtek Semiconductor Holding(BVI) Ltd. (October 1999 to present Investment)</p> <p>Director of Kingtek Semiconductor Holding(BVI) Ltd. (January 2002 to present Investment)</p> <p>Director of Bestcomm RF Electronics Inc. (March 2014 to present Investment)</p> <p>2. When the Director was nominated, a statement was issued stating that no condition defined in Article 30 of the Company Act has occurred.</p>	<p>1. Independent Director Wu, his spouse, or relative within the second degree of kinship, is not a Director, Supervisor, or employee of the Company or any of its affiliates.</p> <p>2. The number of shares held and shareholding ratio held by Independent Director Wu, his spouse, or relative within the second degree of kinship, or held by a nominee, is zero.</p> <p>3. Independent Director Wu does not serve as a Director, Supervisor, or employee at a company with specific relations with the Company (refer to regulations in Items 5 to 8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies).</p> <p>4. Independent Director Wu has not provided auditing services to the Company or any affiliate of the Company, or provided commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company in the past 2 years.</p>	-

Title (Note 1)	Qualification Name	Professional qualifications and experiences (Note 2)	Independence criteria (Note 3)	Number of other public companies where the individual concurrently serves as a member of the Remuneration Committee
Independent Director	M.J. Chuang	<p>1. Independent Director Chuang has more than five years of work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company: Managing Director of Hikari Glass(H.K.) Limited (December 2003 to December 2004 Optronics) President of Taiwan Business Division, HOYA Corporation (December 2006 to November 2015 Optronic equipment manufacturing) President of Calin Technology Co., Ltd. (January 2016 to December 2019 Optronics) Executive Assistant of the Chairman, Overseas President and Representative of Taiwan Office of Union Optech (Zhongshan) Technology Co., Ltd. (October 2020 to present Optronics)</p> <p>2. When the Director was nominated, a statement was issued stating that no condition defined in Article 30 of the Company Act has occurred.</p>	<p>1. Independent Director Chuang, his spouse, or relative within the second degree of kinship, is not a Director, Supervisor, or employee of the Company or any of its affiliates.</p> <p>2. The number of shares held and shareholding ratio held by Independent Director Chuang, his spouse, or relative within the second degree of kinship, or held by a nominee, is zero.</p> <p>3. Independent Director Chuang does not serve as a Director, Supervisor, or employee at a company with specific relations with the Company (refer to regulations in Items 5 to 8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies).</p> <p>4. Independent Director Chuang has not provided auditing services to the Company or any affiliate of the Company, or provided commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company in the past 2 years.</p>	-

Note 1: Please specify the relevant years of work experience, professional qualifications and experiences, and status of independence of each member of the Remuneration Committee in the table. In case a committee member is an Independent Director, the Company may indicate in a Note to refer to Table I Information on Directors and Supervisors on Page XX. For title, please identify whether the person is an Independent Director or other (Please note the committee convener).

Note 2: Professional qualifications and experiences: Specify the professional qualifications and experiences of each member of the Remuneration Committee.

Note 3: Compliance to independence: Specify the compliance to independence criteria in the Remuneration Committee, this includes but is not limited to: whether the committee member, spouse, or relative within the second degree of kinship, has served as a Director, Supervisor, or employee of the Company; the number of shares held and shareholding ratio held by the committee member, spouse, or relative within the second degree of kinship, or held by a nominee; whether the committee member has served as a Director, Supervisor, or employee at a company with specific relations with the Company (refer to regulations in Items 5 to 8, Paragraph 1, Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); and compensations received by the committee member for providing auditing services or commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company in the past 2 years.

(II) Information on the operations of the Remuneration Committee

1. Greatek's Remuneration Committee consists of three members.
2. Term of the current Remuneration Committee: from July 21, 2021 to July 20, 2024; in 2021, the Remuneration Committee has convened 2 meetings(A), the Directors' qualifications and attendance are as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Actual attendance rate (%) (B/A) (Note)	Remarks
Convener	Chu-Chien Feng	2	0	100	Re-elected on July 21, 2021
Member	Chi-Yung Wu	2	0	100	Re-elected on July 21, 2021
Member	M.J. Chuang	1	1	50	Re-elected on July 21, 2021

Other Matters:

I. If the Board of Directors refuses to adopt or amend a recommendation of the Remuneration Committee, the date of the meeting, session, content of the motion, resolution by the Board of Directors, and Greatek's response to the Remuneration Committee's opinion(e.g., if the compensations approved by the Board of Directors exceeds the recommendation of the Remuneration Committee, the variance in compensations and reasons thereof shall be specified):

None.

II. If there is any member who opposes or has reservations to the resolution of the Remuneration Committee and there is a record or a written statement for it, that record or statement should contain the date of the Board Meeting, the term of the fiscal year, the content of the proposal, and opinions of all members and the follow-up treatments:

None.

III. Discussions and resolutions from the Remuneration Committee, and the way Greatek handled opinions from the Remuneration Committee:

Remuneration Committer	Reason for discussion	Resolution	Opinion from Remuneration Committee	Greatek's treatment of the Remuneration Committee's opinion
2021/2/26 8th meeting in the 4th term of Audit Committee	Review of the proposal for 2020 employee compensation and Directors' remuneration.	Approved by all members of the Committee.	No	Approved upon discussion from the Board of Directors.
2021/7/30 1st meeting in the 5th term of Audit Committee	Review of the proposal for 2020 employee compensation for managerial officers.	Approved by all members of the Committee (including attendance by proxy).	No	Approved upon discussion from the Board of Directors.
	Review of the proposal for 2020 Directors' remuneration.	Approved by all members of the Committee (including attendance by proxy).	No	Approved upon discussion from the Board of Directors.
	Review of the proposal for managerial officers' salaries and compensations for 2021.	Approved by all members of the Committee (including attendance by proxy).	No	Approved upon discussion from the Board of Directors.

Note: (1) Where members of the Remuneration Committee resign before the end of the year, the Notes column shall be annotated with the date of resignation. Actual presence rate (%) shall be calculated using the number of Remuneration Committee meetings convened and actual presence during the term of service.

(2) If any member was re-elected before the end of the year, incoming and outgoing members shall be listed accordingly, and the Remark column shall indicate whether the member's status is "Outgoing", "Incoming" or "Re-elected", and the date of re-election. Actual attendance rate (%) shall be calculated using the number of Remuneration Committee meetings convened and actual attendance during the term of service.

V. Fulfillment of Sustainable Development and Discrepancies with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons thereof

Evaluation Item	Implementation status (Note 1)			Discrepancies with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons thereof
	Yes	No	Summary (Note 2)	
I. Has the Company established exclusively (or concurrently) dedicated units to implement sustainable development, and has the Board of Directors appointed the senior management with responsibility for sustainable development, and to report the status of the supervision to the Board of Directors?	√		Greatek's CSR Committee, which reports directly to the President's Office, is responsible to jointly promote activities related to CSR along with representatives from each department via the PDCA Cycle. The status of CSR and ethical business management executions in 2020 were reported to the Board of Directors on July 30, 2021, and such activities have included operations of the risk management policy and risk management measures, as well as sustainable development performance, etc. The committee will be renamed as the "ESG Committee" going forward.	None
II. Has the Company assessed the environmental, social, and corporate governance risks related to its operations based on the principle of materiality and established related risk management policies or strategies? (Note 2)	√		<p>1. The period of Greatek's ESG information disclosure is our sustainable development performance from January 1, 2021 to December 31, 2021, and includes specific implementations and performance data in terms of corporate governance and economic, social, and environmental aspects. To achieve more comprehensive performance disclosure, certain data will include the periods of January 1, 2019 or before. The boundaries of risk evaluation is limited to Plant I, Plant II, and Plant III of Greatek Electronics Inc.. In 2021, Greatek did not experience any material changes in our scale, structure, ownership, or supply chain.</p> <p>2. Greatek is dedicated to trends and topics related to global sustainability and corporate social responsibilities (CSR), and conducts risk evaluation based on the materiality principle. Such evaluations encompass governance, economics, social, and environmental aspects that are related to Greatek's operations. We have identified potential risks and challenges as well as market opportunities and growth through stakeholder engagement, and formulated risk management policy accordingly. Faced with operational risks, financial risks and environmental risks encountered by enterprises around the world, Greatek has formulated risk management</p>	None

		<p>mechanisms to manage potential risks that could have possible effects on our operations and profitability, allowing us to rapidly respond when facing such risks in order to reduce losses and to continue to maintain the rights and interests of stakeholders.</p> <p>3. Relevant risk management policies or strategies are formulated for the risks after evaluations. Please refer to Description I for details.</p>	
<p>III. Environmental Issues</p> <p>(I) Has the Company established a suitable environmental management system based on the characteristics of its industry?</p>	V	<p>Greatek has acquired the certifications for ISO 14001 and IECQ QC 080000 and received GP certification from major enterprises including SONY and CANON. In terms of the EU regulations, we meet both ROHS and REACH requirements, and have successively received ISO 26262:2011 Road Vehicles Functional Safety Management System certification and IATF 16949:2016 Automotive Quality Management System certification in 2017, and implemented RBA Code of Conduct in order to expand our customer base.</p>	None
<p>(II) Has the Company committed to improving the efficiency of energy consumption and to use renewable materials that have low impacts on the environment?</p>	V	<p>Greatek is committed to enhancing the utilization efficiency of various resources and to acquiring and deploying new equipment with high energy efficiency and energy-saving designs. To enhance the utilization efficiency of renewable energy in each year, we will evaluate whether to deploy renewable energy power generators and to purchase green energy in 2022.</p> <p>We have installed wastewater recycling system and also sort recyclable materials and reduce the use of one-time products. We will continue to promote waste reduction and recycling programs to contribute toward the ecology and the environment.</p> <p>Greatek purchases raw materials compliant with EU ROHS and REACH directives and halogen-free requirements to reduce pollution from manufacturing processes or product waste in order to reduce environmental impact.</p>	None
<p>(III) Has the Company assessed the potential risks and opportunities arising from climate change at present and in the future and taken related countermeasures?</p>	V	<p>1. Real risks of climate change on enterprises Greatek continues to promote energy-saving and carbon reduction programs and measures in response to the abnormal weather conditions associated with global climate change. To ensure that the risks from climate change will not affect Greatek's operations, we believe that the government, private organizations and industrial circles should join forces to mitigate these risks and to actively work in line with the government's measures.</p> <p>2. Opportunities for enterprises provided by climate change Greatek believes that business competitiveness can be enhanced through taking proper control over the risks of climate change, leading to more</p>	None

		<p>opportunities. Therefore, we continue to implement energy-saving and carbon reduction programs, such as enhancing water utilization efficiency and wastewater recycling. By conducting regular and irregular disaster prevention drills to enhance responsiveness to natural disasters, we can reduce the chances of business interruptions and possible losses.</p> <p>Additionally, we will continue to promote power-saving measures to save costs.</p>	
<p>(IV) Has the Company calculated the greenhouse gas emissions, water consumption, and total weight of waste over the past two years and established the policies with regard to greenhouse gas reductions, water consumption, and waste management?</p>	V	<p>To enhance environmental management performance and to achieve synergistic growth with the environment, Greatek has formulated environmental policy and disclosed it on our website. We have voluntarily conducted greenhouse gas (GHG) inventories since 2016 in order to achieve our GHG emission reduction goals. We continue to encourage employees to conserve energy use to reach our annual 1% energy-saving goal.</p> <p>Greatek has always been focused on water conservation and environmental protection. In terms of water conservation, we strive to save water in our daily use and have also set up a processing wastewater recycling system to maximize our available water resources. In 2021, the volume of recycled processing wastewater has increased by 90,880 tons, greatly surpassing our goal of 3,000 ton increase. We will continue to build recycling system in 2022, and have established a goal of increasing the volume of recycled wastewater by 3,000 tons. Please refer to the Data and Implementation of Energy Saving Measures and Waste Management for Most Recent Two Years for details.</p> <p>In response to climate change and to promote sustainable management and to comply with regulatory requirements, we will negotiate the purchase of renewable energies and to invest toward building solar panels in this year. Additionally, in terms of volatile organic compound (VOC) reductions, we have set a baseline of 0.00179kg/layer (the 2021 result) for the VOC emissions from wafer coating in the bumping process at Toufeng Plant, and plan to reduce the emissions to 0.00175kg/layer by 2022.</p>	None
<p>IV. Social Issues</p> <p>(I) Has the Company formulated appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p>	V	<p>Greatek has adopted the Responsible Business Alliance(RBA) Code of Conduct, which is in line with the United Nations Guiding Principles on Business and Human Rights, Declaration of Fundamental Principles and Rights at Work, and the Universal Declaration of Human Rights. We have also formulated and comply with the "Management Guidelines for Social</p>	None

		<p>Responsibility". Greatek complies with relevant laws including the Labor Standards Act, and have formulated the Work Rules to protect the legitimate rights and interests of our employees. The Administration Department is responsible for staying up-to-date on the legal amendments to Labor Laws and to update the administrative systems on a timely manner.</p> <p>To facilitate the employees' understanding of their own rights and interests and the management policy and procedures of Greatek, orientation training related to human rights is given on the first day of a new employee's arrival. Training has been provided to 922 national and foreign workers in 2021.</p>																																									
<p>(II) Has the Company established and offered proper employee benefits (including compensation, leave, and other benefits) and reflected the business performance or results in employee compensation appropriately?</p>	<p>V</p>	<p>Greatek complies with laws and regulations including the Labor Standards Act in handling wages, work hours, leaves, retirement, and compensations for occupational hazards. Employee performance evaluation is conducted regularly, and annual salary adjustment procedures and employee compensation distribution procedures, have been formulated and serve as the standard for employee evaluation, salary adjustment, and incentives. Greatek shares operational performance or results with employees, and Article 24 of the Articles of Incorporation stipulates that 9% to 15% of the pretax net profit before deducting employees' compensations and Directors' remuneration will be allocated as employees' compensations. Additionally, to inspire employees to strive for Greatek's operational objectives, Year-end Bonus Distribution Procedures and Incentive Bonus Distribution Procedures have been formulated. As the Company's operational goals were achieved, incentive bonuses were distributed 7 times in 2021.</p> <p>Greatek has formulated a friendly workplace environment and strives to enhance gender equality in managers and employees: The Company's labor structure is mostly technical-based, and relevant positions account for 63.14% overall, followed by engineering personnel at 25.50%; managerial positions make up 5.68%, while administrative positions account for 5.68% overall. As of December 31, 2021, 43.77% of Greatek's total employees are female, while males account for 56.23%.</p> <table border="1" data-bbox="927 1171 1848 1423"> <thead> <tr> <th rowspan="3">Year</th> <th colspan="6">Domestic</th> </tr> <tr> <th colspan="3">Male</th> <th colspan="3">Female</th> </tr> <tr> <th>General employee</th> <th>Sectional manager or manager</th> <th>Divisional head or above</th> <th>General employee</th> <th>Divisional head or manager</th> <th>Divisional head or above</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>1265</td> <td>178</td> <td>17</td> <td>1410</td> <td>13</td> <td>1</td> </tr> <tr> <td>2020</td> <td>1340</td> <td>190</td> <td>17</td> <td>1450</td> <td>17</td> <td>1</td> </tr> <tr> <td>2021</td> <td>1418</td> <td>205</td> <td>18</td> <td>1502</td> <td>19</td> <td>1</td> </tr> </tbody> </table>	Year	Domestic						Male			Female			General employee	Sectional manager or manager	Divisional head or above	General employee	Divisional head or manager	Divisional head or above	2019	1265	178	17	1410	13	1	2020	1340	190	17	1450	17	1	2021	1418	205	18	1502	19	1	<p>None</p>
Year	Domestic																																										
	Male			Female																																							
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Year	Foreign						Total
	Male			Female			
	General employee	Sectional manager or manager	Divisional head or above	General employee	Sectional manager or manager	Divisional head or above	
2019	46	0	0	804	0	0	3734
2020	140	0	0	832	0	0	3987
2021	235	0	0	888	0	0	4286

The average employee salary disclosed on the 2021 financial statements was NT\$962 thousand. Greatek's Employee Welfare Committee's employee benefit expenditure reached NT\$66.97 million in 2021. Please refer to Employee Relations for details on benefit measures.

(III) Has the Company provided employees with a safe and healthy working environment and routinely conducted safety and health education for employees?

V

Occupational Safety and Health Review

Greatek has formulated the Occupational Safety and Health Management Handbook, and the President serves as the chief convener. All OSH-related reports are jointly reviewed by the Occupational Safety and Health Department and the Occupational Safety & Health Committee, and suggestions are also proposed and specific improvements are conveyed to all units from the Occupational Safety & Health Committee. Suggested improvements are also proposed based on the audit results, and deficiencies are also reviewed accordingly.

Occupational Safety and Health Operations	
Occupational Safety & Health Committee	Quarterly
Organizational review meeting	Before construction
Venue and labor safety outside the construction site Patrol	Comply with regulations from the construction contractor
Occupational safety and health audit team	Annually

Equipment Safety Management

Greatek conducts equipment classification, and implements regulatory control over hazardous machines and equipment in line with applicable laws. Moreover, detailed inspection is also implemented to ensure the safe operations of such equipment. Greatek had a total of 3 hazardous machines in 2021, and they were all regularly inspected in line with the Regulations for

None

		<p>Safety Inspection of Hazardous Machines and Equipment to ensure the safety in their operations.</p> <p><u>Occupational Hazard Prevention</u></p> <p>Greatek actively prevents occupational hazards and regularly affixes promotional posters at our sites and disseminates information on incidents of occupational hazards.</p> <p>All employees participated in evacuation drills in 2021, and employee health checkups are organized in each year to prevent and manage occupational injuries and diseases. On-site physicians also provide health education services: A three-hour employee safety and health training is given when each employee arrives on site; such trainings were given 9 times/month at Plants I and II, and once per month at Plant III. In addition, in line with applicable laws, an adequate number of first aid personnel and safety and health management personnel have been established at each site.</p> <p>In 2021, the disabling frequency rate (FR) of Gongyi Plant and Toufeng were 0.97 and 0.64, respectively. This is an improvement over the previous year. There were 8 incidents of personnel occupational hazards, which involved 8 persons (accounting for 0.18% of the total number of employees as of December 31, 2021).</p> <p><u>Status of Assurance</u></p> <p>All plants and subsidiaries of Greatek have received the ISO 45001 certification. In 2019, Greatek received both ISO 45001 and CNS 45001 (TOSHMS) system certifications. We provide a safe and healthy workplace environment to our employees by actively promoting the occupational safety and health management system, and encourage the employees to develop an awareness for self-protection to promote safety and health, so as to maintain a friendly and safe work environment over the long-run.</p>	
(IV) Has the Company established an effective competency development career training program for employees?	V	<p>High-performing talent is the key to enhance technological competencies and to achieve sustainable growth. Therefore, we strive to develop talent and to build a training system. Our Education & Training Committee aligns Greatek's educational and training objectives throughout the Company, while departmental supervisors and staff will participate in the planning, execution, and performance review of relevant training. The key objectives to Greatek's training is to strengthen professional knowledge and skills and to enhance employees' quality and professional skills in order to foster professional talent and management personnel required by Greatek's developmental needs.</p> <p>Implementation Status of Training in 2021:</p>	None

		<p>New employee training: A total of 161 sessions of new employee training were organized in 2021 to both national and foreign workers. Contents of these courses included Company history, management vision, corporate culture, ethical business standards, laws on labor rights and human rights, standards and systems, policies, green and environmental awareness, quality system, occupational safety and health, a summary on manufacturing processes, and Greatek's environment and benefits and more.</p> <p>Technical assessment: Training for technicians, quality assurance (QA) personnel, trainers, and sectional leaders are based on operating certification trainings, through which we can achieve our goal of producing stable product quality. In 2021, a total of 6,936 persons received operating certificate training.</p> <p>On-the-job training: All departments will submit training plans based on their respective learning needs in each year, and to provide professional functional trainings, internal experts within the departments will serve as lecturers. In 2021, a total of 1,443 training sessions were given.</p> <p>Internal training courses: By integrating the professional functional trainings and coordinating the needs from all departments, Greatek facilitates the organization of courses that include industry knowledge, quality and process, production management, employee development, and regulatory requirements and policy aspects. In 2021, a total of 27,245 persons were trained.</p> <p>External training courses: By factoring in the special nature of professional functions, the need to acquire new knowledge through professional seminars, and to train for professional licenses, external trainings are given in order to enhance relevant professional knowledge or to obtain licenses. In 2021, a total of 206 persons received external trainings.</p> <p>Language training: In each year, Greatek provides employees opportunities to learn English and to enhance their English proficiency in order to meet the demand for international correspondence at work. A total of 13 persons participated in English training courses in 2021.</p>	
<p>(V) Has the Company followed relevant laws, regulations and international guidelines for the customer health and safety, right to privacy, and marketing and labeling of its products and services and set up relevant related consumer protection policies and grievance procedures?</p>	<p>V</p>	<p>Greatek formulates product and process-related management procedures and standards in line with customer requirements to ensure that our products comply with international standards including RBA, RoHS 2.0, and REACH and more, thereby ensuring that our products and services can meet customer needs.</p> <p>To ensure that customer privacy will not be leaked, we have specified relevant rules regarding customer privacy and information as well as built comprehensive protection via our IT system.</p> <p>We conduct customer satisfaction survey and analyze the results in each year to</p>	<p>None</p>

		protect customer rights and to make continuous improvements. Management procedures for customer grievances have also been formulated to enhance the quality of production and management.									
(VI) Has the Company established the supplier management policies requesting suppliers to comply with laws and regulations related to environmental protection, occupational safety and health or labor rights and supervised their compliance?	V	<p>Greatek has formulated the <u>Supplier and Contractor Management Guidelines</u>, and through supplier selection, audit, and supplier CSR promotions and based on a collaborative model, we have formulated the requirements for various aspects ranging from environmental protection, occupational safety and health, labor rights and human rights, ethical standards, and ethical management in our supply chain. All suppliers that Greatek worked with in 2021 met the following criteria:</p> <table border="1"> <tr> <td rowspan="3">Supplier evaluation</td> <td>Suppliers are required to pass the supplier evaluation and to comply with the Supplier Code of Conduct.</td> </tr> <tr> <td>Raw material suppliers are required to obtain the ISO9001 Quality Management System certification.</td> </tr> <tr> <td>Factory affairs and relevant operating contractors are required to comply with the requirements from "Contractor Occupational Safety and Health Management Guidelines (ES-00-255).</td> </tr> <tr> <td>Supplier audit</td> <td>Greatek has formulated an audit team that follows up on the improvement progress of suppliers' deficiencies, thereby jointly enhancing quality and technologies, and strengthening environmental, safety, and health performance.</td> </tr> <tr> <td>Supplier CSR promotional conference</td> <td>Greatek organizes supplier CSR promotional conferences from time to time to convey our requirements for environmental protection, occupational safety and health, labor rights and human rights, ethical standards, and ethical management.</td> </tr> </table>	Supplier evaluation	Suppliers are required to pass the supplier evaluation and to comply with the Supplier Code of Conduct.	Raw material suppliers are required to obtain the ISO9001 Quality Management System certification.	Factory affairs and relevant operating contractors are required to comply with the requirements from "Contractor Occupational Safety and Health Management Guidelines (ES-00-255).	Supplier audit	Greatek has formulated an audit team that follows up on the improvement progress of suppliers' deficiencies, thereby jointly enhancing quality and technologies, and strengthening environmental, safety, and health performance.	Supplier CSR promotional conference	Greatek organizes supplier CSR promotional conferences from time to time to convey our requirements for environmental protection, occupational safety and health, labor rights and human rights, ethical standards, and ethical management.	None
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Supplier CSR promotional conference	Greatek organizes supplier CSR promotional conferences from time to time to convey our requirements for environmental protection, occupational safety and health, labor rights and human rights, ethical standards, and ethical management.										
V. Has the Company followed internationally recognized guidelines in preparation of reports such as its Sustainable Development report to disclose non-financial information of the Company? Has the Company received assurance or certification of the aforesaid reports from a third party accreditation institution? ?	V	The content framework for Greatek's 2021 CSR Report is prepared in line with the Core Option of the GRI Standards, announced by the Global Sustainability Standard Board (GSSB). It has been publicly disclosed on the "CSR" section of Greatek's website.	None								

VI. If the Company has established the corporate social responsibility best practice principles based on the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies", please describe any discrepancy between the Principles and their implementation:
 We are committed to corporate social responsibility, and our operations do not show any discrepancy with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies.

Note 1: If Implementation Status is specified "Yes," please explain the key policies, strategies and measures taken and the current progress; if Implementation Status is specified "No," please provide reasons and explain any policy, strategy and measure planned for the future.

Note 2: If the Company has prepared a CSR report, Implementation Status may be completed by providing index pages to the CSR report instead.

Note 3: Materiality principle refers to environmental, social and corporate governance issues that are of material impact to the Company's investors and stakeholders.

(VII) Any important information helpful to facilitate the understanding of CSR operations:

1. Data and Implementation of Energy Saving Measures for Most Recent Two Years:

In line with the government's energy conservation and carbon reduction policy, Greatek has established our energy conservation goal to be 1% of the total power consumption. Energy conservation of 2,427,884 kWh in 2021, carbon reductions have also reached 1,218.8 tons CO₂e. The energy conservation in 2021 has been increased by approximately 0.86% from 2020, or saving as much as 20,634 kWh annually. In addition, carbon reductions have also reached 10.36 tons CO₂e.

	2020	2021	Change %
GHG emissions amount	121,090.6339 ton CO ₂ e/year	132,467.952 ton CO ₂ e/year	9.40%
Tap water intake	1,048,833 tons	1,201,102 tons	14.52%
Processing water recycled	513,243 tons	604,123 tons	17.71%
Power consumption	189,922,296 kWh	214,880,741 kWh	13.14%
Energy conservation	2,407,250 kWh	2,427,88 kWh	0.86%

2. Greatek's Waste Management for the Most Recent Two Years

We continue to promote waste reduction and recycling programs to reduce impacts to the environment:

In 2021, cumulatively 2,560.44 tons of waste was generated from our production processes, in which hazardous waste merely accounted for 360.30 tons. A total of 712.92 tons of waste was recycled and reused, reaching a 27.84% of recycling rate, which is higher than the 25.19% recycling rate from the previous year and indicates our effort toward our continued goal toward waste reduction and recycling.

Types of Waste	Treatment	2020 (tons)	2021 (tons)
Generic	Chemical	1.41	2.34
	Incineration	774.04	442.75
	Physical treatment	846.32	1,042.13
Hazardous	Chemical	85.88	111.04
	Incineration	41.09	62.95

Types of Waste	Treatment	2020 (tons)	2021 (tons)
	Physical treatment	6.73	5.77
	Solid	70.87	157.91
	Stabilizing treatment	6.51	10.70
	Cleaning/washing	12.18	11.93

Revenue from recycling (NT\$)	2020	2021
Scraps	50,429,342	75,578,899
Plastics	2,430,002	3,309,020
Paper	936,019	1,225,649
Miscellaneous	2,897,078	1,725,646

3. Performance in Communicating with Stakeholders over Their Topics of Concern

Greatek collects topics related to sustainability based on the UN Sustainable Development Goals (SDGs), industry regulations and standards, industry benchmarks, and the organization's annual objectives. Representatives from each department communicate with stakeholders using various channels of stakeholder communications on a timely basis and as needed. Additionally, topics of stakeholders' concern have been compiled in reference to the GRI (Global Reporting Initiative) Standards.

Greatek reports to the Board of Directors the topics of stakeholders' concern and effectiveness of such communications on an annual basis.

Stakeholders and their significance to Greatek	Topics of concern	Communication channel/frequency	Communication channel/feedback method	2021 Communications Performance
Employees Most important asset; the driver to our productivity growth and foundation to our sustainable operations.	Sustainable performance Operational status Corporate governance Equal opportunity Safety and health Employee rights and interests Diversified workplace	Employment relations conference (quarterly) Employee mailbox (as needed) Internal/external website (from time to time) Employee Welfare Committee (quarterly)	Manager Ned Chen of Administration Department E-mail: ned@greatek.com.tw	<input checked="" type="checkbox"/> Organize employee health checkup (annually). <input checked="" type="checkbox"/> 0 employee grievance. <input checked="" type="checkbox"/> Full participation in occupational health and safety training for at least 1hour.
Customers Important business partners, fulfill customers' needs to create win-win situations	Customer relations management Product R&D and innovation Green operations Sustainable supply chain Legal compliance	Monthly Sales Report (monthly) Customer audit (from time to time) Customer service platform (from time to time) Customer satisfaction survey (annually) Quarterly customer business review meeting (quarterly)	Divisional Head Aaron Chiu from Sales Division E-mail: aaron@greatek.com.tw	<input checked="" type="checkbox"/> Customer satisfaction survey result has reached 85.3 points. <input checked="" type="checkbox"/> No incidents of customer complaint from breaching customer confidentiality.

Stakeholders and their significance to Greatek	Topics of concern	Communication channel/frequency	Communication channel/feedback method	2021 Communications Performance
Suppliers Important partner and jointly pursue sustainable operation.	Environmental management Greenhouse gas emissions Employee rights and interests Technical skills and service Sustainable supply chain	Grievance mailbox (from time to time) Supplier audit (annually) Supplier management system (annually) Supplier questionnaire survey (annually)	Manager Ned Chen of Administration Department E-mail: ned@greatek.com.tw	<input checked="" type="checkbox"/> 100% of raw material procurement have met legal compliance requirements. <input checked="" type="checkbox"/> Maintains 100% rate of not using conflict minerals. <input checked="" type="checkbox"/> Supplier audit results reached 80 points or above.
Shareholders Persist in ethical operations and strive to achieve sustainable governance to create value for shareholders.	Corporate governance Sustainable performance Ethical management Risk management Legal compliance	Company website (monthly) Financial statements (quarterly) Shareholders' Meeting (annually) MOPS (from time to time) Communications meetings (monthly)	Spokesperson Vice President Sheng Chen E-mail: sheng@greatek.com.tw	<input checked="" type="checkbox"/> ROE for shareholders reached 15.4%. <input checked="" type="checkbox"/> No incidents of corruption or violation had occurred. <input checked="" type="checkbox"/> Shareholders' Meeting to be convened before the end of May.
Governmental institutions Important driver behind relevant sustainability policies.	Legal compliance Environmental management Greenhouse gas emissions Labor conditions	Written correspondence (from time to time) Questionnaire survey and visits (from time to time) Project and initiatives (from time to time) Communications meetings/forums/seminars (from time to time)	Manager Ned Chen of Administration Department E-mail: ned@greatek.com.tw	<input checked="" type="checkbox"/> Income tax expense reached NT\$777,637 thousand. <input checked="" type="checkbox"/> Voluntarily conducted GHG inventories. <input checked="" type="checkbox"/> Waste recycling and reuse reached 27.84%.
Communities Community engagement and care to build a harmonious relationship.	Green operations Social engagement Environmental management Occupational safety Employment opportunities	Company website (monthly) External communication mailbox (timely) Factory grievance hotline (timely) Community engagement and activities (from time to time) Visit residents and village/neighborhood chiefs in communities surrounding Greatek's operations (from time to time)	Manager Ned Chen of Administration Department E-mail: ned@greatek.com.tw	<input checked="" type="checkbox"/> Recycled 604,123 tons of processing wastewater. <input checked="" type="checkbox"/> Saved 1% of electricity from power-saving measures. <input checked="" type="checkbox"/> Donated to Friend's of Miaoli Police Association \$30,000. <input checked="" type="checkbox"/> Donated to Shanjia Neighborhood Watch at Zhunan Township. Donated NT\$20,000. <input checked="" type="checkbox"/> Donated to Miaoli County Government for COVID-19 Prevention NT\$2,000 thousands.

Stakeholders and their significance to Greatek	Topics of concern	Communication channel/frequency	Communication channel/feedback method	2021 Communications Performance
Financial institutions Important driver behind relevant sustainability policies.	Ethical management Legal compliance and ethical regulations Corporate governance	Investors' Conference (semi-annually) Financial statements (quarterly) Company website (monthly) MOPS (from time to time) Company website (monthly)	Spokesperson Vice President Sheng Chen E-mail: sheng@greatek.com.tw	<input checked="" type="checkbox"/> Held two Investors' Conferences. <input checked="" type="checkbox"/> Did not receive any whistleblowing report against unethical conduct.

Description I: Relevant risk management policies or strategies are formulated for the risks after evaluations, shown as below:

Material issue	Risk evaluation item	Description
Environmental	Environmental impact and management	<ol style="list-style-type: none"> 1. Greatek evaluates the environmental impacts from our processing, service, and operating activities through identifying various environmental aspects and makes improvements, reductions, or replacements accordingly. This helps us to effectively reduce pollution emissions and our impacts on the environment. 2. Greatek has already implemented environmental management activities and are verified with ISO 14001 Environmental Management System. We also regularly obtain the necessary certifications. 3. By identifying the environmental aspects, we can evaluate the risk levels associated with production processes, services, and operating activities. Those with high levels of risk shall formulate management methods or improvements to reduce such risks. 4. To inspect the impacts from our operations, we regularly take inventories of our GHG emissions in line with the ISO 14064-1 standard. Greatek reviews results of carbon inventories and continues to implement carbon reduction measures. This helps us to effectively reduce the risk of Scope I emissions and the indirect emissions (Scope II) from electricity consumption. 5. In terms of regular and ad hoc updates to environmental laws, we undertake compliance evaluation to determine whether our processes, services, and activities comply with the applicable laws and regulations. 6. Internal Audit Office plans internal audit plan for the current period, and audits the status of compliance to relevant environmental laws from Greatek's relevant departments as well as the status of compliance from operating processes.
Social	Occupational safety	<ol style="list-style-type: none"> 1. All plants and subsidiaries have received the ISO 45001 Occupational Health and Safety Management System certification in 2021. 2. Greatek conducts regular fire drills and occupational safety training in each year to develop the employees' emergency response and autonomous safety management skills.

Material issue	Risk evaluation item	Description
	Product safety	<ol style="list-style-type: none"> 1. All Greatek products comply with the governments' laws and policies, and we also comply with international standards including RBA, RoHS 2.0, and SVCH and more. 2. To ensure the quality of our customer service, we regularly and voluntarily initiate customer service satisfaction survey in each year to strengthen our partnership with the customers. 3. To transfer the risk of product liability, reduce financial loss and enhance product safety, we regularly file US\$2 million in product liability insurance.
Corporate governance	Social, economic, and legal compliance	We make sure that all personnel and operations comply with relevant laws and regulations by building a governance organization and implementing the internal control mechanism in practice.
	Strengthening functions of the Board of Directors	<ol style="list-style-type: none"> 1. A Chief Corporate Governance Officer has been established. 2. An Independent Director shall not be in office for more than three terms. 3. Greatek files director's liability insurance for our Directors to protect them against litigations or claims.
	Stakeholder communications	<ol style="list-style-type: none"> 1. Various channels of communication and point of contact have been established, and we actively communicate with stakeholders to reduce opposition and misunderstanding. 2. A Stakeholder section in both Chinese and English is available on Greatek's corporate website. 3. For status of communications with stakeholders, please refer to Performance in Communicating with Stakeholders over Their Topics of Concern.

VI. Performance of Ethical Corporate Management and Discrepancy with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof

Evaluation item	Implementation status			Discrepancy with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
(I) Establishment of Corporate Conduct and Ethics Policy and Implementation Measures	V		Greatek faithfully treats current customers and suppliers with honesty and integrity to develop long-term partnerships. We pursue sustainable operations through prudent and practical financing, and strive to innovate our core business and have set the most rigorous quality requirements in order to provide the best services. Therefore, our corporate ethos are founded on being "faithful, practical, innovative, and quality", and the Board of Directors have approved of and formulated "Ethical Corporate Management Best Practice Principles" for compliance.	None
	V		We have specified in our Code of Business Conduct and Ethics: (1) ethical management policy before engaging in business relations: ensure the method of business management of the counterparty is fair, transparent, and does not request, provide, or accept bribery through assessment and adopting proper audit procedures; (2) describe Greatek's Code of Business Conduct and Ethics to the counterparty; (3) prevent engaging in transactions with unethical counterparties; and (4) include ethical business conduct in procurement contract to prevent any unethical conduct.	None
	V		Greatek has specified the types of unethical conduct and benefits in the Code of Business Conduct and Ethics, and prohibited the provision or acceptance of improper benefits, the dedicated departments, the types of improper benefits prohibited, the procedures for handling the acceptance of improper benefits, procedures for prohibiting and handling of facilitating payments, the procedures for handling donations or sponsorships, and the conflict of interest and more. In addition, it also specifies the procedures for handling unethical conduct from Greatek's employees, an incentive/disincentive and grievance system, and the dedicated department shall report the unethical conduct, the handling	None

Evaluation item	Implementation status			Discrepancy with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
(II) Fulfilling ethical corporate management			method, and subsequent review and improvement measures to the Board of Directors.	
1. Has the Company evaluated the integrity records of its property, and stipulated ethical conduct on its business transactions?	V		Greatek engages in business transactions based on the principle of equality, integrity, honesty, and transparency. To implement our ethical corporate management policy and to actively prevent unethical conduct, we conduct proper background check on new transaction counterparties before engaging in transactions, which helps us to avoid transacting with unethical parties. In addition, we also specify the provisions of ethical corporate management in contracts we sign with transacting counterparties or when signing the RBA Code of Conduct Statement. Greatek reviews our procurement amount from suppliers in the previous year in every January. To actively prevent against unethical conduct, suppliers whose procurements reach NT\$10 million are required to sign the "Statement of Ethical Business Conduct"..	None
2. Has the Company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?	V		Greatek's designated the Administration Department as the unit for promoting Ethical Corporate Management Best Practice Principles is, which also reports its promotions, supervision and implementation of the ethical corporate management policy to the Board of Directors on an annual basis. No unethical conduct has been found nor have any whistleblowing reports been received during the most current report for the last fiscal year to the Board of Directors on July 30, 2021.	None
3. Has the Company established policies to prevent conflicts of interest and provided appropriate communication channels to implement policies properly?	V		Besides Ethical Corporate Management Best Practice Principles, Greatek has also specified the recusal of conflicts of interest in the Code of Ethics and Business Conduct and Employee Code of Ethics, and it has also been stipulated in the Work Rules and in our procurement contracts. Please refer to the implementation of recusal of Directors from voting due to conflicts of interest for details.	None
4. Has the Company established effective accounting systems and internal control systems to implement ethical corporate management and had its internal	V		Greatek has appointed a large-scale accounting firm in Taiwan for auditing and verification matters, and the accounting firm and its CPAs verify our financial position and internal control through an independent stance while complying with legal regulations. Unethical conduct has	None

Evaluation item	Implementation status			Discrepancy with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
<p>audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit?</p> <p>5. Does the Company regularly holds internal and external education and training on ethical corporate management?</p>	V		<p>been included into the internal control procedures for each department. Internal auditors will formulate annual Audit Plan based on risk evaluations, and regularly audit and report to the Audit Committee and the Board of Directors.</p> <p>Greatek publicly discloses the Code of Ethics and Business Conduct and Ethical Corporate Management Best Practice Principles on company website and intranet, and every new employee will immediately receive training related to ethical corporate management on the day of their arrival. In 2021, a total of 922 trainees have received internal training related to ethical corporate management. Please see Continuing Studies of Directors and Managerial Officers for external training.</p>	None
(III) Operations of the corporate whistleblowing channel				
1. Has the Company established a specific whistleblowing and reward system, set up convenient whistleblowing channels and designated appropriate personnel to the accused party?	V		Greatek has stipulated whistleblowing and reward system in the "Communications Management Procedures", and the designated personnel is the Administration Department. The whistleblowing procedure has been announced on Greatek's website.	None
2. Has the Company established the standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms?	V		Investigation procedures and confidentiality mechanisms have been formulated in the whistleblowing system, which is a part of the "Communications Management Procedures".	None
3. Has the Company adopted protection against inappropriate disciplinary actions taken against the whistleblower?	V		To prevent unfair treatment or retaliations, whistleblower protection measures have been formulated in the whistleblowing system as part of the "Communications Management Procedures".	None
(IV) Strengthening information disclosure				
Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and Market Observation Post System ("MOPS")?	V		Greatek discloses the "Ethical Corporate Management Best Practice Principles" and its implementation results on its website.	None

Evaluation item	Implementation status		Summary	Discrepancy with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No		
(V) If the Company has established its own Ethical Corporate Management Best Practice Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies", please describe any discrepancies between the prescribed best practices and the actual activities taken by the Company: Greatek is focused on ethical corporate management, and no discrepancy has been found in our practices.				
(VI) Other important information to facilitate a better understanding of the Company's ethical corporate management policies (e.g. review and amend its policies): None.				

VII. If the Company has established the Corporate Governance Best Practice Principles and related regulations, the searching methods shall be disclosed:

1. Company website: Investors → Corporate Governance.
2. Market Observation Post System: Corporate Governance → Establishment of related corporate governance regulations and rules.

VIII. Other material information that can enhance the understanding of corporate governance shall be disclosed:

(I) Continuing Studies from Directors and Managerial Officers

Title	Name	Training period	Organizer	Course name	Number of hours
Director	D.K. Tsai	2021/11/5	Taiwan Corporate Governance Association	Corporate Management and Crisis Management	6.0
Independent Director	Chi-Yung Wu	2021/11/3	Taiwan Corporate Governance Association	Management Mind-set in Post-Pandemic Era	3.0
		2021/3/4	Taiwan Corporate Governance Association	Accelerators to Corporate Sustainability - CSR, ESG, and SDGs	3.0
Independent Director	Chu-Chien Feng	2021/11/18	Taipei Exchange	Briefing on Insider Equity for TPEX Listed Companies	3.0
		2021/9/1	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	3.0
		2021/3/16	Taiwan Corporate Governance Association	Corporate Governance and Securities and Exchange Act	3.0
Independent Director	M.J. Chuang	2021/10/15	Vision International Management Consultancy	How to Measure Performance of the Board of Directors? Three Things that Directors and Supervisors Must Do	3.0
		2021/9/1	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	3.0
Vice President of Administration Division and Chief Corporate Governance Officer	Sheng Chen	2021/9/16	Accounting Research and Development Foundation	Applicability and Legal Liability Analysis of "Business Judgment Rule" in White Collar Crimes	3.0
		2021/9/6	Accounting Research and Development Foundation	Analysis of ESG's Positive Influences on Businesses & Creating New Low-Carbon and Green Value	3.0
		2021/8/24	Taiwan Corporate Governance Association	Responsibilities of Directors and Supervisors - Corporate Governance from KY Incidents	3.0
		2021/8/18	Accounting Research and Development Foundation	Processes and Practices of Corporates' Financial Statement Preparations	3.0
Accounting Manager	Mei-Ling Lin	2021/8/9	Accounting Research and Development Foundation	Case Study and Discussion of Legal Liability of "Illegal Securities Transactions from Fake Foreign Investors"	3.0
		2021/7/23	Accounting Research and Development Foundation	Latest Corporate Taxation Laws and Auditing Practices	3.0
		2021/7/22	Accounting Research and Development Foundation	Case Study and Discussion of Legal Liability of "Financial Statement Frauds"	3.0
		2021/6/23	Accounting Research and Development Foundation	Practice and Analysis of Financial Statement and Material Information Review from the Competent Authority	3.0

(II) Composition of the Board of Directors and Key Management Succession Plan and Related Operations

Greatek is a member of the PTI Group, which is forming its succession plan. On top of outstanding capability in forming business strategies, skills of logical analysis, and management skills, the successor must also be people-oriented and meet our corporate culture of honesty and integrity. The successor must achieve sustainable management through setting the goals of “having the best technical skills, quality, and service in the world”.

1. Succession Plan of Directors and Key Management:

The succession plan of Greatek's Directors and key management officers are planned by parent company Powertech Technology Inc.

Greatek's CEO Mr. Boris Hsieh was elected as Director of parent company Powertech Technology Inc. and entered its Board of Directors on May 28, 2020. On August 7, 2020, Powertech passed the resolution to form a new successive generation of management, and the former President and CEO Mr. J.Y. Hung retired and Mr. Boris Hsieh assumed the Group's CEO position as of October 1, 2020. He is focused on the marketing development, strategic partnership with key customer accounts, business objectives, and the future business plan of the Group, and has successfully accomplished the succession plan.

To pass on our corporate culture and to commence the succession plan, the Chairmanship of Greatek was turned over from Mr. D.K. Tsai to Mr. Boris Hsieh as of July 21, 2021.

2. Succession of corporate management vision and experiences from mid-tier and Senior Managerial Officers

(1). Systemized management vision and management experiences:

By having Senior Managerial Officers systemizing the management visions and their management experiences, and building proper core competencies, management skills, and function-specific systems, we can pass on and extend existing visions and experiences.

(2). Formulation and participation in key conferences

Mid-tier and senior executives will be further familiarized with the management core, learn management visions, and understand industry trends and Greatek's developmental plans and strategies by participating in management meetings, sales meetings, manufacturing meetings, production/sales meetings and R&D meetings and more.

3. Talent training and development plans

Greatek implements performance management through open performance evaluation system. The function of which has been revised to reflect on "prioritizing employee development over performance evaluation" to achieve the balanced objectives of both evaluation and developmental needs. Additionally, Greatek has also formulated "Guidelines to Promotions toward Management Functions", which defines the basic criteria needed for each management role. When vacancies show up throughout the organization, Greatek will adopt a fair, just, and objective perspective to promote suitable management talent through internal recommendations.

IX. Internal Control System Execution Status

(I) Statement of Internal Control

Greatek Electronics Inc.

Statement of Internal Control System

Dated: February 25, 2022

Greatek's internal control system for 2021 is announced based on the results of self-evaluation. The following is our statement:

1. Greatek acknowledges the establishment, implementation and maintenance of the internal control system (ICS) are the responsibilities of the Board of Directors and the Managerial Officers, and Greatek has established the said system accordingly. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance, and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws, and regulations.
2. The internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and Greatek takes immediate remedial actions in response to any identified deficiencies..
3. Greatek evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the“Regulations”). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Within each component, it has more projects included. For more information, please refer to the “Regulations”.
4. Greatek has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of the aforementioned evaluation, Greatek believes that, on December 31, 2021, we have maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries) to provide reasonable assurance over our operating effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement will be an integral part of Greatek’s Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality made with regard to the above contents will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This statement has been approved by the Board of Directors on February 25, 2022, With none of the nine attending Directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Greatek Electronics Inc.

Chairman: Boris Hsieh

President: Louis Ning

(II) The CPA's review report shall be disclosed if any CPA is commissioned to review the ICS:

None.

X. In the most recent fiscal year up to the publication date of this Annual Report, there has been punishment of the Company or its internal personnel, or punishment of the Company to its internal personnel for violating internal control system regulation, and its punishment results might have significant influence on shareholders' equity or securities' price, the punishment, main deficiencies and improvements shall be listed:

None.

XI. Major resolutions adopted by the Shareholders' Meeting and the Board of Directors in 2021 and up to the publication date of this Annual Report:

(I) Disclosure of resolutions from Shareholders' Meeting on July 21, 2021 and their Implementations:

(Due to the effects of the pandemic, the Shareholders' Meeting, originally scheduled on May 28, 2021, was postponed to July 21, 2021 in line with the "Postponement of Shareholders' Meeting from TWSE/TPEX Listed Companies In Response to the Pandemic" announced by the FSC.)

1. Adoption of 2020 Business Report and Financial Statements.

Resolution: 411,220,898 votes in favor, accounting for 94.79% of all voting rights (433,796,969 votes). This proposal from the Board of Directors has been approved without amendment.

2. Adoption of 2020 Earnings Distribution Plan.

Resolution: 411,947,898 votes in favor, accounting for 94.96% of all voting rights (433,796,969 votes). This proposal from the Board of Directors has been approved without amendment.

Implementation status:

① The 2th meeting from the 10th term of the Board of Directors convened on July 30, 2021 has approved of the ex-dividend date for cash dividend distribution as September 3, 2021, and the distribution date as September 29, 2021.

① Cash dividend of NT\$3.1 per share was distributed on September 29, 2021 pursuant to the resolution from the Board of Directors.

3. Approved the proposal to amend "Procedures for Election of Directors".

Resolution: 408,556,744 votes in favor, accounting for 94.18% of all voting rights (433,796,969 votes). This proposal from the Board of Directors has been approved without amendment.

Implementation status: Greatek's election of Directors will be carried out in line with the "Procedures for Election of Directors".

4. Election of 10th term of the Board of Directors.

The newly elected directors with votes received listed below:

	Name	Votes Received
Director	Powertech Technology Inc. Representative: D.K. Tsai	435,894,094
Director	Powertech Technology Inc. Representative: Boris Hsieh	407,043,326
Director	Powertech Technology Inc. Representative: Louis Ning	389,437,629

	Name	Votes Received
Director	Powertech Technology Inc. Representative: J.S. Leu	388,025,192
Director	Powertech Technology Inc. Representative: Yu-Chin Chen	387,889,252
Director	Hung-Wei Venture Capital Co., Ltd. Representative: Jr-Neng Chang	387,483,963
Independent directors	Chi-Yung Wu	387,302,329
Independent directors	Chu-Chien Feng	387,267,071
Independent directors	M.J. Chuang	387,198,791

5. Removal of non-compete restrictions on the newly appointed Directors.

Resolution: 408,047,133 votes in favor, accounting for 94.06% of all voting rights (433,796,969 votes). This proposal from the Board of Directors has been approved without amendment.

(II) Major Resolutions from the Board of Directors

Board of Directors Meeting	Major resolutions
February 26, 2021 12th meeting from the 9th Board	Approved the 2020 remuneration for employees and Directors. Approved the 2021 Business Plan. Approved the 2020 financial statements. Approved the 2020 Annual Operating Report. Approved the 2020 earnings distribution plan. Approved the proposal to amend the internal control system. Approved the 2020 assessment on the effectiveness of internal control system" and "Statement of Internal Control System". Approved appointment of 2021 CPA and evaluation on CPA's independence. Approved the proposal to appoint contractors to construct a new plant on Greatek's own land. Approved the proposal to amend "Procedures for Election of Directors". Approved the election of Directors. Approved the removal of non-compete restrictions on the newly appointed Directors. Approved the convention of the 2021 Annual General Shareholders' Meeting.
April 9, 2021 13th meeting from the 9th Board	Review candidates of board director (including independent director).
April 29, 2021 14th Meeting from the 9th Board	Presented the 2021 First Quarter (Q1) financial statements. Approved the application for amount to be used toward engagement in transaction of forward exchange derivatives. Approved the credit lines from financial institutions.
June 29, 2021 15th Meeting from the 9th Board	Approved the change the date and place of the 2021 Annual Shareholders' Meeting.
July 21, 2021 1st Meeting from the 10th Board	Election of 10th term Chairman. Approved the appointment of members of the fifth term for the Remuneration Committee.
July 30, 2021 2nd Meeting from the 10th Board	Presented the 2021 Second Quarter (Q2) financial statements. Approved the credit lines from financial institutions. Established the ex-dividend date and distribution date of cash dividends for 2020. Approved the 2021 remuneration adjustment proposal for the Managerial Officers and various compensation packages. Approved the Directors transportation allowance and independent Directors compensation.
October 29, 2021 3rd Meeting from the 10th Board	Presented the 2020 Third Quarter (Q3) financial statements. Approved the 2022 Audit Plan. Approved the risk management policies and procedures.

Board of Directors Meeting	Major resolutions
February 25, 2022 4th meeting from the 10th Board	<p>Approved the 2021 remuneration for employees and Directors.</p> <p>Approved the 2022 Business Plan.</p> <p>Approved the 2021 financial statements.</p> <p>Approved the 2021 Annual Operating Report.</p> <p>Approved the 2021 earnings distribution plan.</p> <p>Approved the proposal to amend the internal control system.</p> <p>Approved the 2021 assessment on the effectiveness of internal control system" and "Statement of Internal Control System".</p> <p>Approved appointment of 2022 CPA and evaluation on CPA's independence.</p> <p>Approved an investment to establish a subsidiary.</p> <p>Approved the Amendment to the "Operational procedures for Acquisition and Disposal of Assets".</p> <p>Approved the Amendment to the "Rules and Procedures of Shareholders' Meeting".</p> <p>Approved the convention of the 2022 Annual General Shareholders' Meeting.</p>

XII. In 2021 and up to the publication date of the Annual Report, if any Directors have expressed any dissenting opinions with respect to a material resolution passed by the Board of Directors, which has been recorded or prepared as a written declaration, the principal content thereof shall be disclosed:
None.

XIII. Resignation and dismissal of the Company's Chairman, President, Head of Accounting, Head of Finance, Chief Internal Audit Officer, Chief Corporate Governance Officer and Head of R&D in 2021 and as of the date of publication of the Annual Report:

Title	Name	Date of Assumed Office	Date of Resignation	Reason For Resignation Or Dismissal
Chairman	D.K. Tsai	2012/4/3	2021/7/21	For the purpose of the sustainable management of the Company, Chairman D.K. Tsai has passed on the chairmanship to Chairman Boris Hsieh.

Chapter 5 Information on CPA Fees:

Unit: NTD thousands

CPA firm	Name of CPAs	Audit Period	Audit fee (Note 1)	Non-audit fee(Note 2)	Total	Remarks
Deloitte Taiwan	CPA Yu-Feng Huang	From January 1, 2021 to December 31, 2021	2,760	Tax compliance audit, Review of Annual Report for Shareholders' Meeting, Printing fees, and Bonded inventory count/review and etc. totaling 1,071	3,831	
	CPA Cheng-Chih Lin					

Note1: Audit fee refers to service fee paid to external auditor regarding the audit and review of financial statement.

Note 2: Please specify the contents of the non-audit fees: (For instance, tax compliance audit, assurance, or other financial consultation service).

(I) If the CPA firm is replaced and the audit fee paid in the replacement year is lower than the audit fee in the previous year, the amount of the audit fee before and after the replacement shall be disclosed and the reason:

None.

- (II) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed:

None.

Chapter 6 Information on Replacement of CPAs: Where Greatek Changed CPA During the Last Two Years and the Period After That, the Following Matters Shall Be Disclosed:

I. Regarding the former CPAs

Date of Replacement	February 25, 2022		
Reason for Replacement and Explanation	Internal adjustment of the accounting firm		
Statement on whether the authorizing party or the CPA terminated or declined the engagement	Situation	CPA	The Authorizing Party
	Counterparty		
	Voluntarily terminated the engagement	-	-
	Declined (further) engagement	-	-
The opinion and reason for issuing an audit report expressing other than an unqualified opinion during the 2 most recent years	No		
Different opinions from the issuer	Yes	-	Accounting principles or practices
		-	Disclosure of financial statements
		-	Scope or procedure of auditing
		-	Other
	No	V	
	Description		
Other disclosures (Where Subparagraph 1-4 to Subparagraph 1-7, Paragraph 6, Article 10 of the Regulations shall be disclosed)	No		

II. Regarding the succeeding CPAs

CPA firm	Deloitte Taiwan
Name of CPAs	CPA Cheng-Chih Lin and CPA Su-Li Fang
Date of Engagement	Approved by the Board of Directors on February 25, 2022.
Subjects discussed and the consultation results with the newly engaged CPAs regarding the accounting treatment of or application of accounting principles to a specified transaction, or the type of audit opinion that might be rendered on the Company's financial report prior to the formal engagement	Not Applicable.
Written views from the successor CPAs regarding the matters on which they did not agree with the former CPAs	Not Applicable.

- III. The former CPA's reply to Subparagraph 1 and Subparagraph 2-3, Paragraph 6, Article 10 of the Regulations:
Not applicable.

Chapter 7 Company Chairman, President, or Any Managerial Officer in Charge of Finance or Accounting Matters in the Most Recent Fiscal Year Holding A Position at the Company's CPA Accounting Firm or at an Affiliated Enterprise of Such Accounting Firm:

None.

Chapter 8 Equity Transfer or Changes of Equity Pledged by Directors, Managerial Officers, and Shareholders with 10 Percent Shareholdings or More in the Most Recent Year and Up to the Date of Publication of the Annual Report:

I. Regarding the Changes in Equity of Chairman, Managers and Shareholders

Unit: thousand shares

Title	Name	2021		As of March 31, 2022	
		Addition (reduction) of shareholding	Addition (reduction) of pledged shares	Addition (reduction) of shareholding	Addition (reduction) of pledged shares
Substantial shareholder and Corporate Director	Powertech Technology Inc.	0	0	0	0
Chairman and Chief Executive Officer	Boris Hsieh	0	0	0	0
Representative of Corporate Director	D.K. Tsai	0	0	0	0
Representative of Corporate Director and President	Louis Ning	0	0	0	0
Representative of Corporate Director	J.S. Leu	0	0	0	0
Representative of Corporate Director	Evan Tseng (Note)	0	0	0	0
Representative of Corporate Director	Yu-Chin Chen (Note)	0	0	0	0
Corporate Director	Hung-Wei Venture Capital Co., Ltd.	0	0	0	0
Representative of Corporate Director	Jr-Neng Chang	0	0	0	0
Independent Director	Chu-Chien Feng	0	0	0	0
Independent Director	Chi-Yung Wu	-20	0	0	0
Independent Director	M.J. Chuang	0	0	0	0
Executive Vice President	Tonwey Cheng	0	0	0	0
Vice President of Manufacturing Division	Avis Lee	0	0	0	0
Vice President of Testing Division	Jones Chen	0	0	0	0
Vice President of Administration Division and CFO and Chief Corporate Governance Officer	Sheng Chen	0	0	0	0
Accounting Manager	Mei-Ling Lin	0	0	0	0

Note : Representative of Corporate Director Evan Tseng term expired ,Yu-Chin Chen assumed office on July 21, 2021.

II. Information on share transfer: None.

III. Information on changes in equity pledge: None.

Chapter 9 Relationship Information on the Company's Ten Largest Shareholders who are Related Parties or Relatives within the Second Degree of Kinship

As of March 28, 2022

Name (Note 1)	Shares held in person		Shares held by spouse and minor children		Shareholding by nominee arrangement		The titles or names and relationships of the top ten shareholders who are affiliates, spouses, or relatives within the second degree of kinship. (Note 3)		Remarks
	Shares	Shareholding ratio%	Shares	Shareholding ratio%	Shares	Shareholding ratio%	Title	Relationship	
Powertech Technology Inc.	244,064,379	42.91	-	-	-	-	None	None	
Company Representative D.K. Tsai	0	0	-	-	-	-	None	None	
Yuanta Taiwan Dividend Plus ETF	25,396,520	4.46	-	-	-	-	None	None	
Chang Gung Medical Foundation	7,510,000	1.32	-	-	-	-	None	None	
Company Representative Ruei-Huei Wang	0	0	-	-	-	-	None	None	
Weltrend Semiconductor, Inc.	7,282,000	1.28	-	-	-	-	None	None	
Company Representative Sam Lin	40,000	0.01	-	-	-	-	None	None	
Su-Yu Wu	6,500,000	1.14	4,990,668	0.88	-	-	Chuang-Hsien Chueh	Spouse	
Hung-Wei Venture Capital Co., Ltd.	5,823,602	1.02	-	-	-	-	None	None	
Company Representative: Po-Jen Yeh	0	0	-	-	-	-	None	None	
Chiu-Hsia Yang	5,731,763	1.01	-	-	-	-	None	None	
Chang Wah Electromaterials Inc.	5,511,000	0.97	-	-	-	-	None	None	
Chia-Neng Huang	0	0	-	-	-	-	None	None	
Chuang-Hsien Chueh	4,990,668	0.88	6,500,000	1.14	-	-	Su-Yu Wu	Spouse	
Dedicated investment account from Norges Bank in the custody of CitiBank Taiwan	4,809,000	0.85	-	-	-	-	None	None	

Note 1: The top ten shareholders' names shall be identified separately (in the case of corporate shareholders, the corporate shareholders' names and representatives' names shall be identified separately).

Note 2: The ratio of shareholding is calculated in terms of shares held in person, shares held by spouse & children underage or shareholdings by nominee arrangement.

Note 3: Relationship between the aforementioned shareholders (including corporate shareholders and natural persons) shall be disclosed according to Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Chapter 10 Total Number of Shares Held by the Company, its Directors, Managerial Officers, and Companies Directly or Indirectly Controlled by the Company:

Greatek does not have any investment accounted for using the equity method.

Capital Overview

Chapter 1 Capital and Shares

I. Sources of Capital

Unit: 1,000 shares; NT\$1,000

Month/Year	Issue Price (Per Share)	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount	Quantity	Amount	Sources of capital	Capital increase by assets other than cash	Other
02/1983	10	100	1,000	100	1,000	Total capital at incorporation	None	-
06/1984	10	1,000	10,000	1,000	10,000	Capital increase by cash	9,000	None
07/1986	10	2,000	20,000	2,000	20,000	Capital increase by cash	10,000	None
08/1987	10	3,000	30,000	3,000	30,000	Capital increase by cash	10,000	None
09/1988	10	4,000	40,000	4,000	40,000	Capital increase by cash Capital increase by retained earnings	4,000 6,000	None
11/1995	10	60,000	600,000	18,000	180,000	Capital increase by cash	140,000	None
04/1996	10	60,000	600,000	30,000	300,000	Capital increase by cash	120,000	None
07/1997	10	60,000	600,000	60,000	600,000	Capital increase by cash	300,000	None
07/1998	10	200,000	2,000,000	121,375	1,213,750	Capital increase by cash Capital increase by retained earnings	400,000 213,750	None
07/1999	10	200,000	2,000,000	149,481	1,494,809	Capital increase by retained earnings	281,059	None
06/2000	10	200,000	2,000,000	184,282	1,842,819	Capital increase by retained earnings Capital surplus	310,640 37,370	None
07/2001	10	390,000	3,900,000	223,672	2,236,722	Capital increase by retained earnings	393,903	None
08/2002.	10	390,000	3,900,000	237,382	2,373,820	Capital increase by retained earnings	137,098	None
08/2003	10	390,000	3,900,000	267,823	2,678,230	Capital increase by retained earnings	304,407	None
01/2004	10	390,000	3,900,000	268,626	2,686,263	Conversion of convertible bonds	8,036	None
04/2004	10	390,000	3,900,000	285,946	2,859,462	Conversion of convertible bonds	173,199	None
07/2004	10	390,000	3,900,000	286,743	2,867,426	Conversion of convertible bonds	7,964	None

Month/Year	Issue Price (Per Share)	Authorized capital		Paid-in capital		Remarks			
		Shares	Amount	Quantity	Amount	Sources of capital	Capital increase by assets other than cash	Other	
09/2004	10	390,000	3,900,000	319,603	3,196,028	Conversion of convertible bonds Capital increase by retained earnings	29,346 299,256	None	MOEA No. 09301175420 on September 21 Tai-Cai-Zheng- (1) No. 132638 on July 21
01/2005	10	390,000	3,900,000	325,028	3,250,279	Conversion of convertible bonds	54,251	None	MOEA No. 09401010480 on January 18
05/2005	10	390,000	3,900,000	327,425	3,274,246	Conversion of convertible bonds	23,967	None	MOEA No. 09401075860 on May 2
07/2005	10	390,000	3,900,000	327,631	3,276,311	Conversion of convertible bonds	2,065	None	MOEA No. 09401132870 on July 14
09/2005	10	490,000	4,900,000	366,810	3,668,102	Capital increase by retained earnings	391,791	None	FSC(1) No. 0940127168 on July 6
10/2005	10	490,000	4,900,000	370,632	3,706,325	Conversion of convertible bonds	38,223	None	MOEA No. 09401206040 on October 17
01/2006	10	490,000	4,900,000	372,132	3,721,325	Conversion of convertible bonds	15,000	None	MOEA No. 09501008350 on January 16
04/2006	10	490,000	4,900,000	372,193	3,721,927	Conversion of convertible bonds	602	None	MOEA No. 09501066890 on April 20
07/2006	10	490,000	4,900,000	372,475	3,724,751	Conversion of convertible bonds	2,824	None	MOEA No. 09501148210 on July 17
09/2006	10	490,000	4,900,000	421,246	4,212,459	Capital increase by retained earnings	487,708	None	FSC(1) No. 0950129104 on July 7
10/2006	10	490,000	4,900,000	421,553	4,215,530	Conversion of convertible bonds	3,071	None	MOEA No. 09501233690 on October 17
01/2007	10	490,000	4,900,000	425,099	4,250,989	Conversion of convertible bonds	35,459	None	MOEA No. 09601010340 on January 16
09/2007	10	600,000	6,000,000	474,230	4,742,303	Capital increase by retained earnings	491,314	None	FSC(1) No. 0960037711 on July 19
09/2008	10	600,000	6,000,000	519,556	5,195,556	Capital increase by retained earnings	453,253	None	FSC(1) No. 0970037456 on July 24
09/2009	10	600,000	6,000,000	540,338	5,403,379	Capital increase by retained earnings	207,822	None	FSC(Fa) No. 0980037015 on July 23
04/2010	10	600,000	6,000,000	541,103	5,411,029	Exercise of employee stock option	7,650	None	MOEA No. 09901075700 on April 26
09/2010	10	600,000	6,000,000	541,235	5,412,349	Exercise of employee stock option	1,320	None	MOEA No. 09901207440 on September 14

Month/Year	Issue Price (Per Share)	Authorized capital		Paid-in capital		Remarks			
		Shares	Amount	Quantity	Amount	Sources of capital	Capital increase by assets other than cash	Other	
09/2010	10	600,000	6,000,000	552,057	5,520,569	Capital increase by retained earnings	108,221	None	FSC(Fa) No. 0990038283 on July 22
11/2010	10	600,000	6,000,000	552,888	5,528,879	Exercise of employee stock option	8,310	None	MOEA No. 09901256230 on November 16
04/2011	10	600,000	6,000,000	553,538	5,535,379	Exercise of employee stock option	6,500	None	MOEA No. 10001073230 on April 14
04/2012	10	600,000	6,000,000	554,038	5,540,379	Exercise of employee stock option	5,000	None	MOEA No. 10101065010 on April 13
04/2013	10	600,000	6,000,000	554,073	5,540,729	Exercise of employee stock option	350	None	MOEA No. 10201066700 on April 12
05/2013	10	600,000	6,000,000	554,125	5,541,249	Exercise of employee stock option	520	None	MOEA No. 10201088280 on May 13
01/2014	10	600,000	6,000,000	568,846	5,688,459	Exercise of employee stock option	147,210	None	MOEA No. 10301007440 on January 15

As of March 28, 2022; Unit: shares

Type of shares	Authorized capital			Remarks
	Outstanding shares	Unissued shares	Total	
Ordinary share	568,845,921	31,154,079	600,000,000	Shares of listed company

Note: Greatek did not offer and issue securities by shelf registration.

II. Shareholder Structure As of March 28, 2022

Item \ Structure	Government Agencies	Financial institutions	Other Corporate Shareholders	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Number of shareholders	4	25	123	30,944	240	31,336
Shares held	3,048,247	39,023,138	283,199,140	154,446,143	89,129,253	568,845,921
Shareholding ratio (%)	0.54	6.86	49.78	27.15	15.67	100.00

Note: The Company does not have shares held by investors from Mainland China.

III. Distribution of Shares As of March 28, 2022

Shareholding range	Number of shareholders	Shares held (in number of shares)	Shareholding ratio (%)
1 - 999	8,363	1,476,550	0.26%
1,000 - 5,000	18,514	36,002,358	6.33%
5,001 - 10,000	2,265	17,363,549	3.05%
10,001 - 15,000	674	8,502,609	1.49%
15,001 - 20,000	409	7,464,844	1.31%
20,001 - 30,000	348	8,804,991	1.55%
30,001 - 40,000	168	5,942,835	1.04%
40,001 - 50,000	126	5,750,532	1.01%
50,001 - 100,000	195	13,748,705	2.42%
100,001 - 200,000	110	15,935,816	2.80%
200,001 - 400,000	59	15,738,985	2.77%
400,001 - 600,000	26	12,376,894	2.18%
600,001 - 800,000	12	7,990,521	1.40%
800,001 - 1,000,000	9	8,194,293	1.44%
1,000,001 or more	58	403,552,439	70.95%
Total	31,336	568,845,921	100.00%

IV. List of Substantial Shareholders as of March 28, 2022

Name of substantial shareholder	Shareholding	Shares held (in number of shares)	Shareholding ratio (%)
Powertech Technology Inc.		244,064,379	42.91%
Yuanta Taiwan Dividend Plus ETF		25,396,520	4.46%
Chang Gung Medical Foundation		7,510,000	1.32%
Weltrend Semiconductor, Inc.		7,282,000	1.28%
Su-Yu Wu		6,500,000	1.14%
Hung-Wei Venture Capital Co., Ltd.		5,823,602	1.02%
Chiu-Hsia Yang		5,731,763	1.01%
Chang Wah Electromaterials Inc.		5,511,000	0.97%
Chuang-Hsien Chueh		4,990,668	0.88%
Dedicated investment account from Norges Bank in the custody of CitiBank Taiwan		4,809,000	0.85%

V. Information on Market Value, Net Value, Earnings, and Dividends Per Share

Item		Year	2020	2021	As of March 31, 2021 (Note 8)
Market value per share (Note 1)	Highest		58.40	99.50	78.10
	Lowest		33.90	53.90	71.70
	Average		48.46	76.28	74.10
Net worth per share (Note 2)	Before distribution		31.64	36.62	-
	After distribution		28.54	-	-
Earnings per share (EPS)	Weighted average number of shares (in thousand shares)		568,846	568,846	-
	Earnings per share, EPS (Note 3)		4.68	8.09	-
Dividends per share	Cash dividends		3.10	5.00	-
	Share dividends	Dividends from retained earnings	-	-	-
		Dividends from capital surplus	-	-	-
	Accumulated undistributed dividends (Note 4)		-	-	-
Return on Investment Analysis	Price-to-earnings ratio (Note 5)		10.35	9.43	-
	Price-to-dividends ratio (Note 6)		15.63	15.26	-
	Dividend yield (Note 7)		6.40%	6.55%	-

- In the case of shares distribution from retained earnings or capital surplus, please also disclose the information about the market value and cash dividend adjusted retroactively based on the quantity of shares distributed.

Note 1: Please identify the highest market value and the lowest market value of the ordinary shares in each year, and calculate the average market price for each year based on the trading value and volume for each year.

Note 2: Please apply the quantity of shares already issued at the end of the year and identify the status of distribution according to the resolution made by the Shareholders' Meeting held in the following year.

Note 3: If it is necessary to make adjustment retroactively due to share dividends, please identify the EPS before and after the adjustment .

Note 4: If the terms and conditions under which the equity securities are issued provide that the stock dividend retained in the year may be accumulated until the year in which there are allocable earnings available, please disclose the retained stock dividend accumulated until the then year.

Note 5: Price-to-Earnings Ratio=Average Closing Price Per Share in Current Year/Earnings Per Share.

Note 6: Price-to-Dividends Ratio=Average Closing Price Per Share in current year/Cash Dividend Per Share.

Note 7: Dividend Yield=Cash Dividend Per Share/Average Closing Price Per Share in current year.

Note 8: Please identify the net value per share and EPS available in the latest quarterly financial information audited (reviewed) by the independent auditor before the date of publication of the annual report, and the information available until the date of publication of the Annual Report in the Other sections.

VI. Dividend Policy and Implementation Status

(I) Dividend policy in the Articles of Incorporation:

The Company's dividend policy is based on a balanced dividends principle in line with the Articles of Incorporation. Fitting with the Company's long-term development plan, the overall business environment, and the industry growth status, the Company must take into account its capital needs and expansions as well as the Shareholders' rights and interests. Considering all circumstances, a mix of cash and share dividends will be distributed, in which the cash dividend ratio shall be no less than 30% of the total dividends to be distributed.

Pursuant to our dividend policy, dividend distribution accounts for 50% to 80% of the current year's net income. In 2022, a resolution of a cash dividend distribution that accounts for 62% of 2021's net income is proposed for approval at the Shareholders' Meeting.

- (II) Appropriation of dividends proposed at the Shareholders' Meeting:
1. On February 25, 2022, the Board of Directors has approved of cash dividend of NT\$2,844,229,605, based on the current 568,845,921 shares outstanding, each share will be distributed with NT\$5.
 2. If the subsequent amendment from competent authority, repurchasing of Greatek's shares, transfer and retirement of treasury stocks, or other factors that affect the number of shares in circulation take place, leading to a change of shareholders' distribution rate, the Board of Directors will be authorized to adjust it accordingly.
 3. Upon resolution from the Shareholders' Meeting, the cash dividend is calculated based on the shares held by the shareholders recorded in the register of shareholders on the ex-dividend record date and is rounded down to the nearest dollar based on the distribution ratio. The fractional amounts are aggregated and recognized in Greatek's other income.
- (III) Any expected material changes to the dividend policy should be further explained. None.

VII. Effect of allocation of dividends proposed at the Shareholders' Meeting on the operational performance of the Company and the Earnings Per Share:

The proposal regarding earnings distribution, depending resolution from the Shareholders' Meeting, is to distribute NT\$5 of cash dividend per share. No share dividend will be issued.

VIII Employee and Directors' Remunerations:

- (I) Proportion or scope of employee and Directors' remuneration as stated in the Company's Articles of Incorporation:
Pursuant to provisions in Article 24 of the Articles of Incorporation: The Company shall appropriate 9% to 15% of the net income before tax of the fiscal year as employees' compensations and no more than 3% as remuneration for Directors. In the event that the Company has accumulated losses (including adjustment of unappropriated earnings), profit shall first be used to offset accumulated losses. The above remuneration to the employees may be allotted in cash or shares, eligible personnel includes employees at subsidiaries that meet the requirement by the Board. The above remuneration to the Directors can only be in cash. The preceding two paragraphs shall be determined by the resolution of Board of Directors and reported to the Shareholders' Meeting. Greatek elected three Independent Directors in the Shareholders' Meeting on May 29, 2018 and established an Audit Committee to take on the duties of Supervisors.
- (II) Basis used for employee and Directors' remuneration for the year, basis used for calculating the number of shares distributed as employee remunerations, and the accounting treatment in case of variances between the actual distribution and the estimates: The basis of estimation for the employee and Directors' remunerations lies in Article 24 of the Articles of Incorporation. If there is a change in the amounts after the date of publication of the financial statements, the variances shall be treated as a change in the accounting estimate in the following year.
- (III) Information on any approval by the Board of Directors regarding distribution of remuneration:
1. Employee remunerations will be distributed in cash or shares, and Directors' remunerations in cash. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the treatment shall be disclosed:
On February 25, 2022, the Board of Directors has approved of distribution of employees and Directors' remunerations for 2021

Item	Amount	Ratio of distribution based on Articles of Incorporation
Employee cash remuneration	634,106,398	10%
Directors cash remuneration	124,334,588	2%

There is no deviation found between the Board of Directors' proposed distribution of remunerations for employees and Directors and the amounts recognized in the 2021 financial statements.

2. The amount of any employee remuneration distributed in shares, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation:

Greatek does not distribute share dividends to employees in 2021.

- (IV) The actual distribution of employee and Directors' remuneration in the previous year (including the number, amount and share price of shares appropriated), the deviation between the actual allocation and the estimated figures, if any, and cause and treatment thereof:

On February 26, 2021, the Board of Directors has approved of, and it was announced at the Shareholders' Meeting on July 21, 2021, that NT\$71,882,406 and NT\$359,412,032 would be distributed as Directors' and employees' remunerations, respectively. There was no discrepancy found between the actual distributions and the amounts recognized in the 2020 financial statements.

IX. Share repurchases:

None.

Chapter 2 Corporate Bonds:

None.

Chapter 3 Preferred Shares:

None.

Chapter 4 Overseas Depository Receipts:

None.

Chapter 5 Employee Stock Options:

None.

Chapter 6 Restricted Employee Shares:

None.

Chapter 7 Status of New Shares Issuance in Connection with Mergers and Acquisitions

None.

Chapter 8 Implementation of Capital Utilization Plan

None.

Operational Highlights

Chapter 1 Business Activities

I. Scope of Business

(I) Primary business and services

1. The manufacturing, testing, packaging, and trading business of all kinds of integrated circuit (IC).
2. The design of the preceding business.
3. Bidding and quotation business of products from domestic and foreign IC manufacturers.
4. Import and export business related to IC products.
5. F401021 Telecommunications Control RF Equipment Input Industry
6. In addition to the approved scope of business, the Company may engage in all businesses except those which are otherwise prohibited or restricted by law.

(II) Ratio of major products/services

Item	In Year 2021	
	Net operating revenue	Revenue Proportion
Packaging	16,492,522	84.75%
Testing	2,968,621	15.25%
Total	19,461,143	100%

(III) The Company's current products (services):

Currently, the Company's major products (services) can be divided into packaging and testing services:

1. Packaging products (services) include:

- (1) Traditional Lead Frame Packaging (P-DIP, TO, SOT, SO, SSOP, TSSOP, QFP/LQFP, and TQFP)
- (2) Quad Flat No-Lead Packaging (QFN)
- (3) Bumping
- (4) Stack Die and Side by Side
- (5) Ball Grid Array Packaging and Land Grid Array Packaging (BGA,LGA)
- (6) Redistribution Layer (RDL)
- (7) Wafer Level Chip Scale Packaging (WLCSP)
- (8) Flip Chip Packaging QFN, SOP, SOT.
- (9) IC Molded Interconnected Substrate (MIS)
- (10) System in a Package (SiP).

2. Testing services include wafer testing and finished products testing.

(IV) New products and services in development:

Based on developments and applications of wireless network communications, smart appliances, mobile products, wearable devices which emerged in recent years, the Internet of Things (IoT) and cloud computing and storage, it is also necessary to factor in lightweight, thinness, and low-cost into consideration when developing the Wafer Chip Scale Packaging for communications, controllers, power management, RAM, and peripheral products. The Company plans to develop the following new products (services) in response to overall industry developments and demand from the applications market:

- (1) High Pin Count BGA with a PKG size 14x14 or above.
- (2) MIS-2 layer Flip Chip and Wire Bond type products.
- (3) Hybrid PKG (Flip Chip and WB) products.

- (4) QFN Dual ROW High I/O products.
- (5) High Thermal products.
- (6) Flip Chip QFN automotive products.
- (7) FCCSP/BGA automotive products.
- (8) FCCSP products that use 5nm wafer.
- (9) Micro-Electromechanical Systems (MEMS) products.

II. Industry Overview:

(I) The Semiconductor Market:

1. 2021 global semiconductor sales data:

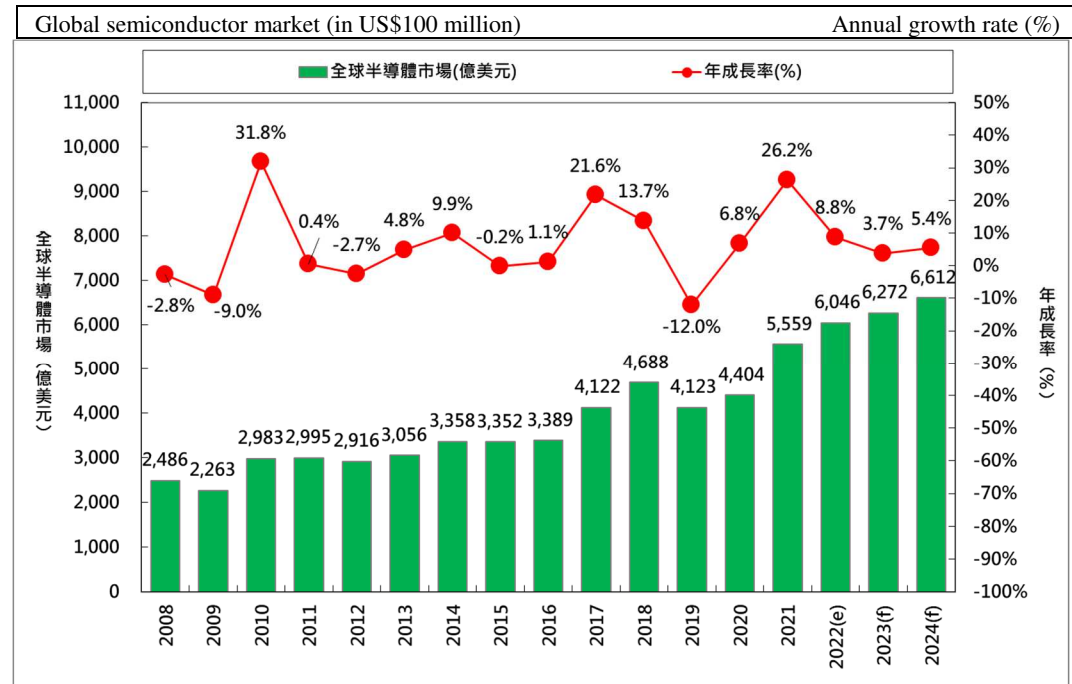
Based on statistical data from WSTS, the annual global sales of semiconductor industry reached US\$555.9 billion, showing a 26.2% growth from 2020; a total of 1,146.9 billion units were sold, showing a 20.2% growth from 2020; and ASP was US\$0.485, showing a 5.0% growth from 2020.

Among them:

The US semiconductor market sales reached US\$121.5 billion, grew 27.4% YoY; Japan's semiconductor market sales reached US\$43.7 billion, grew 19.8% YoY; The European semiconductor market sales reached US\$47.8 billion, grew 27.3% YoY;

China's semiconductor market sales reached US\$192.5 billion, grew 27.1% YoY; and Asia's semiconductor market sales reached US\$150.5 billion, grew 25.9% YoY;

Global semiconductor market sales



Source: World Semiconductor Trade Statistics (WSTS) and Industry, Science & Technology International Strategy Center (ISTI), Industrial Technology Research Institute (ITRI) (February 2022)

2. Global semiconductor market trends in 2022

The International Monetary Fund predicts that the global economic growth rate will be 4.4%. Benefiting from the digital transformations brought forth by the pandemic, which led to strong demand for semiconductor IC, the global semiconductor market is estimated to experience further growth in 2022. The World Semiconductor Trade Statistics (WSTS) has predicted an 8.8% growth, while Gartner predicts an annual growth rate of 9.4% and IC Insights has further

predicted an annual growth rate of record-breaking 11% in output value.

3. Taiwan's semiconductor sales data in 2021

According to statistical data from the Industry, Science & Technology International Strategy Center (ISTI), Industrial Technology Research Institute (ITRI), the output value of Taiwan's IC industry had reached NT\$4.0820 trillion (US\$145.8 billion) in 2021, showing a 26.7% increase from 2020. Among them: The output of IC design industry had reached NT\$1.2147 trillion (US\$43.4 billion), showing a 42.4% increase from 2020; the IC manufacturing industry had reached NT\$2.2289 trillion (US\$79.6 billion), showing a 22.4% increase from 2020; the IC packaging industry had reached NT\$435.4 billion (US\$15.6 billion), showing a 15.3% increase from 2020; and the IC testing industry had reached NT\$203 billion (US\$7.3 billion), indicating an 18.4% increase from 2020. The exchange rate of the New Taiwan Dollar (NTD) to the US Dollar is set at 28.

● Statistical results of Taiwan's IC industry output value in 2021

in NT\$100 million	21Q1	QoQ %	YoY %	21Q2	QoQ %	YoY %	21Q3	QoQ %	YoY %	21Q4	QoQ %	YoY %	2021	YoY %
IC industry output value	9,047	2.6%	25.0%	9,863	9.0%	31.6%	10,850	10.0%	25.1%	11,060	1.9%	25.4%	40,820	26.7%
IC design industry	2,602	5.3%	49.1%	3,069	17.9%	63.3%	3,301	7.6%	35.6%	3,175	-3.8%	28.5%	12,147	42.4%
IC manufacturing industry	5,001	1.4%	19.3%	5,284	5.7%	23.7%	5,869	11.1%	22.1%	6,135	4.5%	24.4%	22,289	22.4%
Wafer foundry	4,374	0.1%	15.5%	4,554	4.1%	19.0%	5,081	11.6%	17.8%	5,401	6.3%	23.6%	19,410	19.1%
Memory and other manufacturing	627	11.4%	54.1%	730	16.4%	64.0%	788	7.9%	60.5%	734	-6.9%	30.4%	2,879	51.0%
IC packaging industry	984	0.4%	9.9%	1,020	3.7%	12.1%	1,150	12.7%	16.2%	1,200	4.3%	22.4%	4,354	15.3%
IC testing industry	460	5.7%	13.6%	490	6.5%	12.6%	530	8.2%	20.5%	550	3.8%	26.4%	2,030	18.4%
IC product output value	3,229	6.5%	50.0%	3,799	17.7%	63.5%	4,089	7.6%	39.7%	3,909	-4.4%	28.9%	15,026	44.0%
Global semiconductor market (in US\$100 million) & Growth rate (%)	-	-	-	-	-	-	-	-	-	-	-	-	5,559	26.2%

Source: Taiwan Semiconductor Industry Association (TSIA) and Industry, Science & Technology International Strategy Center (ISTI), Industrial Technology Research Institute (ITRI) (February 2022)

4. Taiwan's semiconductor industry prospects for 2022

Taiwan Semiconductor Industry Association (TSIA) and the ISTI at ITRI have predicted that Taiwan's IC industry output value will reach NT\$4.8062 trillion in 2022, showing an 17.7% growth over 2021. Among them:

The output of IC design industry is expected to reach NT\$1.3848 trillion, grew 14% YoY;

The output of IC manufacturing industry is expected to reach NT\$2.7264 trillion, grew 22.3% YoY.

The output of IC packaging industry is expected to reach NT\$475 billion, grew 9.1% YoY;

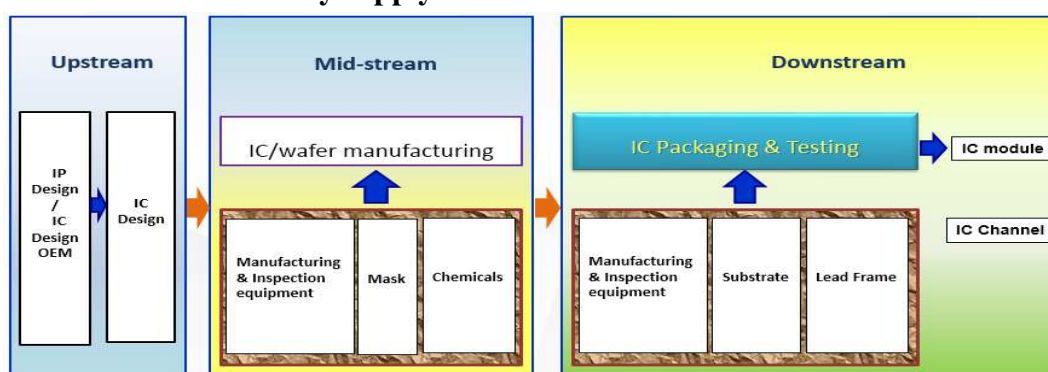
and the output of IC testing industry is expected to reach NT\$220 billion, grew 8.4% YoY.

●Taiwan's IC industry output value from 2018 to 2022

in NT\$100 million	2018	2018 YoY%	2019	2019 YoY%	2020	2020 YoY%	2021	2021 YoY%	2022(e)	2022(e) YoY%
IC industry output value	26,199	6.4%	26,656	1.7%	32,222	20.9%	40,820	26.7%	48,062	17.7%
IC design industry	6,413	3.9%	6,928	8.0%	8,529	23.1%	12,147	42.4%	13,848	14.0%
IC manufacturing industry	14,856	8.6%	14,721	-0.9%	18,203	23.7%	22,289	22.4%	27,264	22.3%
Wafer foundry	12,851	5.0%	13,125	2.1%	16,297	24.2%	19,410	19.1%	24,076	24.0%
Memory and other manufacturing	2,005	23.7%	1,596	-20.4%	1,906	19.4%	2,879	51.0%	3,188	10.7%
IC packaging industry	3,445	3.5%	3,463	0.5%	3,775	9.0%	4,354	15.3%	4,750	9.1%
IC testing industry	1,485	3.1%	1,544	4.0%	1,715	11.1%	2,030	18.4%	2,200	8.4%
IC product output value	8,418	8.0%	8,524	1.3%	10,435	22.4%	15,026	44.0%	17,036	13.4%
Global semiconductor market (in US\$100 million) & Growth rate (%)	4,688	13.7%	4,123	-12.0%	4,404	6.8%	5,559	26.2%	6,046	8.8%

Source: TSIA; Science & Technology International Strategy Center (ISTI), Industrial Technology Research Institute (ITRI) (February 2022) Note: (e) indicates estimate.

5. Industry upstream, midstream, and downstream correlations within the semiconductor industry supply chain



Source: <http://ic.gretai.org.tw/introduce.php?ic=D000>, Greteck

(II) Product development trends and competition

The global semiconductor industry has been rapidly changing and evolving in recent years. New applications are continuously being developed, and new products are continuously launched to gain new ground. In order to retain existing market shares, various processes and technologies are utilized to lower the costs of existing products. As the sizes of electronic products become even smaller, the development trend for IC packaging models tend to opt for surface adhesion. During this evolutionary process, it has also become mainstream practices for lead frames to become optimally short bond wires, multiple leads, thin profile and custom-made.

1. IC packaging

Based on the types of integrated circuit packaging as classified by Taiwan Semiconductor Industry Association (TSIA), the growth in traditional QFP, DIP, SOP/SOJ, PLCC, and TO have more or less slowed, while the QFN/Leadframe-type continues to benefit from end-user mobile devices and will continue to grow at an accelerated pace for the next couple of years. As the electronic system products are becoming lighter, thinner, energy-saving, affordable, and faster, the packaging models with the best development opportunities are: COLQFN, FCQFN, Multiple Row QFN, FIWLP, FOWLP, FCBGA, TSV, and 3D IC. Additionally, the trend of integration between logic IC and memory IC has also

become more apparent.

2. IC testing

In terms of testing, the long-term goal constantly pursued by testing providers is to test the most number of products in the shortest time frame by using the most suitable testing equipment. The development of multi-die testing is a crucial way to enhance testing productivity while effectively reducing costs. Also, testing providers can save manpower and time by coordinating with customers' one-stop shop demand. The provision of turnkey service is another fairly important competitive niche. In line with the development of lighter and smaller IC packages, the provision of high-speed, high lead count and highly reliable automated IC testing equipment can reduce human errors, leading to more satisfactory quality and lead time services. This is the long-term objective for IC testing.

3. Competition

Greatek's packaging industry competitors include ASE, SPIL, OSE, and Lingsen, while domestic testing competitors include Sigurd, KYEC, and ChipMOS. There are also a number of competitors from China, including JCET, Tianshui Huatian, Nantong Fujitsu, and UNISEM, who have competed for orders from domestic and foreign customers with low pricing strategy. In addition, the Chinese government is encouraging its semiconductor industry through offering investment incentives such as lease and tax subsidies, helping its wafer OEM, IC design, and packaging/testing industries to penetrate the market with low prices and threatening the existing equilibrium of industry chain.

III. Technology and R&D Overview:

(I) Technology and R&D Overview

1. Strategies:

Lower-end packaging and testing service providers have gradually relocated to China or other low cost regions. It is inevitable for Taiwan's packaging and testing providers to move toward more advanced product technologies in the future. Higher frame count, fine pitch, and multi-die packaging will be the strategy and target for our packaging/testing R&D.

2. Expenses:

The R&D expense in 2021 was approximately NT\$287 million, accounting for 1.5% of the revenues. R&D expense in 2022 will maintain their 2021 level .

(II) Technologies or products developed in the most recent fiscal year

Packaging product development is based on the demand in the consumer electronics market. The trend toward lighter, thinner, and smaller products is making producers scrambling to miniaturize electronic components, resulting in products such as QFN, DFN, multi-array QFN, WLP, and CSP and more. Concurrently, packaging/testing providers have also achieved waste reduction, green, and pollution-free standards under the environmental protection trends and requests.

Greatek has developed the following products and technologies in recent years:

1. The development and introduction of such lighter, thinner, and smaller electronic component packaging products as BGA/LGA, Flip Chip, and more.
2. Introduction and production of green and eco-friendly materials; new materials were developed based on EU's Restriction of Hazardous Substances in Electrical and Electronic Equipment (RoHS) Directive.
3. Introduction of new equipment, development of new technologies, and development and introduction of design for high-density, low-cost carriers under the principle of reducing packaging material costs.

(III) Future R&D strategies and objectives

1. R&D strategies and objectives

In view of the increasing number of competitors in the current IC packaging market, only those who can continuously make accurate R&D investments may survive in the market. Therefore, Greatek has always been focused on R&D investments and we are gradually increasing the number of relevant R&D personnel, leading to positive R&D results and performance. Greatek's key developments in 2022 include: to enhance QFN Dual Row product manufacturing capability; to enhance the packaging and testing ability for third generation semiconductor materials (gallium nitride; GaN); to develop Hybrid/MIS Package (Flip Chip & Wire Bond) products; and to develop System in a Package (SiP) products. Greatek will stay on top of market developments and demand, and work in line with customers' new product and technical developments so as to provide satisfactory services to our customers.

2. Description of sources of major technologies

Presently, the development of packaging technologies has entered into a highly competitive phase with countless number of service providers and technologies. CSP alone has as many as 50 methods and specifications that have not been standardized. Each IC manufacturer has a different design; hence, the source of technology is based on the acquisition of core technologies rather than application technologies. Greatek spares no effort in obtaining basic technologies, including circuit and electrical analysis, heat flow analysis, substrate circuit layout, and stress analysis, from ITRI and academic circles, and relevant equipment manufacturers. We also dispatch personnel on overseas visits to learn technologies and to participate in seminars via various collaboration opportunities and strategic alliances. Greatek sets strategic products in each year based on developments in product trends. Besides, we also form partnerships or technical collaborations with renowned domestic and foreign vendors and research institutions to acquire advanced technologies.

IV. Short and Long-term Business Development Plans:

(I) Long-term R&D (2-to-3-year projects)

Greatek's long-term strategic product is focused on integrating bumping technology with multi-die packaging. We will strive to develop lighter and smaller devices, and then coordinate with system vendors to develop SiP with reduced costs and high performance. We will introduce advanced technologies, expand market shares, and increase profitability under the ongoing trend toward lightweight and smaller sized products.

(II) Short-term R&D (1-to-2-year projects)

Currently, Greatek's short-term strategic products are focused on lead frame packaging with copper bonding wire and silver bonding wire technologies, as well as WLCSP packaging, testing, slicing, and winding. To meet customers' new product needs, we will also develop new processes for multi-component packaging, as well as the component testing capacity for high-speed, high-frequency, and mixed-signal components on high-end testing platforms. These efforts will continue to drive our turn-key operating model and help to create opportunities in the mass production market.

Chapter 2 Market and Industry Overview

I. Market Analysis

(I) Sales region of major products

In 2021, most of Greatek's packaging and testing OEM customers are from the domestic IC design industry, who account for approximately 73.3%, while exports account for 26.7%. The Americas accounted for 11.2% of export customers, followed by Europe with 7.7%, and Asia with 7.8%.

(II) Market share

In 2021, Taiwan's IC packaging and testing industry's output value has reached NT\$638.4 billion, representing a 16.28% growth over 2020. Greatek's 2021 revenues reached NT\$19.461 billion, with a market share of 3.05%.

(III) Future market demand and supply and growth potential

Looking forward to the global IC packaging and testing industry in 2022, given the COVID-19 pandemic conditions are expected to stabilize from general vaccinations and the broad rollout of vaccines will gradually rekindle the global economy; moreover, sales of consumer electronics are expected to pick up, Taiwan's advanced packaging and testing technical know-how and diverse product lines allow our capacity and technical strengths to satisfy the demand for highly integrated IC required for consumer electronics products. The TSIA and ITRI Industrial Economics and Knowledge Center both expect that Taiwan's IC packaging and testing industry output value will reach NT\$695 billion in 2022, showing an 8.9% growth over 2021.

(IV) Competitive niche

On top of continuing to focus on Lead Frame Packaging technologies and catering to the expanded needs of domestic and foreign customers, Greatek will also actively compete for customers home and abroad, including IDM and Fabless ones. We will develop new products and technologies related to Bumping, and gradually introduce new processes for Wafer Level Packaging (WLP) and Packaging for BGA, LGA, Flip Chip, fan-in WLP, and SiP to meet the new product process requirements of domestic and foreign customers. In terms of testing, we will continue to cater to the domestic testing needs on existing testing platforms, and continue to introduce High-End Testing machines to provide testing services for Radio Frequency (RF) applications and mixing signal devices. Moreover, we will also actively introduce Bumping Wafer Testing and Strip Testing. Greatek will also continue to integrate our R&D department, recruit high-performing talents and technical management personnel. In the future, we will provide new packaging technologies and testing functions on a timely basis. Turn-key is Greatek's competitive advantage. Currently, more than half of our monthly output are turn-key orders. This procedure is a value-added service that is fast, efficient, and flexible, helping customers to achieve faster response and market launch.

(V) Favorable and unfavorable future development factors and countermeasures

1. Favorable factors

- (1) Greatek has complete product lines and continue to expand capacity in order to reach economies of scale.

After years of development, we have achieved a comprehensive product mix with complete product lines, and we are continuing to expand our production capacity, enabling a fair share and position at the market. We can satisfy all customer demand, and have reached economies of scale, helping us to gain competitive grounds.

- (2) Provision of turn-key services

On top of IC packaging, Greatek also provides wafer testing, finished product testing, and tapping & reel services to meet the customers' needs for one stop service. By providing turn-key processes, we can attract more customers.

- (3) Successful product and process R&D results enabled Greatek to provide more

comprehensive services

Greatek has always been committed to researching and developing new products and processes to respond to customer needs and market changes. We actively develop new products and technologies and are gradually introducing new processes, such as Flip Chip Packaging (BGA, LGA, and Flip Chip), and fan-in WLP and DPS packages, enabling us to cater to the product development needs from domestic and foreign customers.

- (4) Increased number of suppliers and expanded procurement scale leading to enhanced competitiveness

We have been continuing to expand our production capacity and scale in recent years to achieve even more economies of scale, thereby reducing material costs. In addition, we are partnering with suppliers to integrate our procurement capacity and to realize funding and management synergies, thereby fully increasing our industry competitiveness.

- (5) Approaching customers, building a close relationship, providing a timely and satisfactory service to customers.

Most of the semiconductor manufacturing and design companies are located in northern Taiwan, especially in Hsinchu Science Park. Greatek is located in Zhunan which is in close proximity to northern Taiwan and a mere 20-minute drive from Hsinchu Science Park. This enables us to achieve excellent and timely services whether in terms of communicating with customers, technical exchange, or product delivery. In turn, we established close customer relations. By providing fast and satisfactory services, we will be better positioned to acquire more customers.

- (6) Solid management team and technical team enabling Greatek to counter future expansion needs and challenges

After years of experience, Greatek has developed and formed a solid management team and technical team. We have built good management visions and consensus, good communications framework, operating system, and solid manufacturing and management technologies, enabling us to face and to respond to any future expansion need and challenge.

2. Unfavorable factors

- (1) Low entry barrier to Traditional Lead Frame Packaging could lead to a large number of competitors and price wars

Countermeasures: Improve process and enhance the level of automation to increase productivity. Strengthen R&D capability and introduce new materials and seek for alternative materials and processes such as copper and silver bonding to reduce production costs. Continue to strengthen supplier management to achieve more competitive prices from concentrated procurement and improve competitiveness.

- (2) Large packaging service providers get the lion's share of market share, posing significant market threat

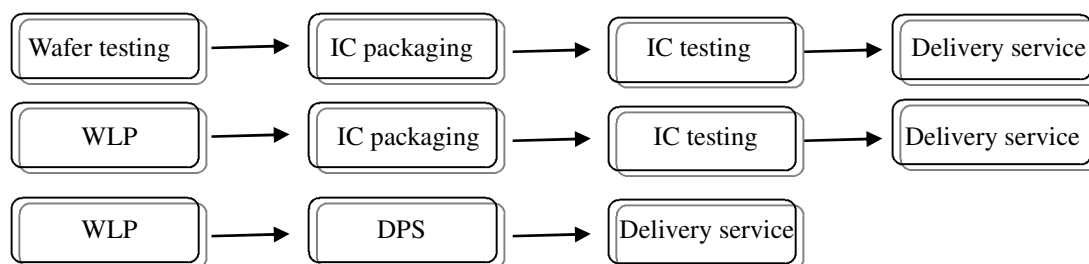
Countermeasures: To continuously enhance competitive advantage to be on par with or even to exceed the strengths of large-scale competitors and to overcome their threat. Moreover, Greatek can acquire new customers and new markets through niche products, thereby building and expanding customer trust and the basis of long-term partnership, thus creating new market opportunities. Additionally, we will also attract international customers to maintain annual business growth and to diversify the risk of sales concentration.

II. Major Applications and Processes of Major Products

1. Key applications of major products:

Major product	Key applications
Integrated Circuit (IC) Packaging and Testing Services	Packaged and tested IC are widely used in: computers, Internet, communications, and consumer electronics products; including laptop computers, tablets, smartphones, functional phones, wearable devices, smart appliances, set-top boxes, automotive electronics, digital cameras, game consoles, the Internet of Things (IoT), and fingerprint sensors and more.

2. Production process



III. Status of Supply of Primary Materials

The primary materials in IC package include Lead Frames, Epoxy Molding Compound (EMC), gold wire, Palladium Coated Copper wire (PCC), and silver paste, etc., and the most consumed of which is the Lead Frame. Approximately 30% of lead frame is purchased from domestic sources, while the rest comes from China, Singapore, Japan, and Korea. EMC is purchased from domestic and Japan, while the gold wire comes from Singapore and Korea. PCC is purchased from the Philippines, Taiwan, and Korea, while silver paste is purchased from suppliers in Japan and China.

Major suppliers:

Name of primary material	Main source of supply	Status of supply
Lead frame	Sinko (Japan); Advanced Assembly Materials International Ltd (China); Fusheng Electronics Corporation (Taiwan); MITSUI HIGH-TEC (TAIWAN) CO., LTD. (Taiwan); Chang Wah Electromaterials Inc. (Taiwan)	Supplier of raw material is unstable due to the COVID-19 pandemic.
Epoxy molding compound (EMC)	Chang Wah Electromaterials Inc. (Taiwan); Showa Denko Semiconductor Materials (Taiwan) Co.,Ltd. (Japan)	Supplier of raw material is unstable due to effects from the COVID-19 pandemic.
Gold wire	TANAKA (Singapore); MK (Korea)	Supply of raw material is relatively stable.
Palladium coated copper wire (PCC)	Chroma New Material Corp. (Philippines); MK (Korea); TANAKA (Taiwan)	Supply of raw material is relatively stable.
Silver paste	Chang Wah Electromaterials Inc. (Japan); Ablestik (Shanghai) ; Showa Denko (Japan)	Supply of raw material is relatively stable.

IV. Name of Customer and Purchase (Sales) Amount and Ratio for Any Customer whose Order has Accounted for More than Ten Percent of Annual Sales (Purchases) in any of the Most Recent Two Years:

1. Information on major suppliers for the most recent two years Unit: NT\$ thousands

Item	2020				2021			
	Name	Amount	Percentage to annual net purchases (%)	Relationship with the issuer	Name	Amount	Percentage to annual net purchases (%)	Relationship with the issuer
1	Company A	557,255	12.38	None	Company A	623,524	10.58	None
2	Company B	512,754	11.39	None	Company B	782,715	13.28	None
	Others	3,431,985	76.23	-	Others	4,487,528	76.14	-
	Net purchases	4,501,994	100.00	-	Net purchases	5,893,767	100.00	-

Note: For suppliers that have provided at least 10% of the gross procurement in the most recent two years, the names, procurement amount, and percentage should be stated; provided that, suppliers that shall not be disclosed pursuant to contract terms, or individual non-affiliated parties shall be shown in codes.

2. Information on major sales customers in the most recent two years

Unit: NT\$ thousands

Item	2020				2021			
	Name	Amount	Percentage to annual net sales (%)	Relationship with the issuer	Name	Amount	Percentage to annual net sales (%)	Relationship with the issuer
	Others	14,701,682	100.00	-	Others	19,461,143	100.00	-
	Net sales	14,701,682	100.00	-	Net sales	19,461,143	100.00	-

Note: For customers that have provided at least 10% of the total sales volume in the most recent two years, the names, procurement amount, and percentage should be stated; provided that, customers that shall not be disclosed pursuant to contract terms, or individual non-related parties may be shown in codes.

V. Production Output in the Most Recent Two Years Unit: thousand units; NT\$ thousands

Production output volume Major product (or department)	Year	2020			2021		
		Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
IC packaging		11,088,101	10,306,641	8,604,673	13,125,275	12,496,847	10,300,257
IC testing		6,916,012	6,713,417	1,792,010	7,985,607	7,786,978	2,036,541
Total		18,004,113	17,020,058	10,396,683	21,110,882	20,283,825	12,336,798

Note 1: Production capacity refers to production quantity in normal operation with the current production equipment after factoring in necessary down time and holidays.

Note 2: IC tests include wafer testing, package testing, and OEM testing, in which the unit of wafer test is 1,000 units.

VI. Sales Volume in the Most Recent Two Years Unit: thousand units; NT\$ thousands

Production output volume Major product (or department)	Year	2020				2021			
		Domestic sales		Export sales		Domestic sales		Export sales	
		Sales volume	Sales value	Sales volume	Sales value	Sales volume	Sales value	Sales volume	Sales value
IC packaging		7,949,692	9,521,723	2,376,619	2,800,915	9,469,636	12,145,313	3,335,380	4,347,209
IC testing		5,075,839	1,786,079	1,636,753	592,965	5,748,982	2,124,641	2,036,695	843,980
Total		13,025,531	11,307,802	4,013,372	3,393,880	15,218,618	14,269,954	5,372,075	5,191,189

Chapter 3 Employee Status

Number of Employees for the Most Recent Two Fiscal Years and as of the Date of Publication of the Annual Report

Year		2020	2021	As of March 31, 2022
Number of employees	Direct employee	2,411	2,577	2,571
	Indirect employee	1,576	1,709	1,695
	Total	3,987	4,286	4,266
Average age		34.6	34.9	35.3
Average year of service		7.64	7.74	7.78
Distribution ratio of educational level %	Ph.D.	0	0	0
	Master's degree	5.6	5.3	5.1
	College/university degree	64.9	66.8	66.7
	Senior high school	20.6	19.3	19.4
	Below senior high school	8.9	8.6	8.8

Chapter 4. Environmental Expenditures

Total amount of losses (including compensations and violations against environmental laws found during results of environmental protection audits, for which the date of penalty, number of penalty letter, legal provisions that were violated, content of the violation, and content of penalties shall be disclosed)

caused by environment pollution, and current and future probable losses and countermeasures in the most recent year as of the publication date of the Annual Report; in case a reasonable estimate cannot be provided, the description of the fact that cannot be reasonably estimated shall be provided.

1. Total losses and penalties caused by environmental pollution in the most recent year and as of the date of publication of the Annual Report:

None.

2. Violations against environmental laws found during results of environmental protection audits in the most recent year and as of the date of publication of the Annual Report:
None.

3. Current and future probable losses and countermeasures:

Greatek has passed and received the ISO140012015 Environmental Management System Certification in 2018, and we will manage the pollutions and waste generated from production activities through this management system. We will strengthen legal compliance and practices of the pollution prevention equipment and waste recycling and reuse. To show our commitment to do more for the environment, the "Environmental Policy" has been formulated and serves as the highest guiding principle over environmental management.

Types of Environmental Expenditure	2019	2020	2021
Environmental expense (NT\$)	26,179,084	28,081,965	39,862,220
Pollution prevention equipment expense (NT\$)	4,159,527	898,532	3,790,411
Total (NT\$)	30,338,611	28,980,497	43,652,631

Chapter 5 Labor Relations

I. Describe the Company's employee welfare and benefit measures such as continuing education, training, retirement system and their implementations, and agreements with employers and maintenance of employee rights:

(I) Benefit measures

Greatek allocates employee benefit and welfare funds as stipulated by applicable laws, and was approved by competent authority to set up an Employee Welfare Committee, which oversees the handling of employee benefits. Relevant procedures are carried out in accordance with the "Organization Regulations on Employee Welfare Committee". Current key welfare measures include the following:

1. Pursuant to laws and regulations, Greatek provides: National Health Insurance (NHI), Labor Insurance, Allocations of Pension Reserve, and Allocations of Arrear Wage Payment Fund.
2. Greatek also provides: employee remunerations, free group insurance for employees and their spouses and families, employee canteen, employee food & beverage allowances, employee dormitories, convenience store, nursing rooms, childcare leaves, and paternity leaves and more.
3. Employee Welfare Committee organizes: holiday bonuses, subsidies for weddings/funerals/childbirth, employee discounts at specific stores, and various arts and sporting events and travels (or subsidies) are also organized.

(II) Continuing studies and training system

Annual training plan is prepared in line with Greatek's operational plan. Types of training include: new employee training, general knowledge training, professional training, management training, and language training and more. Greatek enhances employee quality and professional skill-sets through strengthening employees' professional know-how via education and training. We continuously advocate corporate ethics and have formulated a corporate culture that fosters communications.

(III) Retirement system and implementation

Greatek's employee retirement system is implemented in line with the Labor Standards Act, in which pension reserve is allocated on a monthly basis. Additionally, a Pension Supervision Committee, which oversees and reviews matters related to the

pension reserve, is set up in accordance with regulations by labor and management. Any employee who has served at Greatek for 15 years or less and is eligible for retirement will be assigned two base points for each year of service. For those who have served at Greatek for over 15 years, two base points will be given for each year of service within the first 15 years, and one base point will be given for each subsequent year. The ceiling is capped at 45 base points. Service years below six months will be counted as six months, and service years over six months but under one year will be counted as one year.

Since July 1, 2005, employees who choose the Labor Pension Act (new labor retirement system) will have their 6% of monthly salary appropriated to the Individual Retirement Account (IRA) at the Bureau of Labor Insurance, Ministry of Labor.

In 2021, pension expenses recognized in the financial statements amounted to NT\$117,916 thousand.

(IV) Employee-employer agreements and measures taken to safeguard employee rights and interests:

Greatek signs employment contracts with each employee and regularly organizes labor relations meetings, so that employees can participate in Greatek's decision-making and communicate over their opinions. Work Rules are also formulated as the basis for employees' compliance. Greatek is committed to maintaining the work safety and physical and mental well-being of our staff. The ISO 45001 and ISO 14001 management systems have been implemented to manage factory hygiene and enhance productivity. Additionally, measures including emergency response plans, fire drill practices and regular 6S evaluation management are also enforced to manage and control occupational risks.

Greatek cares for employees and take an active role in their health. To prevent occupational hazards and to protect the safety and health of employees, general and special employee health checkups are regularly organized. Greatek has also set up an employee grievance hotline, opinion mailbox, and improvement proposal campaign and more, in which designated units will properly handle the relevant matters according to established procedures.

II In the most recent year and as of the date of publication of the Annual Report, the losses suffered due to the labor disputes (including matters with labor inspection results that violate the Labor Standards Act, the date of penalty, the number of penalty letter, the provisions of the statute violated, the content of the statute violated, and the punishment content shall be listed), and the current and future estimated losses from relevant violations and countermeasures shall be provided. If it cannot be estimated reasonably, the reason that it cannot be estimated reasonably shall be provided.

(I) Total losses arising from employment relations disputes for the most recent fiscal year up to the publication date of the Annual Report:

None.

(II) Violations of the Labor Standards Act found during labor inspections in the most recent year and as of the date of publication of this Annual Report:

Date of penalty	March 31, 2021	July 26, 2021
Penalized by	Miaoli County Government	Miaoli County Government
Document of Issuance No.	Government Labor Official Letter No. 1100061509	Government Labor Official Letter No. 1100139835
Violation of regulation	Paragraph 2, Article 32 of the Labor Standards Act	Paragraph 2, Article 32 of the Labor Standards Act

Contents of violation	The extension of working hours referred to in the preceding paragraph, combined with the regular working hours shall not exceed twelve hours a day; the total number of overtime shall not exceed forty-six hours a month.	The extension of working hours referred to in the preceding paragraph, combined with the regular working hours shall not exceed twelve hours a day; the total number of overtime shall not exceed forty-six hours a month.
Content of penalty	A penalty of NT\$20,000.	A penalty of NT\$20,000.

(III) Current and future probable losses and countermeasures:

Greatek will continue to advocate for compliance to the Labor Standards Act and continue to recruit new employees.

Chapter 6 Information and Communications Security Management:

- I. It specifies the framework for information and communications security risk management, information and communications security policy, substantive management measures, and resources invested toward information and communications security management.

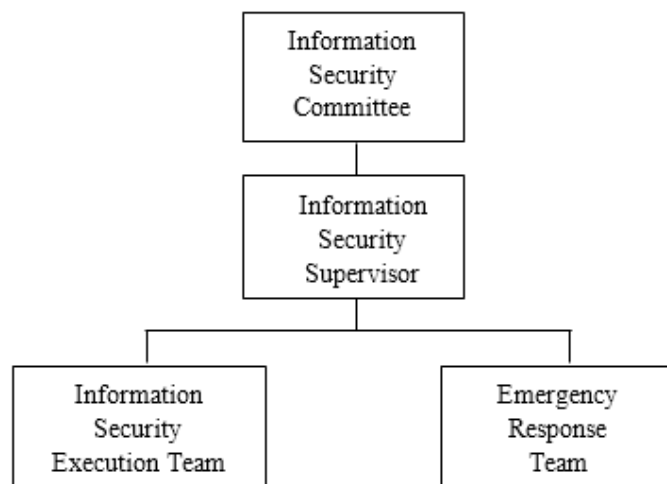
(I) Information and Communications Security Management Framework

1. Corporate Information Security Governance Organization

To implement information security in practice, Greatek has formulated the Information Security Committee in 2019, and the objective of the organization is to promote and coordinate the building, operation, and maintenance of an information security management system.

The Audit Office has included information and communications security inspection into its annual Audit Plan, and regularly submits Information Security Audit Report to the Board of Directors.

2. Information Security Committee



Roles and Obligations of the Information Security Committee:

- (1) Composition of the Information Security Committee: A unit directly managed by the President in line with the Company's organizational structure; the highest ranking supervisor of this unit is the Information Security Committee.

(2) Information Security Supervisor:

An Information Security Supervisor will be established for the Information Security Committee; the role may be concurrently served by the highest ranking manager at the IT department.

(3) Information Security Execution Team:

Includes information security personnel and in charge of planning and executing various information security operations.

(4) Emergency Response Team:

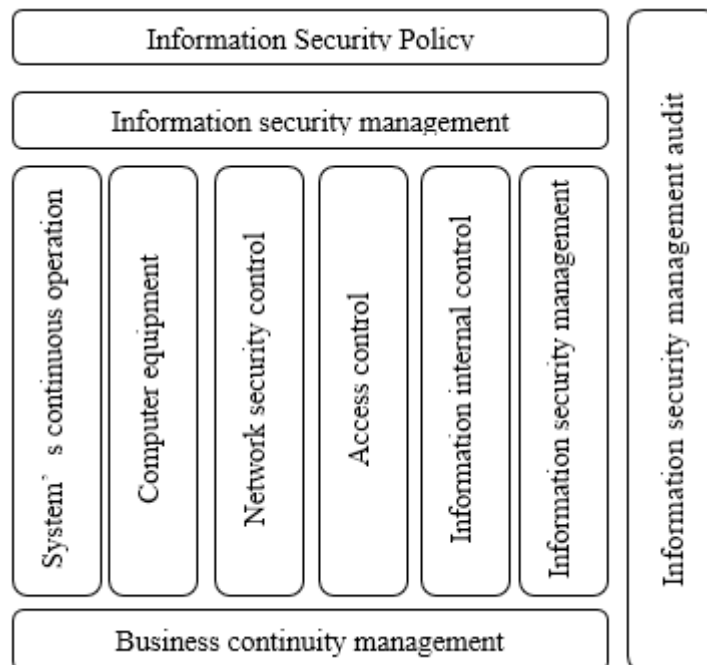
Members will comprise of responsible persons for various key business processes.

(II) Information and Communications Security Policy

Corporate Information Security Management Strategies and Framework

Greatek has formulated internal standards on information security compliance, and authorization restrictions and safety controls have been set up for computer equipment, network environment, and software systems. The system framework has also been reinforced with backup and redundancy mechanisms to ensure the system's rapid and successful recovery after information security incidents.

To strengthen the information security mechanisms and levels of protection, Greatek regularly audits and reviews the internal information security management to correct and to adopt preventive measures on any deficiencies found.



(III) Substantive management actions

1. Computer equipment security management

- Major equipment including servers are all set up within designated machine rooms that are access controlled with swipe cards, and access records are also retained
- To reinforce malware detection, End Point protection software is installed on computer devices and the virus patterns are automatically updated to ensure effective virus detection.
- Before a new machine may begin production procedures at Greatek, it is scanned for viruses to prevent machines containing viruses or malware to enter our site.

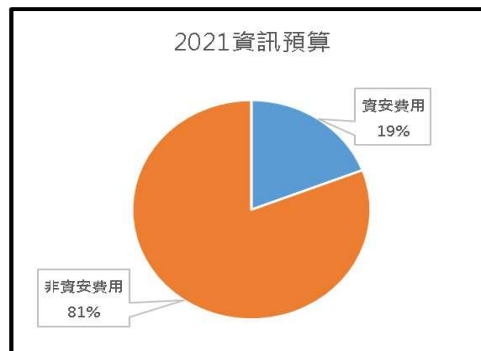
2. Network security management

- Firewalls are set up for Internet, while End Point protection and intrusion detection software is installed on external servers to detect and block external intrusions and attacks.

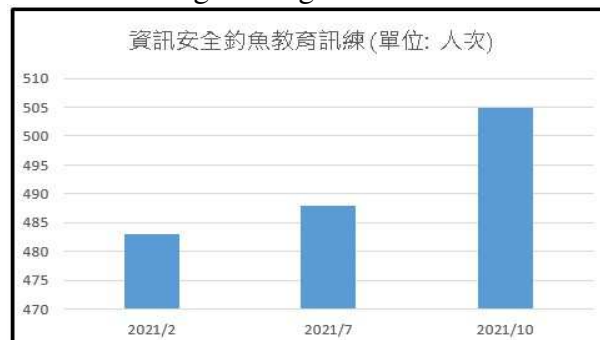
- The Intranet is equipped with a malicious behavior detection device that detects any abnormal infectious behavior of computers on the Intranet in order to quickly uncover the source of the infection.
3. Access control
 - Unit requesting system access will file request for authorization based on the information functions, computer application systems, and programs it requires, and its usage rights will be established by a system administrator upon approval from the unit's supervisor and supervisor of the IT department based on its work functions and the system authorization chart.
 - Access to important documents and information will be limited and controlled via encryption.
 - To ensure information security, during employee transfer or turnover, the IT department will properly and timely revise or cancel the employee's account and usage rights based on personnel transfer information.
 4. System's continuous operation
 - To prevent system damage from power outage or abnormalities in power supply, the mainframe in the machine room is equipped with uninterruptible power supply (UPS) and voltage regulators and connected to the Company's generator system.
 - A real-time redundancy framework has been implemented; when local machine room loses its functions due to disaster, the remote backup will support the mainframe and the storage device will initiate relevant services.
 - Information backup and recovery mechanism has been strengthened; besides daily scheduled storage media backup, routine snapshot backup function of the storage device has also been enabled to reinforce the completeness and efficiency of system recovery.

(IV) Resources Invested Toward Information and Communications Security Management:

1. IT budget in 2021



2. A total of 3 email social engineering drills were carried out in 2021



3. All new employees have completed information security training.
 4. To reduce losses from information security incidents, Greatek has purchased information security insurance along with parent company Powertech Technology Inc.; total insured value is US\$10 million.
- II. In the most recent year and as of the date of publication of the Annual Report, the losses suffered due to major information and communication security incident, and relevant effects and countermeasures shall be provided. If it cannot be estimated reasonably, the reason that it cannot be estimated reasonably shall be provided.
- In the most recent year and as of the date of publication of the Annual Report, Greatek has not suffered from any major information or communication security incident.

Chapter 7 Important Contracts

The contracting parties, major content, restrictive clauses, and the commencement dates and expiration dates of supply/distribution contracts, technical cooperation contracts, engineering/construction contracts, long-term loan contracts, and other contracts that would affect the shareholders' equity, where said contracts were either still effective as of the date of publication of the Annual Report or expired in the most recent fiscal year:

Nature of contract	Counterparty	Term	Major contents	Restrictions
Engineering contract	Chien Ming Construction Co. Ltd.	2021/3/10~2022/5/10	Construction of new Plant	None
Engineering contract	Jiu Han System Technology Co., Ltd	2021/6/17~2022/10/31	Mechanical, electrical and air conditioner engineering	None
Engineering contract	Jiu Han System Technology Co., Ltd.	2021/7/6~2022/10/31	Clean room processing pipeline engineering	None
Engineering contract	Jiu Han System Technology Co., Ltd.	2021/9/27~2022/7/8	Mechanical and electrical engineering	None

Financial Overview

Chapter 1 Condensed Balance Sheets and Statements of Comprehensive Income

Condensed Balance Sheet

Unit: NT\$ Thousands

Item	Year	Financial Information for the Last Five Years (Note 1)				
		2017	2018	2019	2020	2021
Current assets		7,476,651	7,351,080	8,177,381	9,444,467	11,353,869
Property, Plant and Equipment (Note 2)		9,347,380	10,160,233	10,055,669	10,799,817	13,872,740
Intangible Assets		74,768	85,742	80,668	63,037	53,473
Other Assets (Note 2)		1,241,087	1,227,505	1,202,493	1,224,803	1,226,001
Total Asset		18,139,886	18,824,560	19,516,211	21,532,124	26,506,083
Current Liabilities	Before Distribution	2,396,897	2,369,720	2,610,535	3,262,656	5,411,464
	After Distribution	4,103,435	3,905,604	3,918,881	5,026,078	(Note 4)
Non-Current Liabilities		219,050	235,776	251,046	272,749	264,714
Total Liabilities	Before Distribution	2,615,947	2,605,496	2,861,581	3,535,405	5,676,178
	After Distribution	4,322,485	4,141,380	4,169,927	5,298,827	(Note 4)
Equity Attributable to Owners of the Parent		15,523,939	16,219,064	16,654,630	17,996,719	20,829,905
Share Capital		5,688,459	5,688,459	5,688,459	5,688,459	5,688,459
Capital Surplus		1,769	1,865	1,997	2,154	2,282
Retained Earnings	Before Distribution	9,834,030	10,575,169	10,924,533	12,255,045	15,094,680
	After Distribution	8,127,492	8,755,630	9,616,187	10,491,623	(Note 4)
Other Equity interest		(319)	(46,429)	39,641	51,061	44,484
Treasury Shares		-	-	-	-	-
Non-Controlling Interest		-	-	-	-	-
Total Equity	Before Distribution	15,523,939	16,219,064	16,654,630	17,996,719	20,829,905
	After Distribution	13,817,401	14,683,180	15,346,284	16,233,297	(Note 4)

Note1: The financial statement for any year that has not been audited and attested by a CPA has to be noted.

Note2: Those who have applied for asset revaluation in the year should include the date of processing and the value of the revaluation.

Note 3: As of the date of publication of the annual report, companies that are listed or whose stocks have been traded over the counter of a securities firm have the latest financial information audited and attested by CPAs, such information shall also be disclosed therewith.

Note 4: For the above-mentioned figure of "after distribution", please fill in the situation according to the resolution of the Shareholders' Meeting of the next year (to be approved by the Shareholders' Meeting).

Note 5: For those who have been notified by the competent authority to revise or to recompile their financial information by themselves, all the figures/numbers used shall be the revised or recompiled ones, and the status and reasons for such revision shall be noted.

Condensed Statement of Comprehensive Income

Unit: NT\$ Thousands

Item	Year	Financial Information for the Last Five Years (Note 1)				
		2017	2018	2019	2020	2021
Operating Revenue		11,951,769	12,356,434	12,030,481	14,701,682	19,461,143
Gross Profit		3,450,473	3,258,239	2,799,344	3,809,640	6,269,702
Income from Operations		2,983,650	2,817,913	2,339,220	3,246,093	5,647,090
Non-Operating Income (Expenses)		(25,336)	98,076	57,845	57,158	102,584
Net Income Before Tax		2,958,314	2,915,989	2,397,065	3,303,251	5,749,674
Net Income from Continuing Operations		2,508,628	2,375,453	1,895,899	2,662,311	4,602,762
Loss from Discontinued Operations		-	-	-	-	-
Net Income (Loss) After Tax		2,508,628	2,375,453	1,895,899	2,662,311	4,602,762
Other Comprehensive Income (net of tax)		(21,217)	(67,552)	75,419	(12,033)	(6,282)
Total Comprehensive Income		2,487,411	2,307,901	1,971,318	2,650,278	4,596,480
Net Income Attributable to Owners of the Parent		2,508,628	2,375,453	1,895,899	2,662,311	4,602,762
Net Income Attributable to Non-Controlling Interests		-	-	-	-	-
Total Comprehensive Income Attributable to Owners of the Parent		2,487,411	2,307,901	1,971,318	2,650,278	4,596,480
Total Comprehensive Income Attributable to Non-Controlling Interests		-	-	-	-	-
Earnings Per Share (EPS)		4.41	4.18	3.33	4.68	8.09

Note 1: The financial statement for any year that has not been audited and attested by a CPA shall be noted.

Note 2: As of the date of publication of the annual report, companies that are listed or whose stocks have been traded over the counter of a securities firm have the latest financial information audited and attested by CPAs, it shall also be disclosed therewith.

Note 3: Loss from discontinued operations shall be listed using the net amount after tax.

Note 4: For those who have been notified by the competent authority to revise their financial information or make the corrections by themselves, all the figures/numbers used shall be the revised or corrected ones, and the status and reasons for such revision shall be noted.

Name(s) of CPA and Audit Opinions for the Last Five Years

Year	CPA accounting firm	Name of CPA	Audit opinion
2017	Deloitte Taiwan	Yu-Feng Huang, Su-Li Fang	Unqualified opinion
2018	Deloitte Taiwan	Yu-Feng Huang, Su-Li Fang	Unqualified opinion
2019	Deloitte Taiwan	Yu-Feng Huang, Cheng-Chih Lin	Unqualified opinion
2020	Deloitte Taiwan	Yu-Feng Huang, Cheng-Chih Lin	Unqualified opinion
2021	Deloitte Taiwan	Yu-Feng Huang, Cheng-Chih Lin	Unqualified opinion

Chapter 2 Financial Analysis

I. Financial Analyses for the Last Five Years

Analysis item (Note 3)		Financial Analysis for the Last Five Years					
		Year (Note 1)		2017	2018	2019	2020
Financial Structure	Debt to Asset Ratio (%)		14.42	13.84	14.66	16.42	21.41
	Long-term Capital to Property, Plant and Equipment (%)		168.42	161.95	168.12	169.16	152.06
Liquidity	Current Ratio (%)		311.93	310.21	313.25	289.47	209.81
	Quick Ratio (%)		275.72	285.75	292.59	265.36	184.42
	Times Interest Earned		-	-	-	-	-
Operating Performance Analysis	Average Collection Turnover (times)		4.50	4.25	4.05	4.48	4.95
	Average Collection Period		81	86	90	81	74
	Inventory Turnover (times)		10.21	12.70	16.70	16.68	12.35
	Average Payment Turnover (times)		12.39	13.95	12.88	12.27	11.20
	Average Inventory Turnover Days		36	29	22	22	30
	Property, Plant and Equipment (PP&E) Turnover (times)		1.35	1.27	1.19	1.41	1.58
	Total Assets Turnover (times)		0.67	0.67	0.63	0.72	0.81
Profitability	Return on Total Assets (%)		14.13	12.85	9.89	12.97	19.16
	Return on Equity (ROE) (%)		16.65	14.97	11.53	15.37	23.71
	Pre-tax Income to Paid-in Capital Ratio (%) (Note 7)		52.01	51.26	42.14	58.07	101.08
	Net Margin (%)		20.99	19.22	15.76	18.11	23.65
	Earnings Per Share (EPS) (NT\$)		4.41	4.18	3.33	4.68	8.09
Cash Flow	Cash Flow Ratio (%)		185.79	191.51	159.40	155.99	137.02
	Cash Flow Adequacy Ratio (%)		1.02	0.97	0.99	0.85	0.98
	Cash Flow Reinvestment Ratio (%)		11.51	10.22	8.69	11.53	15.60
Leverage	Operating Leverage		2.36	2.56	2.92	2.59	2.00
	Financial Leverage		1	1	1	1	1
Reasons for the changes in various financial ratios in the most recent two years. (Analysis is not required if the change is within 20%)							
1. Increases in debt-to-asset ratio is mostly attributable to plant expansion and capacity expansion, leading to increased accounts payable and equipment expenses.							
2. Decreases in current ratio and quick ratio are mostly attributable to plant expansion and capacity expansion, leading to increased accounts payable and equipment expenses.							
3. Decreases in inventory turnover and increases in average days for sale of goods are mostly attributable to price inflations in purchased raw materials and increased inventories.							
4. Increases in return on asset (ROA), return on equity (ROE), ratio of income before tax to paid-in capital, profit margin, and earnings per share(EPS) are mostly attributable to continued capacity expansions and enhanced capacity utilization.							

5. Increases in cash reinvestment ratio is mostly attributable to active plant expansion and capacity expansion in line with market demand.
6. Decreases in operating leverage is mostly attributable to increased variable costs from raw material inflations.

Note 1: The year financial statements not audited and attested by a CPA have to be noted.

Note 2: As of the date of publication of the annual report, companies that are listed or whose stocks have been traded over the counter of a securities firm have the latest financial information audited and attested by CPAs, such information shall be analyzed.

Note 3: The formulas of the above tables are as follows:

1. Financial structure
 - (1) Debt to Asset ratio = Total Liabilities / Total Assets.
 - (2) Property, Plant, and Equipment (PP&E) Turnover Ratio = (Shareholders' Equity + Non-Current Liabilities) / Property, Plant and Equipment, net.
2. Liquidity Analysis
 - (1) Current Ratio = Current Assets / Current Liabilities.
 - (2) Quick Ratio = (Current Assets – Inventory - Prepaid Expenses) / Current Liabilities.
 - (3) Times Interest Earned = Earnings Before Interest and Taxes (EBIT) / Interest Expenses
3. Operating Performance Analysis
 - (1) Average Collection Turnover = Net Sales / Average Receivables Balance (including accounts receivable and notes receivable arising from business operations).
 - (2) Average Collection Period = 365 / Accounts Receivable Turnover Ratio
 - (3) Inventory Turnover = Cost of Goods Sold (COGS) / Average Inventory.
 - (4) Average Payment Turnover = COGS / Average Payable Balance (including accounts payable and notes payable arising from business operations)
 - (5) Average Inventory Turnover Days = 365/Inventory Turnover.
 - (6) Property, Plant and Equipment (PPE) Turnover = Net Sales/Average Property, Plant, and Equipment, net
 - (7) Total Assets Turnover = Net Sales/Average Total Assets.
4. Profitability Analysis
 - (1) Return on Total Assets = (Net Income after Tax + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets.
 - (2) Return on Total Equity = Net Income after Tax/Average Total Equity
 - (3) Net Margin = Net Income after Tax/Net Sales
 - (4) Earnings Per Share = (Net Income Attributable to Owners of Parent Company - Preferred Shares Dividends) / Weighted Average Number of Shares Outstanding. (Note 4)
5. Cash Flow
 - (1) Cash Flow Ratio = Net Cash Flow from Operating Activities/Current Liabilities
 - (2) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend
 - (3) Cash Flow Reinvestment Ratio = (Net Cash Flow from Operating Activities - Cash Dividends) / (Gross Property, Plant, and Equipment + Long-term Investment + Other Non-Current Assets + Working Capital). (Note 5)
6. Leverage:
 - (1) Operating Leverage = (Net Operating Revenue - Variable Operating Costs and Expenses) / Income from Operations. (Note 6)
 - (2) Financial leverage = Income from Operations / (Income from Operations - Interest Expenses).

Note 4: Special attention shall be paid to the following matters when using the calculation formula of EPS above:

1. Shares outstanding is based on weighted average shares, and not based on year-end shares outstanding.
2. For capitalization with cash or treasury stock trade, the stock circulation must be included for consideration to calculate weighted average shares.
3. For capitalization with retained earnings and capital surplus, the earnings per share calculated semi-annually and annually must be adjusted retroactively and proportionally to the capitalization but without considering the issuance period of the capitalization
4. If preferred shares are non-convertible and cumulative, the dividend of the year (whether it is distributed or not) shall be deducted from net income or added to the net loss. If preferred shares are not cumulative, preferred dividend shall be deducted from net income after tax in the event of net profits, but no adjustment is needed if there are losses. .

Note 5: Special attention should be paid to the following when measuring Cash Flow Analysis:

1. Net Cash Flow from Operating Activities refers to Net Cash Inflow from Operating Activities in the Cash Flow Statement.

2. Capital expenditures are Cash Outflows from the year's Capital Investments.
3. Inventory increases are only counted when the ending balance is greater than the beginning balance. If inventory has decreased at year-end, inventory increase will be zero.
4. Cash dividends include cash dividends from common shares and preferred shares.
5. Gross Property, Plant, and Equipment refers to Total Property, Plant, and Equipment before deducting Accumulated Depreciation.

Note 6: The issuer shall classify the operating costs and operating expenses as either fixed or variable as per their nature. If such classification involves estimation or subjective judgment, it must be made reasonably and consistently

Note 7: Where the Company's shares have no par value or where the par value per share is not NT\$10, any calculations that involve paid-in capital and its ratio shall be replaced with the equity ratio attributable to the owner of the parent in the balance sheet.

Chapter 3 Audit Committee's Report on the Financial Statements for the Most Recent Fiscal Year

Review Report from the Audit Committee

The Board of Directors has prepared Greatek's 2021 Business Report, financial statements and Proposal for Earnings Distribution, among which the financial statements have been audited by Deloitte Taiwan, by whom an Independent Auditor's Report has been issued accordingly. The aforementioned Business Report, financial statements, and Proposal for Earnings Distribution, have been examined and reviewed by the Audit Committee, and no irregularities were found. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this Report.

To

2022 Annual Shareholders' Meeting of Greatek Electronics Inc.

Greatek Electronics Inc.

Chairman of the Audit Committee:

Chu-Chien Feng

Published on February 25, 2022

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Greatek Electronics Inc.

Opinion

We have audited the accompanying balance sheets of Greatek Electronics Inc. (the "Corporation") as of December 31, 2021 and 2020, and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying company only financial statements present fairly, in all material respects, the company only financial position of the Corporation as of December 31, 2021 and 2020, and the company only financial performance and the company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the financial statements of the Corporation for the year ended December 31, 2021, are described as follows:

Contract assets and revenue recognition

1. The sales revenue is material to the Corporation. Please refer to Note 19 to the accompanying financial statements for details on sales revenue. The types of transactions include:
 - 1) Semiconductor assembly
 - 2) Semiconductor testing
 - 3) Wafer testing
2. Assembly services: Since the customers have ownership of the assets, assume significant risks and rewards of ownership of the assets, have the right to determine the disposal of the assets and can prevent the Corporation from obtaining the benefits of the assets, revenue should be recognized

over time in accordance with the requirements of paragraph 35(b) of International Financial Reporting Standards No. 15.

3. Testing services: In accordance with the requirements of paragraph 35(a) of International Financial Reporting Standards No. 15. As the Corporation conducts testing services, the customers obtain and consume the benefits provided by the Corporation's testing services at the same time. Therefore, revenue should also be recognized over time as well.
4. The Corporation recognizes the contract assets and revenue of assembly and testing services at the end of each month based on the completion schedule. Since the above-mentioned process includes estimates and manual controls, there is a risk that contract assets and revenue may not be recognized correctly as a result of human error.
5. We reviewed the Corporation's revenue recognition policy, assessed the reasonableness of its contract assets and revenue recognition, and confirmed against relevant supporting documents and accounts records to verify the accuracy of the monetary amounts of contract assets and revenue recognition.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the company only financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Corporation's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain 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 Corporation's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude 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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the company only financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Yu-Feng Huang and Cheng-Chih Lin.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 25, 2022

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. The English version have not audited by Deloitte & Touche. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

GREATEK ELECTRONICS INC.
**BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)**

ASSETS	2021		2020		LIABILITIES AND EQUITY	2021		2020	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 4 and 6)	\$ 4,047,129	15	\$ 3,934,707	18	Financial liabilities at fair value through profit or loss - current (Notes 4, 5 and 7)	\$ -	-	\$ 5	-
Financial assets at fair value through profit or loss - current (Notes 4, 5 and 7)	80,945	-	129,296	1	Contract liabilities - current (Notes 4 and 19)	164,824	1	56,676	-
Financial assets at amortized cost - current (Notes 4, 5 and 9)	400,000	2	300,000	1	Notes payable	3,346	-	3,535	-
Contract assets - current (Notes 4, 19 and 25)	896,128	3	648,393	3	Accounts payable (Note 25)	1,390,380	5	957,905	4
Notes receivable (Notes 4, 5, 10 and 19)	155,411	1	119,529	-	Payables to equipment suppliers (Note 25)	870,822	3	320,723	2
Accounts receivable (Notes 4, 5, 10 and 19)	3,755,162	14	3,051,269	14	Accrued compensation to employees and remuneration to directors (Notes 4 and 20)	758,441	3	431,294	2
Receivables from related parties (Notes 4, 5, 19 and 25)	435,798	2	350,627	2	Current income tax liabilities (Notes 4 and 21)	802,962	3	448,165	2
Inventories (Notes 4 and 11)	1,363,541	5	772,626	4	Lease liabilities - current (Notes 4 and 13)	1,250	-	1,229	-
Prepaid expenses and other current assets (Notes 4, 15 and 25)	219,755	1	138,020	1	Accrued expenses and other current liabilities (Notes 4, 16 and 25)	1,419,439	5	1,043,124	5
Total current assets	11,353,869	43	9,444,467	44	Total current liabilities	5,411,464	20	3,262,656	15
NON-CURRENT ASSETS					NON-CURRENT LIABILITIES				
Financial assets at fair value through other comprehensive income - non-current (Note 4 and 8)	977,000	4	585,533	3	Deferred income tax liabilities (Notes 4 and 21)	6,189	-	5,858	-
Financial assets at amortized cost - noncurrent (Notes 4, 5 and 9)	100,000	-	500,001	2	Lease liabilities - noncurrent (Notes 4 and 13)	7,061	-	8,311	-
Property, plant and equipment (Notes 4, 12 and 25)	13,872,740	52	10,799,817	50	Guarantee deposits	16	-	16	-
Right-of-use assets (Notes 4 and 13)	8,109	-	9,385	-	Net defined benefit liability - noncurrent (Notes 4 and 17)	251,448	1	258,564	1
Intangible assets (Notes 4 and 14)	53,473	-	63,037	-	Total non-current liabilities	264,714	1	272,749	1
Deferred income tax assets (Notes 4 and 21)	25,039	-	39,186	-	Total liabilities	5,676,178	21	3,535,405	16
Other noncurrent assets (Notes 4, 15 and 26)	115,853	1	90,698	1	EQUITY (Notes 4, 18 and 23)				
Total non-current assets	15,152,214	57	12,087,657	56	Capital stock				
					Common stock	5,688,459	22	5,688,459	27
					Capital surplus	2,282	-	2,154	-
					Retained earnings				
					Legal reserve	3,524,620	13	3,260,735	15
					Unappropriated earnings	11,570,060	44	8,994,310	42
					Other equity	44,484	-	51,061	-
					Total equity	20,829,905	79	17,996,719	84
TOTAL	\$ 26,506,083	100	\$ 21,532,124	100	TOTAL	\$ 26,506,083	100	\$ 21,532,124	100

The accompanying notes are an integral part of the financial statements.

GREATEK ELECTRONICS INC.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
NET SALES (Notes 4, 5, 19, 25 and 29)	\$ 19,461,143	100	\$ 14,701,682	100
OPERATING COSTS (Notes 11, 17, 20 and 25)	<u>13,191,441</u>	<u>68</u>	<u>10,892,042</u>	<u>74</u>
GROSS PROFIT	<u>6,269,702</u>	<u>32</u>	<u>3,809,640</u>	<u>26</u>
OPERATING EXPENSES (Notes 17, 20 and 25)				
Selling and marketing	73,665	-	57,773	-
General and administrative	312,982	2	217,439	2
Research and development	287,002	1	232,009	2
Expected credit (gain) loss	<u>(51,037)</u>	<u>-</u>	<u>56,326</u>	<u>-</u>
Total operating expenses	<u>622,612</u>	<u>3</u>	<u>563,547</u>	<u>4</u>
OPERATING INCOME	<u>5,647,090</u>	<u>29</u>	<u>3,246,093</u>	<u>22</u>
NONOPERATING INCOME AND EXPENSES (Notes 4 and 20)				
Interest income	21,407	-	27,811	-
Other income	89,717	1	68,545	-
Other gains and losses	<u>(8,540)</u>	<u>-</u>	<u>(39,198)</u>	<u>-</u>
Total nonoperating income and expenses	<u>102,584</u>	<u>1</u>	<u>57,158</u>	<u>-</u>
INCOME BEFORE INCOME TAX	5,749,674	30	3,303,251	22
INCOME TAX EXPENSE (Notes 4 and 21)	<u>1,146,912</u>	<u>6</u>	<u>640,940</u>	<u>4</u>
NET INCOME	<u>4,602,762</u>	<u>24</u>	<u>2,662,311</u>	<u>18</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized loss on investments in equity instruments designated as at fair value through other comprehensive income (Notes 4 and 18)	(6,577)	-	11,420	-
Remeasurement of defined benefit plans (Notes 4 and 17)	<u>295</u>	<u>-</u>	<u>(23,453)</u>	<u>-</u>
	<u>(6,282)</u>	<u>-</u>	<u>(12,033)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 4,596,480</u>	<u>24</u>	<u>\$ 2,650,278</u>	<u>18</u>
EARNINGS PER SHARE (Note 22)				
Basic	<u>\$ 8.09</u>		<u>\$ 4.68</u>	
Diluted	<u>\$ 7.97</u>		<u>\$ 4.62</u>	

The accompanying notes are an integral part of the financial statements.

GREATEK ELECTRONICS INC.

**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)**

	Share Capital Issued and Outstanding		Capital Surplus	Retained Earnings			Other Equity Unrealized Gain (Loss) on Investments in Equity Instruments Designated as at Fair Value Through Other Comprehensive Income	Total Equity
	Share (Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings		
BALANCE, JANUARY 1, 2020	568,846	\$ 5,688,459	\$ 1,997	\$ 3,072,210	\$ 46,429	\$ 7,805,894	\$ 39,641	\$ 16,654,630
APPROPRIATION OF 2019 EARNINGS								
Legal reserve	-	-	-	188,525	-	(188,525)	-	-
Special reserve	-	-	-	-	(46,429)	46,429	-	-
Cash dividends to shareholders - NT\$2.3 per share	-	-	-	-	-	(1,308,346)	-	(1,308,346)
Capital surplus - donations from shareholders	-	-	157	-	-	-	-	157
Net income for the year ended December 31, 2020	-	-	-	-	-	2,662,311	-	2,662,311
Other comprehensive income (loss) for the year ended December 31, 2020 , net of income tax	-	-	-	-	-	(23,453)	11,420	(12,033)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	2,638,858	11,420	2,650,278
BALANCE, DECEMBER 31, 2020	568,846	5,688,459	2,154	3,260,735	-	8,994,310	51,061	17,996,719
APPROPRIATION OF 2020 EARNINGS								
Legal reserve	-	-	-	263,885	-	(263,885)	-	-
Cash dividends to shareholders - NT\$3.1 per share	-	-	-	-	-	(1,763,422)	-	(1,763,422)
Capital surplus - donations from shareholders	-	-	128	-	-	-	-	128
Net income for the year ended December 31, 2021	-	-	-	-	-	4,602,762	-	4,602,762
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	295	(6,577)	(6,282)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	4,603,057	(6,577)	4,596,480
BALANCE, DECEMBER 31, 2021	568,846	\$ 5,688,459	\$ 2,282	\$ 3,524,620	\$ -	\$ 11,570,060	\$ 44,484	\$ 20,829,905

The accompanying notes are an integral part of the financial statements.

GREATEK ELECTRONICS INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Current income before income tax	\$ 5,749,674	\$ 3,303,251
Adjustments to reconcile income before income tax to net cash provided by operating activities:		
Depreciation	2,899,102	2,602,104
Amortization	28,337	27,599
Expected credit (gain) loss recognized on accounts receivables	(51,037)	56,326
Net gain on fair value change of financial instruments designated as at fair value through profit or loss	(22,144)	(25,807)
Finance costs	151	175
Premium amortization of financial assets at amortized cost	1	390
Interest income	(21,407)	(27,811)
Dividend income	(39,445)	(21,375)
Net gain on disposal of property, plant and equipment	(819)	(262)
Recognition of inventory valuation and obsolescence losses	21,516	9,919
Net loss on foreign currency exchange	8,652	20,981
Changes in operating assets and liabilities:		
Decrease (increase) in financial assets at fair value through profit or loss	70,490	(49,289)
Increase in contract assets	(247,735)	(85,789)
Increase in notes receivable	(35,882)	(56,012)
Increase in accounts receivable	(646,692)	(447,664)
Increase in accounts receivable from related parties	(85,171)	(12,504)
Increase in inventories	(612,431)	(249,169)
Increase in prepaid expenses and other current assets	(83,168)	(27,108)
Increase in contract liabilities	108,148	6,336
Decrease in notes payable	(189)	(4,741)
Increase in accounts payable	432,965	150,777
Increase in accrued compensation to employees and remuneration to directors	327,147	115,801
Increase in accrued expenses and other accounts payable	376,315	226,143
Decrease in net defined benefit liability	(6,821)	(5,540)
Cash generated from operations	8,169,557	5,506,731
Interest received	22,840	29,651
Interest paid	(151)	(175)
Income tax paid	(777,637)	(446,772)
Net cash provided by operating activities	<u>7,414,609</u>	<u>5,089,435</u>

(Continued)

GREATEK ELECTRONICS INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (398,044)	\$ (309,643)
Purchase of financial assets at amortized cost	-	-
Proceeds from financial assets at amortized cost	300,000	250,000
Acquisition of property, plant and equipment	(5,419,052)	(3,389,660)
Disposal of property, plant and equipment	1,077	925
Increase in refundable deposits	(155)	(93)
Increase in intangible assets	(18,773)	(5,288)
Increase in other non-current assets	(25,000)	-
Dividend received	<u>39,445</u>	<u>21,375</u>
Net cash used in investing activities	<u>(5,520,502)</u>	<u>(3,432,384)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	(1,229)	(1,208)
Cash dividends distributed	(1,763,422)	(1,308,346)
Donations from shareholders	<u>128</u>	<u>157</u>
Net cash used in financing activities	<u>(1,764,523)</u>	<u>(1,309,397)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(17,162)</u>	<u>(31,410)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	112,422	316,244
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,934,707</u>	<u>3,618,463</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 4,047,129</u>	<u>\$ 3,934,707</u>

The accompanying notes are an integral part of the financial statements.

(Concluded)

GREATEK ELECTRONICS INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Greatek Electronics Inc. (the “Corporation” or “Greatek”) was incorporated in the Republic of China (“ROC”) on March 7, 1983. The Corporation mainly provides semiconductor assembly and testing services on a turnkey basis.

The Corporation’s shares have been listed on the Taiwan Stock Exchange (TSE) on October 26, 2000.

Powertech Technology Inc. (PTI) acquired Greatek’s 44.09% ownership, pursuant to Greatek’s board approval on December 21, 2011. On the reelection of the directors and supervisors of Greatek, PTI holds a majority of the directors seats and become parent. PTI has 42.91% ownership of Greatek as of December 31, 2021 and 2020.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved to the Board of Directors and issued on February 25, 2022.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Corporation’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018–2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts–Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

- Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.
- Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.
- Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Except for the above impact, as of the date the financial statements were authorized for issue, the Corporation is continuously assessing the possible impact that the application of other standards and interpretations will have on the Corporation's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17—Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

Except for the above impact, as of the date the financial statements were authorized for issue, the Corporation is continuously assessing the possible impact that the application of other standards and interpretations will have on the Corporation's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within twelve months after the reporting period; and
- 3) Cash.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within twelve months after the reporting period, and
- 3) Liabilities for which the Corporation does not have an unconditional right to defer settlement for at least twelve months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

The financial statements are presented in the Corporation's functional currency, the New Taiwan dollar. In preparing the financial statements, transactions in currencies other than the Corporation's functional currency (foreign currencies) are recognized at the exchange rates of Customs in every ten days. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences are therefore recognized as profit or loss in the current financial year. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

Except for the exchange differences on transactions entered into in hedging against certain foreign currency risks, exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period.

e. Inventories

Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to Corporation similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost.

f. Property, plant, and equipment

Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment loss.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such properties are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Freehold land is not depreciated.

Depreciation is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

g. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset are recognized in profit or loss.

h. Impairment of tangible and intangible assets other than goodwill and assets related to contract costs

At the end of each reporting period, the Corporation reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

Before the Corporation recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Corporation expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

i. Financial instruments

Financial assets and financial liabilities are recognized when a Corporation entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and equity instruments at FVTOCI.

i. Financial assets at FVTPL

A financial asset is classified as at FVTPL when the financial asset is mandatorily classified as at FVTPL.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 24.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, debt investments, time deposits with original maturities of more than 3 months, notes and accounts receivable (included related parties), other receivables (included related parties), pledged time deposits and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Corporation may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Corporation's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets and contract assets

The Corporation recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable) and contract assets.

The Corporation always recognizes lifetime expected credit losses (i.e. ECLs) for accounts receivable and contract assets. For all other financial instruments, the Corporation recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Corporation measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Corporation recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

The Corporation derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Equity instruments issued by the Corporation are classified as equity in accordance with the substance of the contractual arrangements and the definitions of an equity instrument.

Equity instruments issued by a Corporation entity are recognized at the proceeds received, net of direct issue costs.

3) Financial liabilities

a) Subsequent measurement

Except the following situation, all the financial liabilities are measured at amortized cost using the effective interest method:

i. Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or are designated as at FVTPL.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest or dividend paid on the financial liability. Fair value is determined in the manner described in Note 24.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Derivative financial instruments

The Corporation enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risks.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

j. Provisions

Provisions, including those arising from contractual obligation specified in service concession arrangement to maintain or restore infrastructure before it is handed over to the grantor, are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provisions, including Indemnification payable, are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

k. Revenue recognition

The Corporation identifies the contract with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

Revenue from services

When the Corporation fulfilled the assembly service contract, the customer controls the goods when they are created or enhanced, the Corporation has the right to perform the collection if partial of the assembly service contract have been fulfilled, and the revenue from assembly service is recognized over time. When the Corporation fulfilled the testing service contract, the customer simultaneously receives and consumes the benefits provided by the Corporation's performance, the Corporation has the right to perform the collection if partial of the testing service contract have been fulfilled, and the revenue from testing service is recognized over time. A contract asset is recognized during the process of semiconductor assembling and testing, and is reclassified to accounts receivable at the point the bills were issued. It is recognized as contract asset until the Corporation satisfies its performance.

The Corporation does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

l. Leasing

At the inception of a contract, the Corporation assesses whether the contract is, or contains, a lease.

1) The Corporation as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Corporation as lessee

The Corporation recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a

recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Corporation uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Corporation remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

m. Government grants

Government grants are recognized only when there is reasonable assurance that the entity will comply with any conditions attached to the grant and the grant will be received.

The grants are recognized as income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis.

Grant receivable as compensation for costs already incurred or for immediate financial support, with no future related costs, should be recognized as income in the period in which it is receivable.

n. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur, or when the plan amendment or curtailment occurs/when the settlement occurs. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Corporation's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

o. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Law, an additional tax of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Corporation expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Corporation's accounting policies, management is required to make judgments, estimations and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Corporation considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Accounting Judgements

a. Business model assessment for financial assets

The Corporation determines the business model at a level that reflects how Corporations of financial assets are managed together to achieve a particular business objective. This assessment includes judgment about all relevant evidence including how the performance of the assets is evaluated, the risks that affect the performance of the assets and how these are managed, and how the managers of the assets are compensated. The Corporation monitors financial assets measured at amortized cost, the Corporation understands the reasons for their disposal and whether the reasons are consistent with the objective of the business for which the assets were held. Monitoring is part of the Corporation's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and, if it is not appropriate, whether there has been a change in the business model such that a prospective change to the classification of those assets is proper.

b. Revenue recognition

Note 4 (11) describes that the Corporation identifies the contract with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

Key Sources of Estimation Uncertainty

a. Estimated impairment of financial assets

The provision for impairment of accounts receivable and investments in debt instruments is based on assumptions about risk of default and expected loss rates. The Corporation uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Corporation's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Fair value measurements and valuation processes

For the Corporation's assets and liabilities measured at fair value that have no quoted prices in an active market, the Corporation should determine whether to engage third party qualified valuers and to determine the appropriate valuation techniques for fair value measurement.

Information about the valuation techniques and inputs used in determining the fair values of various assets and liabilities is disclosed in Note 24.

6. CASH

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Bank deposits	<u>\$ 4,047,129</u>	<u>\$ 3,934,707</u>

The market rate intervals at the end of the reporting period were as follows:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Bank deposits	0.05%-0.765%	0.06%-0.765%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Financial assets at FVTPL - current</u>		
Financial assets held for trading - current		
Non-derivative financial assets		
Mutual funds	\$ 79,200	\$ 125,900
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	<u>1,745</u>	<u>3,396</u>
	<u>\$ 80,945</u>	<u>\$ 129,296</u>
<u>Financial liabilities at FVTPL - current</u>		
Financial liabilities held for trading - current		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 5</u>

At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Contract Amounts (In Thousands)
<u>December 31, 2021</u>			
Sell forward exchange contracts	USD to NTD	2022.01.11-2022.03.16	USD 11,400 / NTD316,867
<u>December 31, 2020</u>			
Sell forward exchange contracts	USD to NTD	2021.01.12-2021.03.16	USD 10,900 / NTD309,518

The Corporation entered into foreign exchange forward contracts during the 2021 and 2020 to manage exposures due to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for by using hedge accounting.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Noncurrent</u>		
Domestic investments		
Listed shares		
Ordinary shares - Powertech Technology Inc.	<u>\$ 977,000</u>	<u>\$ 585,533</u>

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI.

9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Current</u>		
Domestic investments		
Corporate bonds - P06 Taiwan Power Company 1A Bond	\$ 300,000	\$ -
Corporate bonds - P06 Taiwan Power Company 3A Bond	50,000	50,000
Corporate bonds - P06 FPC 1A Bond	50,000	50,000
Corporate bonds - P07 Taiwan Power Company 1A Bond	<u>-</u>	<u>200,000</u>
	<u>\$ 400,000</u>	<u>\$ 300,000</u>
<u>Noncurrent</u>		
Domestic investments		
Corporate bonds - P08 Taiwan Power Company 3A Bond	\$ 100,000	\$ 100,001
Corporate bonds - P06 Taiwan Power Company 3A Bond	-	50,000
Corporate bonds - P06 Taiwan Power Company 1A Bond	-	300,000
Corporate bonds - P06 FPC 1A Bond	<u>-</u>	<u>50,000</u>
	<u>\$ 100,000</u>	<u>\$ 500,001</u>

On April 21, 2017, the Corporation bought corporate bonds issued by Taiwan Power Company with an effective interest rate of 1.13% at premium value \$300,002 thousand (par value \$300,000 thousand), and a maturity date of April 21, 2022.

On May 19, 2017, the Corporation bought corporate bonds issued by Formosa Plastics Corporation with an effective interest rate of 1.09% at par value \$100,000 thousand, and maturity dates of May 19, 2021 and 2022, at par value of \$50,000 thousand, respectively.

On December 15, 2017, the Corporation bought corporate bonds issued by Taiwan Power Company with an effective interest rate of 0.88% at par value \$100,000 thousand, and maturity dates of December 15, 2021 and 2022, at par value of \$50,000 thousand, respectively.

On May 14, 2018, the Corporation bought corporate bonds issued by Taiwan Power Company with an effective interest rate of 0.70% at premium value \$200,001 thousand (par value \$200,000 thousand), and a maturity date of May 14, 2021.

On September 12, 2019, the Corporation bought corporate bonds issued by Taiwan Power Company with an effective interest rate of 0.72% at par value \$100,000 thousand, and maturity dates of September 12, 2023 and 2024, at par value of \$50,000 thousand, respectively.

Refer to Note 24 for information relating to their credit risk management and impairment.

10. NOTES AND ACCOUNTS RECEIVABLE, NET

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 155,411	\$ 119,529
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount	\$ 3,815,331	\$ 3,077,194
Less: Allowance for impairment loss	<u>(60,169)</u>	<u>(25,925)</u>
	<u>\$ 3,755,162</u>	<u>\$ 3,051,269</u>

The average credit period of sales of goods was 60-90 days. No interest was charged on accounts receivables. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Corporation reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Corporation's credit risk was significantly reduced.

The Corporation applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivables. The expected credit losses on accounts receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Corporation's historical credit loss experience indicates different loss patterns for different customer segments, the provision for loss allowance based on past due status is therefore further distinguished according to the Corporation's different customer base.

The Corporation writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivables that have been written off, the Corporation continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivables based on the Corporation's provision matrix.

December 31, 2021

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Gross carrying amount	\$ 3,761,071	\$ 52,314	\$ 1,411	\$ 535	\$ -	\$ 3,815,331
Loss allowance (Lifetime ECL)	<u>(5,909)</u>	<u>(52,314)</u>	<u>(1,411)</u>	<u>(535)</u>	<u>-</u>	<u>(60,169)</u>
Amortized cost	<u>\$ 3,755,162</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,755,169</u>

December 31, 2020

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Gross carrying amount	\$ 3,018,248	\$ 46,074	\$ 7,162	\$ 4,657	\$ 1,053	\$ 3,077,194
Loss allowance (Lifetime ECL)	<u>(4,292)</u>	<u>(14,171)</u>	<u>(4,499)</u>	<u>(2,941)</u>	<u>(22)</u>	<u>(25,925)</u>
Amortized cost	<u>\$ 3,013,956</u>	<u>\$ 31,903</u>	<u>\$ 2,663</u>	<u>\$ 1,716</u>	<u>\$ 1,031</u>	<u>\$ 3,051,269</u>

The movements of the loss allowance of accounts receivables were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Balance at January 1	\$ 25,925	\$ 54,880
Add: Amounts recovered	85,281	-
Add: Impairment loss	-	56,326
Less: Amounts written off	-	(85,281)
Less: Net remeasurement of loss allowance	<u>(51,037)</u>	<u>-</u>
Balance at December 31	<u>\$ 60,169</u>	<u>\$ 25,925</u>

11. INVENTORIES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Raw materials	\$1,170,074	\$ 663,156
Supplies	<u>193,467</u>	<u>109,470</u>
	<u>\$1,363,541</u>	<u>\$ 772,626</u>

The costs of inventories recognized as cost of goods sold were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Provision of inventory valuation and obsolescence losses	<u>\$ 21,516</u>	<u>\$ 9,919</u>
Unallocated overheads	<u>\$ 128,721</u>	<u>\$ 176,069</u>
Sales of scrapes	<u>\$ (82,693)</u>	<u>\$ (56,274)</u>
Operating Costs	<u>\$ 13,191,441</u>	<u>\$ 10,892,042</u>

12. PROPERTY, PLANT AND EQUIPMENT

For the Year Ended December 31, 2020										
	Land	Building	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Equipment under Installation	Construction in Progress	Spare Parts	Total
<u>Cost</u>										
Balance, beginning of year	\$ 1,316,801	\$ 3,805,315	\$17,065,439	\$ 16,714	\$ 77,600	\$ 463,389	\$ 607,075	\$ 5,983	\$ 145,266	\$23,503,582
Additions	-	27,423	2,103,894	1,500	21,444	18,692	595,060	79,764	502,542	3,350,319
Disposals	-	-	(950,010)	-	(11)	-	-	-	(458,415)	(1,408,436)
Reclassified	-	5,983	585,175	-	190	647	(590,692)	(5,983)	-	(4,680)
Balance, end of year	<u>1,316,801</u>	<u>3,838,721</u>	<u>18,804,498</u>	<u>18,214</u>	<u>99,223</u>	<u>482,728</u>	<u>611,443</u>	<u>79,764</u>	<u>189,393</u>	<u>25,440,785</u>
<u>Accumulated depreciation</u>										
Balance, beginning of year	-	1,748,897	11,335,333	9,001	46,878	307,804	-	-	-	13,447,913
Additions	-	254,438	1,826,951	2,067	11,110	47,847	-	-	458,415	2,600,828
Disposals	-	-	(949,347)	-	(11)	-	-	-	(458,415)	(1,407,773)
Balance, end of year	-	<u>2,003,335</u>	<u>12,212,937</u>	<u>11,068</u>	<u>57,977</u>	<u>355,651</u>	-	-	-	<u>14,640,968</u>
Net book value, end of year	<u>\$ 1,316,801</u>	<u>\$ 1,835,386</u>	<u>\$ 6,591,561</u>	<u>\$ 7,146</u>	<u>\$ 41,246</u>	<u>\$ 127,077</u>	<u>\$ 611,443</u>	<u>\$ 79,764</u>	<u>\$ 189,393</u>	<u>\$10,799,817</u>
For the Year Ended December 31, 2021										
	Land	Building	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Equipment under Installation	Construction in Progress	Spare Parts	Total
<u>Cost</u>										
Balance, beginning of year	\$ 1,316,801	\$ 3,838,721	\$18,804,498	\$ 18,214	\$ 99,223	\$ 482,728	\$ 611,443	\$ 79,764	\$ 189,393	\$25,440,785
Additions	560,535	49,234	2,326,256	3,229	23,624	56,348	875,085	1,495,178	581,518	5,971,007
Disposals	-	-	(1,797,906)	(2,365)	(445)	-	-	-	(511,504)	(2,312,220)
Reclassified	-	78,220	604,150	1,620	-	-	(610,666)	(73,324)	-	-
Balance, end of year	<u>1,877,336</u>	<u>3,966,175</u>	<u>19,936,998</u>	<u>20,698</u>	<u>122,402</u>	<u>539,076</u>	<u>875,862</u>	<u>1,501,618</u>	<u>259,407</u>	<u>29,099,572</u>
<u>Accumulated depreciation</u>										
Balance, beginning of year	-	2,003,335	12,212,937	11,068	57,977	355,651	-	-	-	14,640,968
Additions	-	233,518	2,089,543	2,889	13,719	46,653	-	-	511,504	2,897,826
Disposals	-	-	(1,797,648)	(2,365)	(445)	-	-	-	(511,504)	(2,311,962)
Balance, end of year	-	<u>2,236,853</u>	<u>12,504,832</u>	<u>11,592</u>	<u>71,251</u>	<u>402,304</u>	-	-	-	<u>15,226,832</u>
Net book value, end of year	<u>\$ 1,877,336</u>	<u>\$ 1,729,322</u>	<u>\$ 7,432,166</u>	<u>\$ 9,106</u>	<u>\$ 51,151</u>	<u>\$ 136,772</u>	<u>\$ 875,862</u>	<u>\$ 1,501,618</u>	<u>\$ 259,407</u>	<u>\$13,872,740</u>

The above items of property, plant and equipment were depreciated on a straight-line basis at the following years:

Buildings

Main plants	26 years
Mechanical and electrical power equipment	6-11 years
Others	6-51 years
Machinery and equipment	2-10 years
Transportation equipment	6 years
Office equipment	3-7 years
Other equipment	2-16 years
Spare parts	0.5 years

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
<u>Carrying amounts</u>		
Machinery and Equipment	<u>\$ 8,109</u>	<u>\$ 9,385</u>
<u>For the Year Ended December 31</u>		
	2021	2020
<u>Depreciation charge for right-of-use assets</u>		
Machinery and Equipment	<u>\$ 1,276</u>	<u>\$ 1,276</u>

b. Lease liabilities

	December 31	
	2021	2020
<u>Carrying amounts</u>		
Current	<u>\$ 1,250</u>	<u>\$ 1,229</u>
Non-current	<u>\$ 7,061</u>	<u>\$ 8,311</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2021	2020
Machinery and equipment	1.695%	1.695%

c. Material lease-in activities and terms

The Corporation leases certain machinery equipment for the use of assembly and testing service with lease terms of 14 years. The Corporation has no options to purchase the equipment for a nominal amount at the end of the lease terms.

14. INTANGIBLE ASSETS

	For the Year Ended December 31, 2020
	Computer Software
<u>Cost</u>	
Balance, beginning of year	\$ 142,976
Additions	5,288
Disposals	(12,698)
Reclassifications	4,680
Balance, end of year	<u>140,246</u>
<u>Accumulated amortization</u>	
Balance, beginning of year	\$ 62,308
Additions	27,599
Disposals	(12,698)
Balance, end of year	<u>77,209</u>
Net book value, end of year	<u>\$ 63,037</u>

	For the Year Ended December 31, 2021
	Computer Software
<u>Cost</u>	
Balance, beginning of year	\$ 140,246
Additions	18,773
Disposals	<u>(11,864)</u>
Balance, end of year	<u>147,155</u>
<u>Accumulated amortization</u>	
Balance, beginning of year	\$ 77,209
Additions	28,337
Disposals	<u>(11,864)</u>
Balance, end of year	<u>93,682</u>
Net book value, end of year	<u>\$ 53,473</u>

Computer software was amortized on a straight-line basis at 5 years.

15. OTHER ASSETS

	<u>December 31</u>	
	2021	2020
<u>Current</u>		
Tax overpaid	\$ 95,221	\$ 27,813
Tax refund receivables	43,188	37,876
Inventory of supplies	33,382	27,844
Other receivables	24,745	19,795
prepayments in advance	3,797	7,911
Others (a)	<u>19,422</u>	<u>16,781</u>
	<u>\$ 219,755</u>	<u>\$ 138,020</u>
<u>Non-current</u>		
Pledged deposits (b)	\$ 108,700	\$ 83,700
Refundable deposits	<u>7,153</u>	<u>6,998</u>
	<u>\$ 115,853</u>	<u>\$ 90,698</u>

a. Other current assets include prepaid insurances, advance payments, interest receivable, and prepaid rents.

b. Pledge deposits are guarantee deposits for domestic sales and gas volume in CPC Corporation.

16. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Current</u>		
Accrued expenses		
Bonus	\$ 866,785	\$ 565,119
Indemnification payable	133,487	111,883
Labor and health insurance	64,796	50,313
Utilities	37,576	33,481
Others (a)	<u>276,481</u>	<u>247,860</u>
	<u>1,379,125</u>	<u>1,008,656</u>
Other current liabilities		
Behalf of the collection	28,815	27,453
Temporary receipts	<u>11,499</u>	<u>7,015</u>
	<u>40,314</u>	<u>34,468</u>
	<u>\$1,419,439</u>	<u>\$1,043,124</u>

- a. Other accrued expenses include accrued benefit retirement, services, utilization of the foreign employment security, and spare parts.

Indemnification payable are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

17. RETIREMENT BENEFIT PLANS

- a. Defined contribution plans

The Corporation adopted a pension plan under the Labor Pension Act (the “LPA”), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages.

- b. Defined benefit plans

The defined benefit plan adopted by the Corporation in accordance with the Labor Standards Law which is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee’s name. Before the end of each year, the Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (“the Bureau”); the Corporation has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Corporation's defined benefit plans were as follows:

	December 31	
	2021	2020
Present value of funded defined benefit obligation	\$ 461,939	\$ 465,709
Fair value of plan assets	<u>(210,491)</u>	<u>(207,145)</u>
Net defined benefit liability	<u>\$ 251,448</u>	<u>\$ 258,564</u>

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Balance at January 1, 2020	\$ 440,532	\$ (199,881)	\$ 240,651
Service cost			
Current service cost	1,093	-	1,093
Net interest expense (income)	<u>3,524</u>	<u>(1,599)</u>	<u>1,925</u>
Recognized in profit or loss	<u>4,617</u>	<u>(1,599)</u>	<u>3,018</u>
Remeasurement			
Actuarial loss - changes in financial assumptions	21,262	-	21,262
Actuarial loss(gain) - experience adjustments	<u>8,851</u>	<u>(6,660)</u>	<u>2,191</u>
Recognized in other comprehensive income	<u>30,113</u>	<u>(6,660)</u>	<u>23,453</u>
Contributions from the employer	<u>-</u>	<u>(8,558)</u>	<u>(8,558)</u>
Benefits paid	<u>(9,553)</u>	<u>9,553</u>	<u>-</u>
Balance at December 31, 2020	<u>465,709</u>	<u>(207,145)</u>	<u>258,564</u>
Service cost			
Current service cost	870	-	870
Net interest expense (income)	<u>1,863</u>	<u>(829)</u>	<u>1,034</u>
Recognized in profit or loss	<u>2,733</u>	<u>(829)</u>	<u>1,904</u>
Remeasurement			
Actuarial loss(gain) - experience adjustments	18,207	(2,983)	15,224
Actuarial loss - changes in human assumptions	474	-	474
Actuarial (gain)- changes in financial assumptions	<u>(15,993)</u>	<u>-</u>	<u>(15,993)</u>
Recognized in other comprehensive income	<u>2,688</u>	<u>(2,983)</u>	<u>(295)</u>
Contributions from the employer	<u>-</u>	<u>(8,725)</u>	<u>(8,725)</u>
Benefits paid	<u>(9,191)</u>	<u>9,191</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ 461,939</u>	<u>\$ (210,491)</u>	<u>\$ 251,448</u>

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2021	2020
Operating costs	\$ 1,743	\$ 2,752
Selling and marketing expenses	\$ 19	\$ 30
General and administrative expenses	\$ 48	\$ 78
Research and development expenses	\$ 94	\$ 158

Through the defined benefit plans under the Labor Standards Law, the Corporation is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government/corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2021	2020
Discount rates	0.70%	0.40%
Expected rates of salary increase	2.95%	2.95%
Mortality rate	Taiwan's life insurance industry Mining parent 5th round experience life table	Taiwan's life insurance industry Mining parent 5th round experience life table
Return on plan assets	0.70%	0.40%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2021	2020
Discount rate(s)		
0.25% increase	\$ (12,409)	\$ (13,446)
0.25% decrease	\$ 12,884	\$ 13,988
Expected rate(s) of salary increase		
0.25% increase	\$ 11,439	\$ 12,462
0.25% decrease	\$ (11,100)	\$ (12,071)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2021	2020
The expected contributions to the plan for the next year	<u>\$ 8,850</u>	<u>\$ 8,717</u>
The average duration of the defined benefit obligation	11 years	12 years

18. EQUITY

a. Ordinary shares

	December 31	
	2021	2020
Numbers of shares authorized (in thousands)	<u>600,000</u>	<u>600,000</u>
Shares authorized	<u>\$ 6,000,000</u>	<u>\$ 6,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>568,846</u>	<u>568,846</u>
Shares issued	<u>\$ 5,688,459</u>	<u>\$ 5,688,459</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

There are 20,000 thousand shares reserved for employee stock options.

b. Capital surplus

	December 31	
	2021	2020
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u>		
Share premium	\$ 1,647	\$ 1,647
<u>May be used to offset a deficit only</u>		
Donations from shareholders	<u>635</u>	<u>507</u>
	<u>\$ 2,282</u>	<u>\$ 2,154</u>

The premium from shares issued in excess of par and donations from shareholders may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Corporation's capital surplus and once a year). The capital surplus from employee share options and share warrants may not be used for any purpose.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, the Corporation should make appropriations from its net income in the following order:

- 1) Deducted for accumulated deficits. (include current year's adjusted undistributed earnings)
- 2) Appropriate the 10% as the legal reserve. However when the legal reserve amounts to the authorized capital, this shall not apply.
- 3) Appropriate or reverse the special reserve in accordance with relevant laws or regulations or as requested by the authorities in charge.
- 4) The board of directors will draft a resolution declaring a dividend equaling the sum of previous years' surpluses and current year's adjusted undistributed earnings, less previous expense balances. The shareholders will ultimately decide whether the amount should be distributed as dividends or retained within the Corporation.

For information on the accrued employees' compensation and remuneration to directors and the actual appropriations, please refer to the employee benefit expense shown in Note 20 (f).

Dividends are distributed in the form of cash, common shares or a combination of cash and common shares. In consideration of the Corporation's being in a capital-intensive industry as well as the long-term development, overall environment, industrial growth characteristics, capital demand, capital budget, shareholders' interests, balanced dividend considerations and long-term financial plans, the Corporation's Articles of Incorporation provide that the total of cash dividends paid in any given year should be at least 30% of total dividends distributed.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Corporation's capital surplus. Legal reserve may be used to offset deficit. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's capital surplus, the excess may be transferred to capital or distributed in cash.

The Corporation appropriates or reverses a special reserve in accordance with Rule No.1010012865 issued by the FSC.

The appropriations of earnings for 2020 and 2019 had been approved in the shareholders' meetings on July 21, 2021 and May 27, 2020, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (\$)	
	For Year 2020	For Year 2019	For Year 2020	For Year 2019
Legal reserve	\$ 263,885	\$ 188,525	\$ -	\$ -
Special reserve	-	(46,429)	-	-
Cash dividends	1,763,422	1,308,346	3.1	2.3

The appropriations of earnings for 2021 had been proposed by the Corporation's board of directors on February 25, 2022. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share
Legal reserve	\$ 460,306	\$ -
Cash dividends	2,844,230	5.0

The appropriations of earnings for 2021 are subject to the resolution of the shareholders meeting to be held on May 26, 2022.

d. Special reserve

	For the Year Ended December 31 2020
Balance at January 1	\$ 46,429
Appropriation in respect of Debit to other equity items	-
Reversals Reversal of the debits to other equity items	<u>(46,429)</u>
Balance at December 31	<u>\$ -</u>

e. Other equity items

Unrealized gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 51,061	\$ 39,641
Other comprehensive (loss) income recognized during the period Unrealized gain - equity instruments	<u>(6,577)</u>	<u>11,420</u>
Balance at December 31	<u>\$ 44,484</u>	<u>\$ 51,061</u>

19. REVENUE

a. Contract information

	For the Year Ended December 31	
	2021	2020
Revenue from contracts with customers		
Revenue from assembly service	\$ 16,492,522	\$ 12,322,638
Revenue from testing service	<u>2,968,621</u>	<u>2,379,044</u>
	<u>\$ 19,461,143</u>	<u>\$ 14,701,682</u>

When the Corporation fulfilled the assembly service contract, the customer controls the goods when they are created or enhanced, the Corporation has the right to perform the collection if partial of the assembly service contract have been fulfilled, and the revenue from assembly service is recognized over time. When the Corporation fulfilled the testing service contract, the customer simultaneously receives and consumes the benefits provided by the Corporation's performance, the Corporation has the right to perform the collection if partial of the testing service contract have been fulfilled, and the revenue from testing service is recognized over time.

b. Contact balances

	December 31, 2021	December 31, 2020	January 1, 2020
Notes and accounts receivables (Included related parties) (Note 10)	<u>\$ 4,346,371</u>	<u>\$ 3,521,425</u>	<u>\$ 3,045,577</u>
Contract assets-current			
Revenue from services	\$ 896,128	\$ 648,393	\$ 562,604
Less: Allowance for impairment loss	<u> -</u>	<u> -</u>	<u> -</u>
Contract assets-current	<u>\$ 896,128</u>	<u>\$ 648,393</u>	<u>\$ 562,604</u>
Contract liabilities- current			
Revenue from services	<u>\$ 164,824</u>	<u>\$ 56,676</u>	<u>\$ 50,340</u>

The changes in the contract asset and the contract liability balances primarily result from the timing difference between the Corporation's performance and the customer's payment

Revenue of the reporting period recognized from the beginning contract liability and from the performance obligations satisfied in previous periods is as follows:

	<u>For the Year Ended December 31</u>	
	2021	2020
From the beginning contract liability		
Revenue from services	<u>\$ 45,090</u>	<u>\$ 36,508</u>

c. Disaggregation of revenue

	<u>For the Year Ended December 31</u>	
	2021	2020
<u>Primary geographical markets</u>		
Taiwan (The location of the Corporation)	\$ 14,269,954	\$ 11,307,802
America	2,174,305	1,306,545
Asia	1,525,037	928,179
Europe	1,491,789	1,159,066
Africa	<u> 58</u>	<u> 90</u>
	<u>\$ 19,461,143</u>	<u>\$ 14,701,682</u>

20. NET PROFIT

a. Interest income

	<u>For the Year Ended December 31</u>	
	2021	2020
Bank deposits	\$ 15,172	\$ 18,122
Financial assets measured at amortized cost	6,235	8,898
Repurchase agreements collateralized by bonds	<u> -</u>	<u> 791</u>
	<u>\$ 21,407</u>	<u>\$ 27,811</u>

b. Other income

	For the Year Ended December 31	
	2021	2020
Dividend income	\$ 39,445	\$ 21,375
Others	<u>50,272</u>	<u>47,170</u>
	<u>\$ 89,717</u>	<u>\$ 68,545</u>

c. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Net gain arising on financial instruments classified as held for trading	\$ 26,270	\$ 39,650
Finance costs	(151)	(175)
Net loss on foreign currency exchange	(34,644)	(77,384)
Others	<u>(515)</u>	<u>(1,289)</u>
	<u>\$ (8,540)</u>	<u>\$ (39,198)</u>

d. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
An analysis of depreciation by function		
Operating costs	\$ 2,870,650	\$ 2,570,653
Operating expenses	<u>28,452</u>	<u>31,451</u>
	<u>\$ 2,899,102</u>	<u>\$ 2,602,104</u>
An analysis of amortization by function		
Operating costs	\$ 20,212	\$ 19,082
Selling and marketing	-	-
General and administrative	2,474	2,990
Research and development	<u>5,651</u>	<u>5,527</u>
	<u>\$ 28,337</u>	<u>\$ 27,599</u>

e. Employee benefit expense

	For the Year Ended December 31	
	2021	2020
Post-employment benefits (Note 17)		
Defined contribution plans	\$ 116,012	\$ 105,050
Defined benefit plans	<u>1,904</u>	<u>3,018</u>
	117,916	108,068
Other employee benefits	<u>4,655,518</u>	<u>3,602,647</u>
Total employee benefit expense	<u>\$ 4,773,434</u>	<u>\$ 3,710,715</u>

(Continued)

	For the Year Ended December 31	
	2021	2020
An analysis of employee benefit expense by function		
Operating costs	\$ 4,220,515	\$ 3,310,849
Operating expenses	<u>552,919</u>	<u>399,866</u>
	<u>\$ 4,773,434</u>	<u>\$ 3,710,715</u>
		(Concluded)

f. Employees' compensation and remuneration to directors

The Corporation accrued employees' compensation and remuneration of directors at the rates between 9% to 15% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2021 and 2020 which have been approved by the Company's board of directors on February 25, 2022 and February 26, 2021, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2021	2020
Employees' compensation	10%	10%
Remuneration of directors	2%	2%

Amount

	For the Year Ended December 31			
	2021		2020	
	Cash	Share	Cash	Share
Employees' compensation	\$ 634,106	\$ -	\$ 359,412	\$ -
Remuneration of directors	124,335	-	71,882	-

If there is a change in the proposed amounts after the annual financial statements were authorized for issue, the differences are recorded as a change in accounting estimate and adjusted for in the following financial year.

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the year ended December 31, 2020 and 2019.

Information on the employees' compensation and remuneration of directors resolved by the Corporation's board of directors in 2021 and 2021 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

g. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2021	2020
Foreign exchange gains	\$ 83,437	\$ 46,760
Foreign exchange losses	<u>(118,081)</u>	<u>(124,144)</u>
Net losses	<u>\$ (34,644)</u>	<u>\$ (77,384)</u>

21. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	\$1,129,357	\$ 669,760
Adjustments for prior periods	3,077	(31,407)
Deferred tax		
In respect of the current year	<u>14,478</u>	<u>2,587</u>
Income tax expenses recognized in profit or loss	<u>\$1,146,912</u>	<u>\$ 640,940</u>

The income tax for the years ended December 31, 2021 and 2020 can be reconciled to the accounting profit as follows:

	For the Year Ended December 31	
	2021	2020
Profit before income tax	<u>\$ 5,749,674</u>	<u>\$ 3,303,251</u>
Income tax expense calculated at the statutory rate (20%)	\$ 1,149,935	\$ 660,650
Nondeductible expenses in determining taxable income	(11,987)	(4,417)
Temporary differences	5,887	16,114
Adjustments for prior years' tax	<u>(3,077)</u>	<u>(31,407)</u>
Income tax recognized in profit or loss	<u>\$ 1,146,912</u>	<u>\$ 640,940</u>

b. Current tax liabilities

	December 31	
	2021	2020
Current tax liabilities		
Tax payable	<u>\$ 802,962</u>	<u>\$ 448,165</u>

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were follows:

For the year ended December 31, 2021

	Balance, Beginning of Year	The Movements of Year	Balance, End of Year
<u>Deferred Tax Assets</u>			
Temporary difference			
Bonus	\$ 10,116	\$ 330	\$ 10,446
Provisions	22,377	(9,468)	12,909
Depreciation	3,612	(3,587)	25
Unrealized foreign exchange losses	<u>3,081</u>	<u>(1,422)</u>	<u>1,659</u>
	<u>\$ 39,186</u>	<u>\$ (14,147)</u>	<u>\$ 25,039</u>
<u>Deferred Tax Liabilities</u>			
Temporary difference			
Financial instruments classified as held for trading	<u>\$ 5,858</u>	<u>\$ 331</u>	<u>\$ 6,189</u>

For the year ended December 31, 2020

	Balance, Beginning of Year	The Movements of Year	Balance, End of Year
<u>Deferred Tax Assets</u>			
Temporary difference			
Bonus	\$ 13,077	\$ (2,961)	\$ 10,116
Provisions	13,573	8,804	22,377
Depreciation	4,274	(662)	3,612
Unrealized foreign exchange losses	<u>5,830</u>	<u>(2,749)</u>	<u>3,081</u>
	<u>\$ 36,754</u>	<u>\$ 2,432</u>	<u>\$ 39,186</u>
<u>Deferred Tax Liabilities</u>			
Temporary difference			
Financial instruments classified as held for trading	<u>\$ 839</u>	<u>\$ 5,019</u>	<u>\$ 5,858</u>

d. Income tax assessments

Income tax returns through 2019 have been examined and cleared by the tax authorities.

22. EARNINGS PER SHARE

Unit: NT\$ Per Share
For the Year Ended December 31

	<u>2021</u>	<u>2020</u>
Basic earnings per share	\$ 8.09	\$ 4.68
Diluted earnings per share	<u>\$ 7.97</u>	<u>\$ 4.62</u>

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share from continuing operations were as follows:

Net Profit for the Periods

	For the Year Ended December 31	
	<u>2021</u>	<u>2020</u>
Net profit attributable to owners of the Corporation	\$ 4,602,762	\$ 2,662,311
Effect to dilutive potential ordinary shares:		
Employees' compensation	_____ -	_____ -
Earnings used in the computation of diluted earnings per share	<u>\$ 4,602,762</u>	<u>\$ 2,662,311</u>

Weighted average number of ordinary shares outstanding (in thousand shares):

	For the Year Ended December 31	
	<u>2021</u>	<u>2020</u>
Weighted average number of ordinary shares outstanding in computation of basic earnings per share	568,846	568,846
Effect to dilutive potential ordinary shares:		
Employees' compensation	<u>8,898</u>	<u>7,386</u>
Weighted average number of ordinary shares in outstanding computation of dilutive earnings per share	<u>577,744</u>	<u>576,232</u>

Since the Corporation offered to settle compensation paid to employees in cash or shares, the Corporation assumed the entire amount of the compensation would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

23. CAPITAL MANAGEMENT

The Corporation manages its capital to ensure its ability to continue as going concerns while maximizing the return to stakeholders. The Corporation's overall strategy has no significant variations.

The capital structure of the Corporation consists of comprising issued capital, reserves and retained earnings.

Key management personnel of the Corporation review the capital structure on an annual basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Corporation may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

24. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

Except as detailed in the following table, the management considers that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values or their fair values cannot be reliably measured.

December 31, 2021

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Financial assets at amortized cost					
Domestic corporate bonds	\$ 500,000	\$ -	\$ 501,313	\$ -	\$ 501,313

December 31, 2020

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Financial assets at amortized cost					
Domestic corporate bonds	\$ 800,001	\$ -	\$ 804,895	\$ -	\$ 804,895

The fair value of level 2 mentioned above was used quoted price from Taipei Exchange (Taiwan GreTai Securities Market).

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 79,200	\$ -	\$ -	\$ 79,200
Forward exchange contracts	-	1,745	-	1,745
	<u>\$ 79,200</u>	<u>\$ 1,745</u>	<u>\$ -</u>	<u>\$ 80,945</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic Listed shares	<u>\$ 977,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 977,000</u>

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 125,900	\$ -	\$ -	\$ 125,900
Forward exchange contracts	<u>-</u>	<u>3,396</u>	<u>-</u>	<u>3,396</u>
	<u>\$ 125,900</u>	<u>\$ 3,396</u>	<u>\$ -</u>	<u>\$ 129,296</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic Listed shares	<u>\$ 585,533</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 585,533</u>
Financial liabilities at FVTPL				
Forward exchange contracts	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 5</u>

There were no transfers between Level 1 and 2 in the current and prior periods.

2) Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Derivatives - foreign currency forward contracts	Discounted cash flow.
	Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

c. Categories of financial instruments

	<u>December 31</u>	
	2021	2020
<u>Financial assets</u>		
Fair value through profit or loss (FVTPL)		
Held for trading	\$ 80,945	\$ 129,296
Financial assets at amortized cost (Note 1)	9,030,448	8,364,564
Financial assets at FVTOCI		
Equity instruments	977,000	585,533
<u>Financial liabilities</u>		
Fair value through profit or loss (FVTPL)		
Held for trading	-	5
Amortized cost (Note 2)	2,481,193	1,482,372

Note 1: The balances include financial assets measured at amortized cost, which comprise cash, debt investments, notes and accounts receivables (included related parties), other receivables and other assets.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise notes and accounts payable, payables to equipment suppliers and other payables.

d. Financial risk management objectives and policies

The Corporation's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Corporation through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include foreign currency risk, interest rate risk, credit risk and liquidity risk.

The Corporation sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Corporation's policies approved by the Board of Directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Corporation did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Corporation's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There had been no change to the Corporation's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Corporation had foreign currency sales and purchases, which exposed the Corporation to foreign currency risk. Approximately 55% and 51% of the Corporation's sales were denominated in currencies other than the functional currency of the Corporation entity making the sale, whilst almost 18% and 16% of costs were denominated in the Corporation entity's functional currency for the year ended December 31, 2021 and 2020. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts.

The carrying amounts of the Corporation's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 28.

The Corporation use forward exchange contracts to eliminate currency exposure. It is the Corporation's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximize hedge effectiveness.

Sensitivity analysis

The Corporation was mainly exposed to the currency USD. The sensitivity analysis included currency USD denominated monetary items at the end of the reporting period. For a 1% strengthening and weakening of New Taiwan dollars against US dollars, the Corporation's pre-tax profit for the year ended December 31, 2021 and 2020 would decrease/increase by \$19,202 thousand and \$14,465 thousand.

b) Interest rate risk

The carrying amount of the Corporation's financial assets with exposure to interest rates at the end of the reporting period was as follows. The Corporation's interest rate risk also comes from borrowings at floating interest rates.

The carrying amount of the Corporation's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows.

	<u>December 31</u>	
	2021	2020
Fair value interest rate risk		
Financial assets	\$ 3,939,781	\$ 3,787,177
Cash flow interest rate risk		
Financial assets	216,048	231,230

Sensitivity analysis

If interest rates had been 0.5% higher/lower and all other variables were held constant, the Corporation's pre-tax profit for the year ended December 31, 2021 and 2020 would increase/decrease by \$1,080 thousand and \$1,156 thousand, respectively, which was mainly attributable to the Corporation's exposure to interest rates on its variable-rate net assets.

c) Other price risk

The Corporation was exposed to equity price risk through its investments in financial assets classified as fair value through profit or loss (i.e. FVTPL) and fair value through other comprehensive income (i.e. FVTOCI).

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period. If equity prices had been 1% higher/lower, the Corporation's pre-tax profit for the year ended December 31, 2021 and 2020 would increase/decrease by \$792 thousand and \$1,259 thousand, respectively, as a result of the changes in fair value of financial instruments classified as FVTPL. If equity prices had been 1% higher/lower, the Corporation's other comprehensive income for the year ended December 31, 2021 and 2020 would increase/decrease by \$9,770 thousand and \$5,855 thousand, respectively, as a result of the changes in fair value of financial instruments classified as FVTOCI.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Corporation. As at the end of the reporting period, the Corporation's maximum exposure to credit risk which will cause a financial loss to the Corporation due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognized financial assets as stated in the condensed balance sheets.

In order to minimize credit risk, the management of the Corporation has set credit and accounts receivable management approach to ensure that follow-up action is taken to recover overdue debts. In addition, the Corporation reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Corporation consider that the Corporation's credit risk was significantly reduced.

The credit risk on liquid funds and derivatives was limited because the counterparties are banks with good credit.

Credit risk management for investments in debt instruments classified as at amortized cost was as follow.

The Corporation only invests in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. The Corporation's exposure and the external credit ratings are continuously monitored. The Corporation reviews changes in bond yields and other public information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

The Corporation considers the historical default rates of each credit rating supplied by external rating agencies, the current financial condition of debtors, and industry forecast to estimate 12-month or lifetime expected credit losses. The Corporation's current credit risk grading framework comprises the following categories:

Category	Description	Basis for Recognizing Expected Credit Losses	Expected Loss Rate
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12m ECL	0%

3) Liquidity risk

The Corporation manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed, high liquidity securities and reserve borrowing facilities adequate to finance the Corporation's operations and mitigate the effects of fluctuations in cash flows.

a) Liquidity of non-derivative financial liabilities

The following table details the Corporation's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Corporation can be required to pay.

December 31, 2021

	On Demand or Less than 3 Month	3-6 Months	6 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Notes and accounts payable	\$ 1,393,726	\$ -	\$ -	\$ -	\$ -
Lease liability	345	345	690	4,410	3,115
Payables to equipment suppliers	870,822	-	-	-	-
Other payables	<u>216,645</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,481,538</u>	<u>\$ 345</u>	<u>\$ 690</u>	<u>\$ 4,410</u>	<u>\$ 3,115</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 1,380</u>	<u>\$ 4,410</u>	<u>\$ 2,715</u>	<u>\$ 400</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2020

	On Demand or Less than 3 Month	3-6 Months	6 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Notes and accounts payable	\$ 961,440	\$ -	\$ -	\$ -	\$ -
Lease liability	345	345	690	4,950	3,955
Payables to equipment suppliers	320,723	-	-	-	-
Other payables	<u>200,279</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,482,717</u>	<u>\$ 345</u>	<u>\$ 690</u>	<u>\$ 4,950</u>	<u>\$ 3,955</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 1,380</u>	<u>\$ 4,950</u>	<u>\$ 3,075</u>	<u>\$ 880</u>	<u>\$ -</u>	<u>\$ -</u>

b) Liquidity of derivative financial liabilities

The following table detailed the Corporation's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

December 31, 2021

	On Demand or Less than 3 Month	3-6 Months	6 Months to 1 Year	1-5 Years	5+ Years
<u>Gross settled</u>					
Forward exchange contracts					
Inflows	\$ 316,867	\$ -	\$ -	\$ -	\$ -
Outflows	<u>(314,982)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,885</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2020

	On Demand or Less than 3 Month	3-6 Months	6 Months to 1 Year	1-5 Years	5+ Years
<u>Gross settled</u>					
Forward exchange contracts					
Inflows	\$ 309,518	\$ -	\$ -	\$ -	\$ -
Outflows	<u>(309,887)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ (369)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

25. TRANSACTIONS WITH RELATED PARTIES

The Corporation's parent is PTI, which held 42.91% of common shares of the Corporation as of December 31, 2021 and 2020, respectively.

Details of transactions between the Corporation and related parties are disclosed below.

a. Related party name and relationship

<u>Related Party Name</u>	<u>Relationship with the Corporation</u>
Powertech Technology Inc.	Parent entity
Realtek Semiconductor Corp.	Other related parties
Realtek Singapore Private Limited	Other related parties
Raymx Microelectronics Corp.	Other related parties
Powertech Technology (Singapore) Pte Ltd.	Fellow subsidiaries
Powertech Technology (Suzhou) Pte Ltd.	Fellow subsidiaries
Tera Probe Inc.	Fellow subsidiaries
TeraPower Technology Inc.	Fellow subsidiaries

b. Revenue

Account Items	Related Parties Types	<u>For the Year Ended December 31</u>	
		2021	2020
Subcontract revenue	Other related parties	\$ 1,368,567	\$ 1,240,397
	Parent entity	<u>339,601</u>	<u>104,191</u>
		<u>\$ 1,708,168</u>	<u>\$ 1,344,588</u>

Sales transactions with related parties were made at the Corporation's usual list prices. The selling prices and collection terms for products sold to related parties were similar to those for products sold to third parties.

c. Purchase

Related Parties Types	<u>December 31</u>	
	2021	2020
Parent entity	<u>\$ 31,964</u>	<u>\$ 30</u>

The prices and payment terms were negotiated and thus not comparable with those in the market.

d. Contract assets

Related Parties Types	<u>December 31</u>	
	2021	2020
Other related parties	\$ 74,474	\$ 41,235
Parent entity	<u>8,682</u>	<u>1,968</u>
	<u>\$ 83,156</u>	<u>\$ 43,203</u>

For the year ended December 31, 2021 and 2020, no impairment loss was recognized for contract assets from related parties.

e. Manufacturing expenses

	Related Parties Types	For the Year Ended December 31	
		2021	2020
Parent entity		\$ 21,873	\$ 4,340
Fellow subsidiaries		<u>147</u>	<u>3,068</u>
		<u>\$ 22,020</u>	<u>\$ 7,408</u>

The prices and payment terms were negotiated and thus not comparable with those in the market.

f. Trade receivables from related parties

Account Items	Related Parties Types	December 31	
		2021	2020
Trade receivables from related parties	Other related parties	\$ 279,087	\$ 318,707
	Parent entity	<u>156,711</u>	<u>31,920</u>
		<u>\$ 435,798</u>	<u>\$ 350,627</u>

g. Other receivables

Account Items	Related Parties Types	December 31	
		2021	2020
Prepaid expenses and other current assets	Parent entity	\$ 10,348	\$ 1,348
	Other related parties		
	Realtek Singapore Private Limited	-	3,357
	Other	<u>534</u>	<u>354</u>
		<u>\$ 10,882</u>	<u>\$ 5,059</u>

h. Payables to equipment suppliers

Account Items	Related Parties Types	December 31	
		2021	2020
Trade payables	Parent entity	\$ <u>2,268</u>	\$ <u>-</u>
Payables to equipment suppliers	Parent entity	\$ 309	\$ 37,542
	Fellow subsidiaries	<u>-</u>	<u>2,226</u>
		<u>\$ 309</u>	<u>\$ 39,768</u>

i. Accrued expenses and other current liabilities

Account Items	Related Parties Types	December 31	
		2021	2020
Accrued expenses and other current liabilities	Parent entity	\$ 4,732	\$ 3,997
	Fellow subsidiaries	<u>-</u>	<u>757</u>
		<u>\$ 4,732</u>	<u>\$ 4,754</u>

j. Acquisitions of property, plant and equipment

Related Parties Types	For the Year Ended December 31	
	2021	2020
Fellow subsidiaries	\$ 11,617	\$ 6,666
Parent entity	<u>2,083</u>	<u>39,692</u>
	<u>\$ 13,700</u>	<u>\$ 46,358</u>

k. Compensation of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term benefits	\$ 168,082	\$ 99,312
Post-employment benefits	<u>281</u>	<u>188</u>
	<u>\$ 168,363</u>	<u>\$ 99,500</u>

The remuneration of directors and key executives was determined by the remuneration committee having regard to the performance of individuals and market trends.

26. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been pledged as collateral mainly for guarantee deposits for domestic sales and gas volume in CPC Corporation.

	December 31	
	2021	2020
Pledge deposits (classified as other asset - noncurrent)	<u>\$108,700</u>	<u>\$ 83,700</u>

27. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant contingencie of the Corporation at December 31,2021 was as follows:

a. Significant unrecognized commitments

- 1) In March 2021, the Corporation signed a contract worth \$510,000 thousand with Jian Ming Contractor Co., Ltd. for the construction of a new plant. As of December 31,2021, the Corporation has paid a total of 357,000 thousand.
- 2) In June 2021, the Corporation signed a contract worth \$980,000 thousand with Jiu Han System Technology Co., Ltd. to set up MEP systems. As of December 31,2021, the Corporation has paid a total of 294,000 thousand.
- 3) In July 2021, the Corporation signed a contract worth \$360,000 thousand with Jiu Han System Technology Co., Ltd. to set up clean rooms and plumbing systems. As of December 31,2021, the Corporation has paid a total of 108,000 thousand.
- 4) In September 2021, the Corporation signed a contract worth \$378,000 thousand with Jiu Han System Technology Co., Ltd. to set up MEP systems. As of December 31,2021, the Corporation has not yet paid.

28. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Corporation entities and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

	December 31, 2021		
	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 88,247	27.630 (USD:NTD)	<u>\$ 2,438,262</u>
Non-monetary items			
Derivative instruments			
USD	11,400	27.642 (USD:NTD)	<u>\$ 1,745</u>
<u>Financial liabilities</u>			
Monetary items			
USD	18,682	27.730 (USD:NTD)	518,063
JPY	473,548	0.2425 (JPY:NTD)	114,835
EUR	388	31.520 (EUR:NTD)	<u>12,233</u>
			<u>\$ 645,131</u>
	December 31, 2020		
	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 62,548	28.430 (USD:NTD)	<u>\$ 1,778,253</u>
Non-monetary items			
Derivative instruments			
USD	10,100	28.085 (USD:NTD)	<u>\$ 3,396</u>

(Continued)

	December 31, 2020		
	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	11,628	28.530 (USD:NTD)	331,752
JPY	150,580	0.2783 (JPY:NTD)	41,906
EUR	90	35.220 (EUR:NTD)	<u>3,159</u>
			<u>\$ 376,817</u>
Non-monetary items			
Derivative instruments			
USD	800	28.085 (USD:NTD)	<u>\$ 5</u> (Concluded)

For the years ended December 31, 2021 and 2020, realized and unrealized net foreign exchange losses were \$34,644 thousand and \$77,384 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities.

29. SEPARATELY DISCLOSED ITEMS

Information about significant transactions and investees:

- a. Loans provided to other parties: None.
- b. Endorsement/guarantee provided: None.
- c. Marketable securities held: Table 1 (attached).
- d. Purchases or sales of the same marketable securities amounting to at least NT\$300 million or 20% of the paid-in capital: Table 2 (attached).
- e. Acquisition of individual real estate at costs of at least \$300 million or 20% of the paid-in capital: None: Table 3 (attached).
- f. Disposal of individual real estate at prices of at least \$300 million or 20% of the paid-in capital: None.
- g. Total purchases from or sales to related parties of at least \$100 million or 20% of the paid-in capital: Table 4 (attached).
- h. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5 (attached).
- i. Derivative transactions: Note 7.
- j. Names, locations, and related information of investees over which the Corporation exercises significant influence: None.
- k. Information on investment in mainland China: None.
- l. Information of major shareholders: Table 6 (attached).

30. SEGMENT INFORMATION

- a. The revenues, operating results and financial information of each plant presented to the chief operating decision maker are consistent with the information in the financial statements. The segment revenues and operating results for the years ended December 31, 2021 and 2020 are shown in the income statements for the years ended December 31, 2021 and 2020. The segment assets as of December 31, 2021 and 2020 are shown in the balance sheets as of December 31, 2021 and 2020.
- b. Revenue from major products and services

The following is an analysis of the Corporation's revenue from its major products and services:

	For the Year Ended December 31	
	2021	2020
Assembly services	\$ 16,492,522	\$ 12,322,638
Testing services	<u>2,968,621</u>	<u>2,379,044</u>
	<u>\$ 19,461,143</u>	<u>\$ 14,701,682</u>

- c. Geographic information

The Corporation's revenue from continuing operations from external customers and information about its non-current assets by geographical location are detailed below.

	Revenue		Non-current Assets	
	For the Year Ended		December 31	
	2021	2020	2021	2020
Taiwan	\$ 14,269,954	\$ 11,307,802	\$ 13,941,475	\$ 10,879,237
America	2,174,305	1,306,545	-	-
Asia	1,525,037	928,179	-	-
Europe	1,491,789	1,159,066	-	-
Africa	<u>58</u>	<u>90</u>	<u>-</u>	<u>-</u>
	<u>\$ 19,461,143</u>	<u>\$ 14,701,682</u>	<u>\$ 13,941,475</u>	<u>\$ 10,879,237</u>

Non-current assets exclude financial instruments and deferred tax assets.

- d. Major customers

For the years ended December 31, 2021 and 2020, sales to customers amounting were less than 10% of total gross sales.

GREATEK ELECTRONICS INC.

MARKETABLE SECURITIES HELD

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Shares (Thousands)	Carrying Value	% of Ownership	Fair Value	
Greatek Electronics Inc.	<u>Fund</u>							
	Yuanta Taiwan High-yield Leading Company Fund A	-	Financial assets at fair value through profit or loss - current	5,000	\$ 79,200	-	\$ 79,200	Note 1
	<u>Bond</u>							
	P06 Taipower 1A	-	Financial assets at amortized cost – current	300	300,000	-	300,715	Note 2
	P06 Taipower 3A	-	Financial assets at amortized cost – current	50	50,000	-	50,000	Note 2
	P06 FPC 1A	-	Financial assets at amortized cost - current	50	50,000	-	50,128	Note 2
	P08 Taipower 3A	-	Financial assets at amortized cost - noncurrent	100	100,000	-	100,470	Note 2
	<u>Stock</u>							
	Powertech Technology Inc.	Parent entity	Financial assets at fair value through other comprehensive profit or loss - noncurrent	10,000	977,000	1	977,000	Note 3
	SAMHOP Microelectronics Corp.	-	Financial assets at fair value through profit or loss - noncurrent	268	-	3	-	Note 4
Terawins Inc.	-	Financial assets at fair value through profit or loss - noncurrent	643	-	2	-	Note 4	
Airwave Technologies Inc.	-	Financial assets at fair value through profit or loss - noncurrent	93	-	1	-	Note 4	

Note 1: The fair value was based on the net asset value of the fund as of as of December 31, 2021.

Note 2: The fair value was based on trading market in hundreds of new Taiwan dollars as of December 31, 2021.

Note 3: The fair value of common shares was based on stock closing price as of December 31, 2021.

Note 4: The fair value was based on the carrying value as of as of December 31, 2021.

Note 5: As of December 31, 2021, the above marketable securities had not been pledged or mortgaged.

GREATEK ELECTRONICS INC.

MARKETABLE SECURITIES ACQUIRED AND DISPOSED AT COSTS OR PRICES OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance (Note)		Acquisition		Disposal				Ending Balance (Note)	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares	Amount
Greatek Electronics Inc.	<u>Stock</u> Powertech Technology Inc.	Financial assets at fair value through other comprehensive profit or loss - noncurrent	-	Parent entity	6,170	\$ 585,533	3,830	\$ 398,044	-	\$ -	\$ -	\$ -	10,000	\$ 977,000

Note : Beginning balance and ending balance include premium value.

GREATEK ELECTRONICS INC.

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Buyer	Property	Transaction Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty is a Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Greatek Electronics Inc.	Building	2021.03.10	\$ 510,000	\$ 357,000	Jian Ming Contractor Co., Ltd.	None	Not applicable	Not applicable	Not applicable	Not applicable	The two sides agreed	Plant expansion	None
	Land	2021.05.12	330,802	330,802	Orgchen Technologies, Inc.	None	Not applicable	Not applicable	Not applicable	Not applicable	The two sides agreed	Plant expansion	None
	MEP system	2021.06.17	980,000	294,000	Jiu Han System Technology Co., Ltd.	None	Not applicable	Not applicable	Not applicable	Not applicable	The two sides agreed	Plant expansion	None
	Clean rooms and plumbing systems	2021.07.06	360,000	108,000	Jiu Han System Technology Co., Ltd.	None	Not applicable	Not applicable	Not applicable	Not applicable	The two sides agreed	Plant expansion	None
	MEP system	2021.09.27	378,000	-	Jiu Han System Technology Co., Ltd.	None	Not applicable	Not applicable	Not applicable	Not applicable	The two sides agreed	Plant expansion	None

GREATEK ELECTRONICS INC.

TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts (Payable) Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Greatek Electronics Inc.	Realtek Semiconductor Corp.	Parent company of the corporate director	Sale	\$1,021,407	5	Net 60 days from monthly closing dates	Note	-	\$ 234,991	5	-
	Powertech Technology Inc.	Parent company	Sale	339,601	2	Net 90 days from monthly closing dates	Note	-	156,711	4	-
	Realtek Singapore Private Limited	Same parent company with the corporate director	Sale	313,168	2	Net 60 days from monthly closing dates	Note	-	42,926	1	-

Note : Sales transactions with related parties were made at the Corporation's usual list prices.

GREATEK ELECTRONICS INC.

RECEIVABLE FROM RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Greatek Electronics Inc.	Realtek Semiconductor corp.	Parent company of the corporate director	\$ 234,991	4.29	\$ -	-	\$ 156,811	\$ -
	Powertech Technology Inc.	Parent company	156,711	3.60	-	-	69,720	-

TABLE 6**GREATEK ELECTRONICS INC.****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Powertech Technology Inc.	244,064,379	42.91

Chapter 5 CPA Certified Parent Company Only Financial Statement for the Most Recent Fiscal Year:

Not applicable.

Chapter 6. If the Company or its Affiliates Experienced Financial Difficulties in the Most Recent Year, up to the Date of the Annual Report Publication, the Annual Report Shall Explain How Said Difficulties Will Affect the Company's Financial Situation:

None.

Review and Analysis of Financial Position and Financial Performance Review and Risk Evaluations

Chapter 1 Financial Position

Main reasons and effects for material changes in asset, liabilities, and shareholders' equity in the most Recent two years, future response measures shall be described in case of material impact.

Unit: NT\$ thousands

Item	Year	2020	2021	Changes	
				Amount	%
Current Assets		9,444,467	11,353,869	1,909,402	20.22
Property, Plant and Equipment		10,799,817	13,872,740	3,072,923	28.45
Other Assets		1,287,840	1,279,474	(8,366)	(0.65)
Total Asset		21,532,124	26,506,083	4,973,959	23.10
Current Liabilities		3,262,656	5,411,464	2,148,808	65.86
Total Liabilities		3,535,405	5,676,178	2,140,773	60.55
Capital		5,688,459	5,688,459	-	-
Capital Surplus		2,154	2,282	128	5.94
Retained Earnings		12,255,045	15,094,680	2,839,635	23.17
Total Shareholders' Equity		17,996,719	20,829,905	2,833,186	15.74

Analysis and description of increase/decrease:

1. Increases in current asset, fixed asset, and total asset are mostly attributable to plant expansion and capacity expansion, leading to increased accounts payable, inventory, fixed asset.
2. Increases in current liabilities and total liabilities are mostly attributable to plant expansion and capacity expansion, leading to increased accounts payable and equipment expenses.
3. Increase in retained earnings is mostly attributable to continued profitability.

Note: Source of financial information comes from financial statements prepared in accordance with IFRSs and audited and attested by CPA.

Chapter 2 Financial Performance

- I. Main reasons for material changes in operating revenue, operating net income, and pretax profit in the most recent two years

Unit: NT\$ thousands

Item	Year	2020	2021	Increase/decrease	
				Amount	%
Operating Revenue		14,701,682	19,461,143	4,759,461	32.37
Operating Costs		10,892,042	13,191,441	2,299,399	21.11
Gross Profit		3,809,640	6,269,702	2,460,062	64.57
Operating Expenses		563,547	622,612	59,065	10.48
Income from Operations		3,246,093	5,647,090	2,400,997	73.97
Other Income		96,356	111,124	14,768	15.33
Other Gains (Losses)		(39,198)	(8,540)	(30,658)	(78.21)
Net Income Before Tax		3,303,251	5,749,674	2,446,423	74.06
Income Tax Expenses		640,940	1,146,912	505,972	78.94
Net Income		2,662,311	4,602,762	1,940,451	72.89

Analysis and description of increase/decrease:

1. Increases in net revenues, gross profit, operating profit, pre-tax profit, income tax, and net income, are mostly attributable to continued capacity expansions and enhanced capacity utilization.
2. Increases in operating costs is mostly attributable to increased capacity and price inflations in purchased raw materials.

Note: Source of financial information comes from financial statements prepared in accordance with IFRSs and audited and attested by CPA.

II. Expected sales volume and basis, and possible effects to the Company's future finance and operations and response measures.

In February 2022, Taiwan Semiconductor Industry Association (TSIA) and Industry, Science & Technology International Strategy Center (ISTI), Industrial Technology Research Institute (ITRI) predicted that Taiwan's packaging and testing industry's 2022 output value is expected to reach NT\$695 billion, a 8.9% increase of growth over 2021 output value NT\$638.4 billion.

Greatek has made the following sales forecast for 2022 based on industry prospect, future market demands, and Greatek's capacity:

Sales item	Estimated sales volume
Packaging	Approximately 11.3 billion units
W/T testing	Approximately 720,000 units
F/T testing	Approximately 7.4 billion units
WLP	Approximately 240,000 units
WLCSP	Approximately 800 million units

Chapter 3 Cash Flow

I. Analysis and Description of Changes in Cash Flow for the Current Year:

Item	Year		
	2020	2021	Ratio of increase (decrease) (%)
Cash Flow Ratio	155.99	137.02	(12.16)
Cash Flow Adequacy Ratio	0.85	0.98	15.29
Cash Flow Reinvestment Ratio	11.53	15.60	35.30
Analysis and description of increase/decrease: Increase in Cash Flow Reinvestment Ratio was mostly attributable to the 45% increase in Net Cash Inflow from Operating Activities.			

II. Improvement Plan for Insufficient Liquidity: Not applicable.

III. Cash Flow Analysis for the Following Year:

Unit: NT\$ thousands

Cash Balance at the Beginning of the Year①	Expected Annual Net Cash Inflow from Operating Activities②	Expected Annual Net Cash Outflow ③	Expected Cash Balance (deficit) ① + ② - ③	Remedial Measures for Expected Cash Deficit	
				Investment Plan	Financing Plan
4,047,129	5,124,703	7,329,793	1,842,039	-	-
<p>1. Analysis of changes in Cash Flow:</p> <p>(1) Operating activities: Greatek is expected to generate net income; therefore, net cash inflow from operating activities is expected.</p> <p>(2) Investing activities: mostly from equipment purchases and construction of new factory building.</p> <p>(3) Financing activities: mostly from distribution of cash dividends.</p> <p>2. Remedial measures and analysis of liquidity deficit: None.</p>					

Chapter 4 The Effect Upon Financial Operations of Any Major Capital Expenditures During the Most Recent Fiscal Year

I. Utilization of major capital expenditure and sources of capital: Unit: NT\$ thousands

Project	Actual or expected sources of fund	Actual or expected date of completion	Total funding required	Actual or expected capital utilization		
				2020	2021	2022
Plant and Construction in Progress	Greatek's own funds	2020	107,187	107,187	-	-
Equipment and others	Greatek's own funds	2020	2,740,590	2,740,590	-	-
Land	Greatek's own funds	2021	560,535	-	560,535	-
Plant and Construction in Progress	Greatek's own funds	2021	1,544,413	-	1,544,413	-
Equipment and others	Greatek's own funds	2021	3,284,540	-	3,284,540	-
Plant	Greatek's own funds	2022	1,607,572	-	-	1,607,572
Equipment	Greatek's own funds	2022	3,750,844	-	-	3,750,844

Note: The actual or expected capital utilization indicated in this table refers to increases in Property, Plant and Equipment, and does not include replacement parts.

II. Expected Benefits:

Expected increase in production/sales volume, value, and gross profit: Unit; Volume: 1,000 units; Amount: NT\$ thousands

Year	Item	Production volume	Sales volume	Sales value	Gross profit
2022	IC packaging and testing	52,115	52,115	630,549	172,329
	Wafer level packaging	32	32	90,590	24,758

Descriptions of other benefits: Enhancement in quality and technologies for products including IC packaging and testing.

Chapter 5 Company Reinvestment Policy for the Most Recent Fiscal Year, Main Reasons for Profits/Losses Generated Thereby, Plans for Improving Reinvestment Profitability, and Investment Plans for the Coming Year: Not applicable.

Chapter 6 Risk Analysis and Assessment

- I. Effects of interest rate and exchange rate fluctuations and changes in inflation rate on Greatek's profit and loss, and future response measures:
 - (I) Effect of changes in interest rate on Greatek's profit and loss and future response measures
 1. Effects of changes in interest rate on profit and loss

Unit: NT\$ thousands

	2020	2021
Interest Income (A)	27,811	21,407
Net Operating Revenue (B)	14,701,682	19,461,143
(A)/(B)	0.19%	0.11%
Interest Expenses (C)	175	151
Net Operating Revenue (D)	14,701,682	19,461,143
(C)/(D)	-	-

Greatek's interest income in 2020 and 2021 were NT\$27,811 thousand and NT\$21,407 thousand, respectively; accounting for 0.19% and 0.11% of the net operating revenues. The interest rates in 2020 and 2021 were 0.06% to 1.015% and 0.05% to 0.83%, respectively. As the interest income did not constitute a significant percentage of the years' respective operating revenues, changes in interest rate will have limited effects on the profit and loss.

Greatek did not have interest expenses on bank borrowings in 2020 and 2021; therefore, the changes in interest rate will have limited effects on the profit and loss.

2. Future response measures

- (1) Dedicated personnel will pay close attention to information on changes in interest rate to stay on top of interest rate trends.
- (2) Greatek will prioritize the adoption of financing proposals with lower interest rates when the need for working capital arises.
- (3) Capital utilization will take both safety and yield into consideration during times of low interest rate to make the best funding decisions.

(II) Effect of changes in exchange rate on Greatek's profit and loss and future response measures

1. Effects of changes in exchange rate on profit and loss

Unit: NT\$ thousands

	2020	2021
Revenues denominated in foreign currencies	7,519,323	10,690,985
Net operating revenue (B)	14,701,682	19,461,143
(A)/(B)	51.15%	54.94%
Purchases made in foreign currencies	2,249,037	3,055,035
Net purchases (D)	4,501,994	5,893,767
(C)/(D)	49.96%	51.84%

Greatek's foreign currency revenues in the most recent two years accounted for 51.15% and 54.94% of the net operating revenues in 2020 and 2021, respectively. Most of our quotations are offered in USD; therefore, changes in exchange rate do pose a certain level of effect on our operating revenue.

Greatek's foreign currency purchases in 2020 and 2021 accounted for 49.96% and 51.84% of net purchases, respectively. Due to cost, lead time, and quality considerations, Greatek has purchased equipment and materials including lead frames, epoxy molding compound (EMC), gold wires and copper wires from overseas, whose quotes are mostly denominated in the USD and JPY. Therefore, changes in exchange rate do pose a certain degree of effect on our profitability.

2. Future response measures

- (1) Dedicated personnel will pay close attention to information on changes in exchange rate to stay on top of foreign exchange rate trends.
- (2) At times of exchange rate fluctuations, Greatek will trade currencies at proper times to reduce the unfavorable effects from changes in exchange rate.

- (3) Effects from changes in exchange rate will be factored in our sales quotes; when purchasing raw materials, Greatek will also negotiate prices with suppliers to adjust the material costs and ensure profitability.
- (4) Use derivative trading such as forward exchange contracts to hedge against assets or liabilities denominated in foreign currencies and the expected exchange rate risks arising from transactions.

(III) Effect of inflation on Greatek's profit and loss and future response measures

The Company has experienced increased purchasing costs due to the inflation, and has responded by reflecting the increased costs on selling prices to customers. Therefore, our gross margin was not affected by inflation.

On January 5, 2021, the Directorate-General of Budget, Accounting and Statistics (DGBAS) announced that the annual increase in 2021 Consumer Price Index (CPI) was 1.96%. This was mostly attributable to rising international crude oil prices and a reduced base point, while the scale of inflation was also raised by increasing airfare and fruit prices and more. According to the estimates from the DGBAS, the annual increase in CPI in the first quarter (Q1) of this year is still projected to be more than 2%; however, the rate of inflation will gradually decrease from quarter to quarter as the base period was already heightened.

As purchasing prices have increased from inflation, Greatek has properly adjusted product prices to customers to reduce the relevant effects on the Company's profit and loss. Going forward, Greatek will continue to observe changes in the CPI and pay attention to the movements in the international raw material market prices so as to formulate strategies to control costs and inventories.

Greatek continues to maintain positive interactions with both suppliers and customers to effectively reduce the effects of inflation on the Company's profit and loss.

II. Greatek's policy regarding high risk investments, highly leveraged investments, provisions of loans, endorsements and/or guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future:

1. As of the date of publication of the Annual Report, Greatek has not engaged in any high-risk, high-leverage investment, or provided loans, endorsements and/or guarantees.
2. In 2021 and as of the date of publication of the Annual Report, the only derivative transactions Greatek has engaged are short-term foreign exchange transactions with the purpose of hedging against exchange rate risks from net assets or net liabilities denominated in foreign currencies. These transactions are for hedging in nature, and Greatek has not engaged in any speculative transaction and no material profits or losses will result from these transactions.

III. Future R&D Plan and Expected R&D Expenses:

In response to changes in IC packaging technologies and the customers' needs for IC design, Greatek's key Future R&D Plan :

- (1) High Pin Count BGA with a PKG size 14x14 or above.
- (2) MIS-2 layer Flip Chip and Wire Bond type products.
- (3) Hybrid PKG (Flip Chip and WB) products.
- (4) QFN Dual ROW High I/O products.
- (5) High Thermal products.
- (6) Flip Chip QFN automotive products.
- (7) FCCSP/BGA automotive products.
- (8) FCCSP products that use 5nm wafer.

(9) Micro-Electromechanical Systems (MEMS) products.

R&D expenses in 2021 amounted to NT\$287 million, accounting for 1.5% of the annual revenues. The 2022 R&D expense will be on par with the previous year's level.

IV. Effects on the Company's finance and operations from domestic and overseas major policies and legal environment changes, and response measures:

Greatek consults relevant units including attorneys and CPAs for matters related to domestic and overseas important policies and legal environment changes. The Company also asks these parties to evaluate, recommend and plan response measures accordingly to comply with laws and to reduce the effects on our finance and operations.

V. Effects on the Company's finance and operations from changes in technology and industry, and response measures:

As mobile applications become more diversified, such as HD video services, social networks, and cloud-based services, the era of online users' big data is coming. The wireless network communications technologies have transformed to LTE, 5G, and even 6G, bringing wider bandwidth and more convenience and promoting technological applications in living, transportation, entertainment, work, education, and medical healthcare and more. These trends have also driven consumers to spend more on consumer electronic products. With the birth of the Internet of Things (IoT) and the wearable devices become trending, smart vehicles, smart healthcare, artificial intelligence (AI), and high-speed computing have formed new applications market and opportunities. Furthermore, as the pandemic has changed people's lives and remote working is enabled by technology, these factors all bring about the opportunities for technology to change human life.

Since the online community formed by 5G and AIoT(integration between artificial intelligence and the Internet of Things) will cover all aspects of life, the Internet will become more of a threat without the support of a strong information security system. Faced with complex and rapidly changing information security threat and challenges, Greatek has strengthened various information security protections and reinforced the awareness for information security in all employees to reduce the risk of information security on the Company.

As the semiconductor industry continues to prosper and to increase its capital expenditures, with an on-going competition over the latest packaging technologies, these demands have led to the rise of new packaging technologies such as SiP and BGA, which happen to be the areas that Greatek consider investing in.

The R&D expenses do not pose unfavorable effects on Greatek's finance and operations, and will offer significant benefits toward our future business development.

VI. Effects on Greatek's crisis management of changes in its corporate image, and response measures:

Greatek is focused on its core business operations and strictly abides by all relevant regulatory requirements. The Company actively strengthens internal management, cultivates the skills and competences of its management team, realizes corporate social responsibilities, and is committed to and maintains a good corporate image.

VII. Expected benefits and possible risks associated with any mergers and acquisitions, and response measures:

None.

VIII. Expected benefits and possible risks associated with facilities expansion, and response measures:

In response to future operational expansion needs and to solve the dilemma of insufficient plant capacity, the Board of Directors has approved of approximately NT\$1.5 billion of capital expenditure on February 26, 2021, in which a new plant (Toufen Plant II, also named Greatek Plant V) will be constructed at Minsheng Road at Toufen Village with Greatek's own funds. A factory building and office consisting of two floors below ground and five floors above ground will be constructed. The construction area will be 33,203 square meters (approximately 10,044 ping), and is expected to be completed before June 2022. The plant is expected to commence operation by the second half of the year.

IX. Risk from centralized purchasing or sales, and response measures:

Greatek's largest sales customer only accounts for 5.25% of our net sales, indicating no concentration of sales. Additionally, there are two suppliers accounting for 10% or more of the net purchases. The two vendors are for different raw materials; therefore, there is no concentration of purchases.

X. Effect upon and risk to Greatek in the event a major quantity of shares belonging to a Director or shareholder holding greater than a 10% stake in the Company has been transferred or has otherwise changed hands, and response measures:

None.

XI. Effect upon and risk to Greatek associated with any change in governance personnel or top management, and response measures:

None.

XII. If there has been any substantial impact upon shareholders' equity or prices for the Greatek's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving Greatek that was finalized or remained pending, the facts in dispute, amount in dispute, commencement date, main parties involved, and current status of the case up to the publication date of this annual report shall be disclosed:

None.

XIII. Other important risks and countermeasures:

Risk of infectious disease: To effectively prevent the COVID-19 pandemic,

1. Greatek has formulated Epidemic Prevention Emergency Response Plan and implemented a series of epidemic prevention measures, including separation of traffic between the production sites and dormitories, visitor control measures, and enforcing daily body temperature and health conditions monitoring among its employees.
2. While the pandemic was spreading in 2021, Greatek immediately conducted COVID screening on all employees and transacting suppliers, and also conducted PCR tests for certain employees. Greatek also donated NT\$2 million to the county government to facilitate the regional government in its epidemic prevention efforts.
3. Greatek continued to coordinate with the government's epidemic prevention policy even after the government reduced the nationwide epidemic alert level. The Company advocated for epidemic prevention measure and the importance of vaccination, as well as actively arranged for foreign workers to receive vaccines, which helped Greatek to

achieve a higher-than-average vaccination rate, thereby exercising a positive influence on epidemic preventions.

Chapter 7 Other Important Matters:
None

Special Disclosure

Chapter 1. Information Related to the Company's Affiliates:

I. Profiles of affiliates:

Greatek does not have any subsidiary.

II. Shareholders in Common of Greatek with Deemed Control and Subordination:

None.

III. Information on Directors, Supervisors, and Presidents of Affiliates:

None.

IV. Overview of Affiliate Operations:

None.

V. Overview of Relations between Subsidiary and Controlling Company Unit: Shares; %

Name of controlling company	Reason for control	Details of shareholdings and pledges			Directors, Supervisors or managerial officers appointed to the subordinate company by the controlling company	
		Number of Shares	Shareholding %	Number of pledged shares	Title	Name
Powertech Technology Inc.	Obtained one-half of the total Director seats	244,064,379	42.91%	0	Chairman and Chief Executive Officer Representative Director Representative Director and President Representative Director Representative Director	Boris Hsieh D.K. Tsai Louis Ning J.S. Leu Yu-Chin Chen

VI. Purchases/Sales with Controlling Company:

Unit: NT\$ thousands; %

Transaction with the controlling company				Trading terms with the controlling company		General transaction terms		Reason for difference	Accounts receivable (payable), Notes receivable (payable)		Overdue accounts receivable			Remarks
Purchase (sale) of goods	Amount	Ratio to total purchases (sales)	Sales margin	Unit price (NT\$)	Credit period	Unit price (NT\$)	Credit period		Balance	Ratio to total accounts receivable (payable) and notes receivable (payable)	Amount	Treatment	Allowance for doubtful debts	
Purchases	31,964	0.54%	-	-	Net 30 to 90	-	Net 30 to 90	-	2,268	0.16%	-	-	-	
Sales	339,601	1.75%	-	-	Net 90	-	Net 30 to 90	-	156,711	3.61%	-	-	-	

VII. Asset Transactions with the Controlling Company:

Unit: NT\$ thousand

Type of transaction (acquisition or disposal)	Name of asset	Transaction date or date of occurrence	Transaction amount	Terms of delivery or payment	Details of the receipt/payment of transaction price	Gain or loss on disposal (Note 1)	Reason for transacting with the controlling company	Information on the previous transfer (Note 2)				Method used to determine the transaction terms (Note 3)	Reference or basis for determining transaction price	Purpose and use of acquisition or disposal	Other contract terms
								Relationship of owner	with the issuer	Date of transfer	Amount				
Acquisition	Machinery and transportation equipment	202101~202112	2,083	in accordance with transaction terms	Paid in full	-	-	-	-	-	-	Highest-ranking officer for procurement	-	Operations and production	None.

Note 1: Those who have acquired the property are exempt.

Note 2: (1) For the acquisition of property, the original acquisition information of the controlling companies should be listed. For

- the disposal of the property, the original acquisition information of the subsidiaries should be listed.
- (2) The "Relationship with the Company" column should state the relationship between the owner with the subsidiaries and the controlling companies.
 - (3) If the counterpart of the previous transfer transaction is a related person, the information on the previous transfer of the related person shall be added in the same column.

Note 3: The decision level of the transaction should be described.

VIII. Implementation of Capital Financing:

None.

IX. Asset Leasing Status:

None.

X. Status of Provision of Endorsement/Guarantees:

None.

XI. Affiliation Report

Statement of the Affiliation Report

The preparation of Greatek's 2021 (from January 1, 2021 to December 31, 2021) Affiliation Report follows the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises", and there is no material discrepancy in the information disclosure with the relevant information disclosed in the Notes to Financial Statements for the aforementioned period.

Hereby certified by

Company Name: Greatek Electronics Inc.

Chairman: Boris Hsieh

Chapter 2 Private Placement of Securities During the Most Recent Fiscal Year up to the Date of Publication of the Annual Report:

None.

Chapter 3 Holding or Disposal of Shares in the Company by the Company's Subsidiaries During the Most Recent Fiscal Year up to the Date of Publication of the Annual Report:

Greatek does not have any subsidiary.

Chapter 4 Other Matters Requiring Additional Description:

None.

Any Matter which May Materially Affect Shareholders' Equity or the Price of the Company's Securities

Chapter 1 Any Matter which May Materially Affect Shareholders' Equity or the Price of the Company's Securities:

None.

Greatek Electronics Inc.

Chairman: Boris Hsieh