

TWSE Code: : 2441



超豐電子股份有限公司
GREATEK ELECTRONICS INC.

2022 ANNUAL REPORT



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

Publication Date: April 8, 2023

This Annual Report is available at :

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

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

I. Spokesperson

Name: Sheng Chen

Title: Vice President, Administration Division

Tel: (037)638-568

Email: sheng@greatek.com.tw

Deputy Spokesperson:

Name: Mei-Ling Lin

Title: Manager of Finance & Accounting Dept.

Tel: (037)638-568

Email: karimlin@greatek.com.tw

II. Contact Information of Headquarters, Branches and Plants

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

Tel: (037)638-568

Plant I: No. 136, Gongyi Rd., Zhunan Township, Miaoli County, Taiwan; No. 10, Ln. 178,

Gongyi Rd., Zhunan Township, Miaoli County, Taiwan

Tel: (037)638-568

Plant II: No. 112, Gongyi Rd., Zhunan Township, Miaoli County, Taiwan

Tel: (037)638-568

Plant III: No. 9, Zhongmin Rd., Toufen City, Miaoli County, Taiwan

Tel: (037)638-568

Plant V: No. 11, Zhongmin Rd., Toufen City, Miaoli County, Taiwan

Tel: (037)638-568

III. Share Transfer Agency:

Name: Yuanta Securities Co., Ltd. Registrar and Transfer Agency Dept.

Address: B1F, No. 210, Sec. 3, Chengde Rd., Taipei City, Taiwan

Tel: (02)2586-5859

Website: www.yuanta.com.tw

IV. Information on the CPA in the Financial Statement for the Most Recent Fiscal Year

Name of Accounting Firm: Deloitte Taiwan

Name of CPA: Cheng-Chih Lin & Su-Li Fang

Address: 6F., No. 2, Zhanye 1st Rd., Hsinchu City, Taiwan

Tel: (03)578-0899

Website: www.deloitte.com.tw

V. Offshore Secondary Exchange and Disclosure Information Available at:

Not Applicable.

VI. Company Website: <https://www.greatek.com.tw>

Table of Contents

Letter to Shareholders	1
2022 Business Report	3
Company Overview	7
Corporate Governance Report	
I. Organizational System	11
II. Information About Directors, President, Vice President, Assistant Vice President, and Heads of Departments and Branches	14
III. Remuneration Paid to Directors, President, and Vice President in the Most Recent Year	27
IV. Status of Corporate Governance	34
V. Information on CPA Fees	87
VI. Information on Replacement of CPAs	87
VII. 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	88
VIII. 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	88
IX. Relationship Information on the Company's Ten Largest Shareholders who are Related Parties or Relatives within the Second Degree of Kinship	90
X. Total Number of Shares Held by the Company, its Directors, Managerial Officers, and Companies Directly or Indirectly Controlled by the Company	91
Capital Overview	
I. Capital and Shares	92
II. Corporate Bonds	98
III. Preferred Shares	98
IV. Overseas Depository Receipts	98
V. Employee Stock Options	98
VI. Restricted Employee Shares	98
VII. Status of New Shares Issuance in Connection with Mergers and Acquisitions	98
VIII. Implementation of Capital Utilization Plan	98
Operational Highlights	
I. Business Activities	99
II. Market and Industry Overview	105
III. Employee Status	109
IV. Environmental Expenditures	109
V. Labor Relations	110
VI. Information and Communications Security Management	112
VII. Important Contracts	116

Financial Overview

I.	Condensed Balance Sheets and Statements of Comprehensive Income	117
II.	Financial Analysis	123
III.	Audit Committee's Report on the Financial Statements for the Most Recent Fiscal Year	129
IV.	Financial Statements for the Most Recent Fiscal Year	130
V.	CPA Certified Parent Company Only Financial Statement for the Most Recent Fiscal Year	186
VI.	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 ..	238

Review and Analysis of Financial Position and Financial Performance and Risk Evaluations

I.	Financial Position	239
II.	Financial Performance	239
III.	Cash Flow	240
IV.	The Effect Upon Financial Operations of Any Major Capital Expenditures During the Most Recent Fiscal Year	241
V.	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	242
VI.	Risk Analysis and Assessment	243
VII.	Other Important Matters	247

Special Disclosure

I.	Information Related to the Company's Affiliates	248
II.	Private Placement of Securities During the Most Recent Fiscal Year up to the Date of Publication of the Annual Report	251
III.	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	251
IV.	Other Matters Requiring Additional Description	251

Any Matter which May Materially Affect Shareholders' Equity or the Price of the Company's Securities	252
-------------------------------------------------------------------------------------------------------------------	------------

Letter to Shareholders

At the 2023 Annual Shareholders' Meeting

Dear Shareholders,

2022 was a challenging year for Greatek. After two years of prosperity, despite benefiting from 5G, PMIC, automotive, and network communication products, production capacity remained tight in the first half of the year. In the second half of the year, the global economy was impacted by inflation and interest rate hikes. Moreover, China's zero-COVID policy led to a sharp drop in demand for consumer electronics, resulting in inventory adjustments throughout the supply chain. But, Greatek benefited from packaging and testing order transfers due to international IDM giants' expanded outsourcing, resulting in a combined annual revenue of NT\$15.95 billion and a combined net profit after tax of NT\$3.158 billion in 2022. Although these figures decreased by 18% and 31.4% respectively compared to 2021, they are the second-highest in record. Furthermore, due to the Company's continued profitability, its debt-to-equity ratio remained at only 14%, indicating a very sound financial structure.

Looking ahead to 2023, resolved external negative factors such as inflation, interest rate hikes, and geopolitical tensions are dragging the momentum of economic recovery, prolonging inventory adjustments. The Company believes the low point is in Q1. However, China's lifting on COVID restrictions will help drive economic activities and increase demand for consumer electronics products. In 2023, capital expenditures will be reduced and costs strictly controlled in order to improve processes and enhance production efficiency. Production capacity for third-generation semiconductors will be accelerated in development and deployment with a scaled up automotive, networking, and industrial control product business to optimize product portfolios, and reduce the impact of economic cycles on the business.

To ensure its continued growth, the Company has been actively investing in the recruitment and cultivation of outstanding talents to enhance R&D capabilities and improve product quality. To reduce talent turnover and recruitment difficulties, the Company made adjustments to its salary structure in 2022, and is committed to improving remuneration and benefits. Greatek will continue to uphold its philosophy of honesty and pragmatism, improving production technology, quality, cost efficiency,

and services. At the same time, mutual growth also necessitates the cooperation and support of customers and suppliers.

Greatek's efforts over the years on developing its international clientele have yielded significant results. In 2022, approximately 50% of our orders are from international clients, meaning Greatek has successfully transformed into an international enterprise. The Company will emphasize improving product quality to provide highly reliable products and services for more business opportunities and rapid revenue growth. Corporate governance and environmental protection are given importance, with a commitment to energy-saving and carbon reduction to achieve the goal of sustainable development for the company.

A big thank you to all the shareholders for your support and encouragement to the entire staff and management team of Greatek. Your support brings the Company together to achieve excellencies.

We wish

you good health and fortune.

Chairman: Boris Hsieh

Greatek Electronics Inc.

2022 Business Report

After the outbreak of the Russo-Ukrainian War, global inflation soared and central banks around the world aggressively raised interest rates to curb inflation. In addition, the adverse factors such as China's COVID lockdown severely impacted the economy, the global economy slowed down, and end market demands froze, presenting challenges with high inventory levels. Personal computers, mobile phones, and consumer electronics products were negatively affected, and companies began to lay off employees and reduce costs. Since the middle of 2022, the semiconductor industry became increasingly uncertain month by month, taking a sharp turn for the worse. IC design companies have made inventory clearance a key priority, reducing wafer shipments. Some companies have even been willing to pay penalties to get free from the burden of long-term supply contracts. The production capacity of semiconductor wafer foundries decreased along with the demand, leading to a significant reduction in capital expenditures. Equipment manufacturers have a conservative outlook for 2023, and the entire semiconductor supply chain is gradually being affected by the economic correction. The International Monetary Fund (IMF) lowered its global economic growth projection to 3.4% in January 2023. Due to inflation causing weak end-consumer demand, the World Semiconductor Trade Statistics (WSTS) lowered its forecast for semiconductor production in November 2022 to US\$580.1 billion, a year-on-year growth of only 4.4%. The ITRI Industrial Economics and Knowledge Center estimated in November 2022 that Taiwan's IC production value in 2023 would be NT\$4,720.4 billion, a year-on-year growth of 15.6%, while the IC packaging and testing industry is expected to grow by 10.1%. In November 2022, Gartner estimated that the global semiconductor revenue in 2023 would reach US\$618 billion, a growth of 4%.

Greatek's 2022 consolidated operating income was NT\$15.95 billion, and the annual revenue decreased by 18% compared to 2021. In 2011, it was mainly benefited from the explosion of the semiconductor demand, and the revenue reached a new record. However, the semiconductor market in 2022 took a rush downturn, resulting the consolidated operating gross profit in 2022 decline by 32.5% compared to 2021. Below is a summary of Greatek's operating performance in 2022 and its Business Plan for 2023:

I. Implementation results of the 2022 Business Report:

The 2022 operating revenue was NT\$15.95 billion, representing a 18% decrease from NT\$19.46 billion in 2021. Consolidated gross margin was 26.5%, showing a 5.7% decline from 32.2% in 2021. In terms of earnings, the consolidated net income after tax was NT\$3.158 billion, representing a 31.4% lessen from NT\$4.603 billion in 2021. The consolidated earnings per share (EPS) was NT\$5.55, which was reduced by 31.4% from NT\$8.09 in 2021.

II. Budget implementation:

Greatek did not disclose its financial forecast in 2022.

III. Financial Revenue and Profitability Analysis:

Greatek's operating principles include robust growth, proactive innovations, and prudent investments. The 2022 capital expenditures amounted to approximately NT\$3.3 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, 2022 was NT\$3.8 billion due to continued profitability and adequate financial income and expenditure controls. The current ratio was 296%, 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 2022:

- (1) Net cash inflow from operating activities: NT\$6,387,407 thousand (mostly attributable to net profit and depreciation)
- (2) Net cash outflow from investing activities: NT\$(4,225,394 thousand), mostly attributable to acquisition of property, plant, and equipment.
- (3) Net cash outflow from financing activities: NT\$(2,456,890 thousand), mostly attributable to distribution of cash dividends.

2. Profitability Analysis

Item/Year	2022	2021
Return on asset (%)	12.40	19.16
Return on equity (%)	15.13	23.71
Net profit ratio (%)	19.80	23.65
Earnings per share (NT\$)	5.55	8.09

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. Electronic products have recently been developing towards high performance, high integration, high security, low cost, and low power consumption. In 2022, the Company committed its production capacity to QFN Dual Row products, improved the packaging and testing capabilities of third-generation semiconductors (GaN), developed Hybrid / MIS Package (Flip Chip + Wire Bond) products, and developed System-in-Package (SiP) products.

The R&D expense in 2022 was NT\$252 million, accounting for 1.6% of full year revenue.

V. Summary of the 2023 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. And expand the product line according to the needs of customers in order to provide professional services that satisfy its customers.
- (2) To invest prudently and to fully utilize our facilities and equipment so as to realize the maximum benefits from our production capacity.
- (3) To actively research and develop new processes and new materials; to reduce costs; to achieve operating goals; and to generate profit.
- (4) Founded on integrity, Greatek will make lasting and stable profits for the Company and its customers and suppliers.

- (5) 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.
- (6) The Company will strengthen professional training, encourage lifelong learning, and train talents to achieve sustainable management.
- (7) 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.
- (8) Striving for corporate sustainable development, Greatek is committed to environmental protection, energy conservation and carbon reduction, corporate governance, and corporate social responsibilities.

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 2023 is as follows:

Sales item	Estimated sales volume
Packaging	Approx. 9.3 billion units
W/T testing	Approx. 680,000 units
F/T testing	Approx. 5.8 billion units
WLP	Approx. 180,000 units
WLCSP	Approx. 400 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.

IMF's World Economic Outlook in January 2023 indicated that the global economy would still face challenges from inflation, central banks raising real interest rates and maintaining them above neutral rates, as well as the ongoing impact of the Russia-Ukraine conflict on economic activity. Economic growth is expected to remain weak, with a predicted global GDP of 2.9% in 2023. Meanwhile, the global inflation rate is expected to decrease from 8.8% to 6.6%. In November 2022, WSTS estimated that the global semiconductor market revenue in 2023 would decrease by 4.1% year-

on-year to US\$556.5 billion, with a 1.2% year-on-year decrease in logic chips. In November 2022, Gartner predicted that the semiconductor revenue for 2023 would be lowered to US\$596.0 billion, down 3.6% from the previous year. The global economic downturn and decreased consumer demand have a negative impact on the semiconductor market in 2023. Taiwanese and international institutions predict that the stagnant economic may continue into the first half of 2023, with a recovery expected to begin in the second half of the year. However, there are still many variables in 2023's global economy, such as the impact of tightening fiscal policies on financial markets, US-China tech disputes, cross-strait situations, the post-lockdown China, the impact of chip-related legislations in Europe and the US on the semiconductor supply chain, and geopolitical risks like the Russia-Ukraine conflict. There are still many uncertainties, and it remains to be seen whether the economy will rebound quickly or experience a slower recovery in 2023. As the semiconductor industry undergoes adjustments, the automotive market is expected to drive demand for sensors, power management chips, power control chips, car network communication chips, and display driver chips, among others, due to the trends of electrification and smartization. Its development prospects are highly anticipated.

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 2023 include: to enhance Dual Row/Wettable product manufacturing capability; to enhance WB QFN power IC multi-chip and thick wire product manufacturing capability; to enhance the packaging and testing ability for third generation semiconductor materials (gallium nitride; GaN & SiC); to develop MIS Package products; and to develop 12" FOW products product manufacturing capability. 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.

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

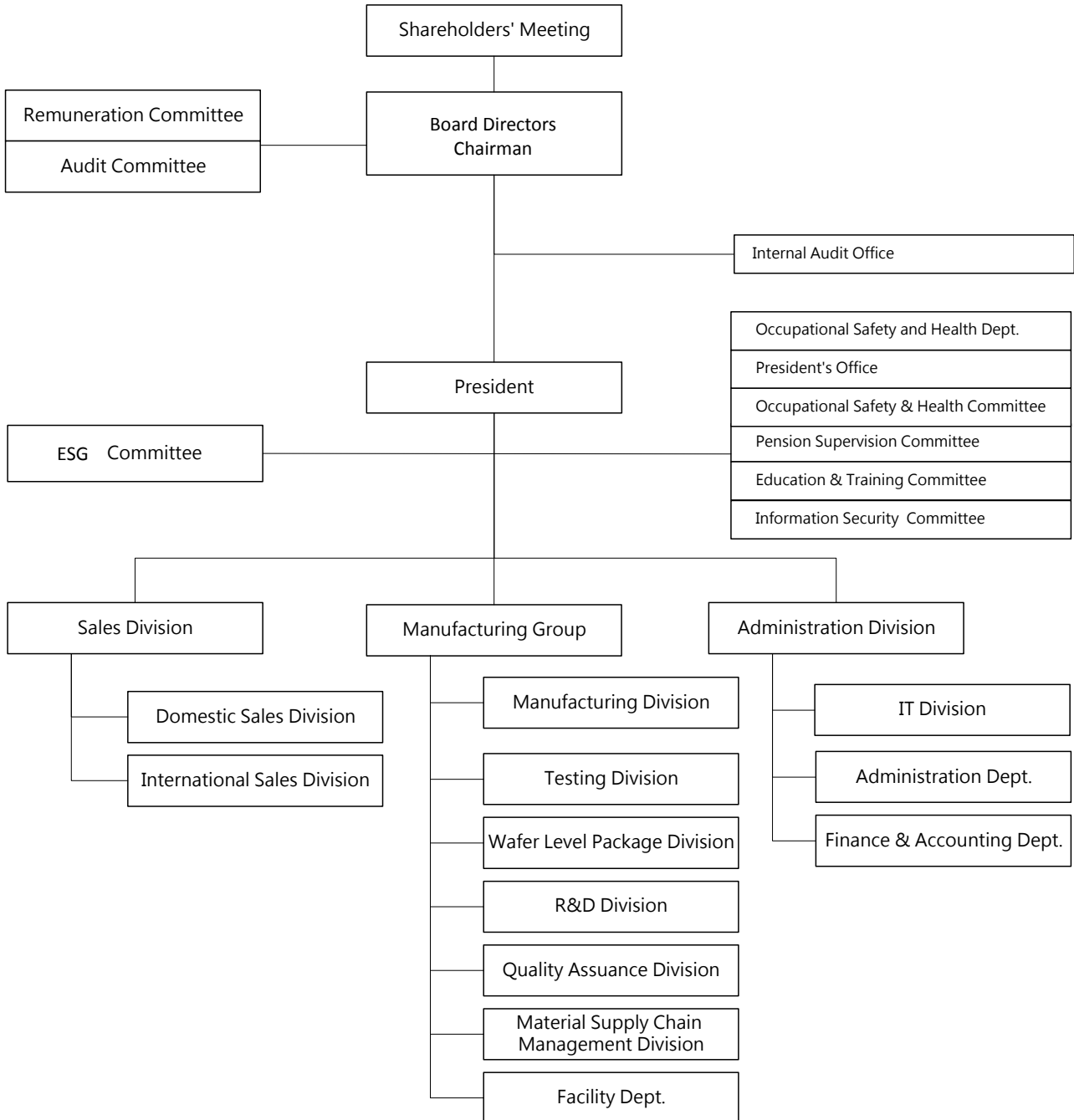
- February 2012 - Powertech Technology Inc. publicly acquired 244,064,379 shares of Greatek's ordinary shares and became a major shareholder holding 10% or more of Greatek's shares.
- April 2012 - Re-elections were held during Interim Shareholders' Meeting, and Powertech Technology Inc. officially joined 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 QC080000:2017 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.
- December 2020 - Passed and received IATF 16949:2016 Automotive Quality Management System certification, This Certificate is valid from 2020/12 until 2023/11.
Passed and received ISO 9001:2015 Quality Management System certification, This Certificate is valid from 2020/12 until 2023/12.
- May 2021 - Acquired 3,190 square meters of land (965 pings) for employee dormitories.
- June 2021 - Acquired 9,496.52 square meters of land (2,873 pings) for plant expansions.
- June 2021 - Passed and received ISO 14001:2015 Environmental Management System certification, This Certificate is valid from 2021/6 until 2024/6.
- November 2021 - Received No. 119 in "2020 Award for International Trade - Outstanding Export/Import Business" from the Bureau of Foreign Trade, MOEA.
- April 2022 - Passed and received ANSI/ESD S20.20-2014 Electrostatic Discharge Control Program certification, This Certificate is valid from 2022/4 until 2023/4.
- May 2022 - Passed and received ISO 45001:2018 Occupational Safety and Health Management System certification, This Certificate is valid from 2022/5 until 2025/5.
- September 2022 - Acquired 2,613.04 square meters of land (790 pings) for plant expansions.
Passed and received the IECQ QC080000:2017 Hazardous Substance Process Management System certification, This Certificate is valid from 2022/9 until 2026/1.
Passed and received ISO 26262:2018 Functional Safety Management System certification, This Certificate is valid from 2022/9 until 2026/1.
- October 2022 - Greatek has acquired 97.46% of the equity of Get-Team Tech Corp., an expert in plating with which the Company will be able to provide more complete services.
- October 2022 - Received No. 110 in "2021 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. President:
Coordinates Greatek's overall strategic objectives and executes and supervises its operations.
3. Internal Audit Office:
Reviews and evaluates the effectiveness of Greatek's internal control system.
4. ESG Committee:
Formulates, plans, and executes Greatek's Environmental, Social & governance (ESG), ethical corporate management, code of ethics and business conduct, as well as business continuity management policies.
5. Occupational Safety and Health Department:
Formulates, plans, supervises, and promotes safety and health management matters and instructs related departments on its implementation.
6. President's Office:
Plans, executes, and analyzes Greatek's operational and strategic plans.
7. 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.
8. Pension Supervision Committee:
Supervises and manages pension system and dedicated pension accounts.
9. Education & Training Committee:
Plans, supervises, and instructs matters related to training.
10. Information Security Committee:
In charge of promoting and coordinating the building and maintenance of an information security management system.
11. Sales Division:
Plans, supervises, and executes operations related to the Sales Division; business expansion, marketing, and customer service.
12. 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.
13. 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.
14. 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.

15. R&D Division:

Researches and develops new products and processes; compares and experiments with new materials and equipment; analyzes product abnormalities and drafts countermeasures.

16. 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.

17. Material Supply Chain Management Division:

Formulates, supervises, and executes operations related to production management, materials management, procurement, export/import and bonded warehousing.

18. 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.

19. 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, 2023

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. Legal Representative Director of Powertech Technology Inc. Chairman of Get-Team Tech Corporation	No	No	No	(Note 4)
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%	2,164,224	0.38%	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 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.)	Yu-Chin Chen	Male 61-70	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. President of Powertech Semiconductor (Xian) Co., Ltd.	Senior Vice President and COO of Powertech Technology Inc. Director of PTI Education Foundation	No	No	No	No
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 51-60	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 MetaLex Technology Corporation	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	
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. Director of Neousys Technology INC.	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 61-70	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).

To strengthen the functions of the Board of Directors and enhance corporate governance, the Board passed a resolution on February 24, 2023 to relieve Chairman Boris Hsieh of his position as CEO.

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: 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 8: 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, 2023

Name of Corporate Director	Substantial Shareholder of Corporate Directors & Shareholding Ratio
Powertech Technology Inc.	China Life Insurance Co., Ltd. (Taiwan) 5.16%; Yuanta Taiwan Dividend Plus ETF 4.55%; 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%; Labor Pension Fund(New Scheme) 2.47%; CHUNGHWA POST CO., LTD. 2.45%; Nan Shan Life Insurance Company, Ltd. 2.27%; Cathay Life Insurance Company, Ltd. 2.22%; KTC-SUN Corporation 1.81%; Greatek Electronics Inc. 1.55%
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 8, 2023

Name of Corporate Director	Substantial Shareholder of Corporate Directors & Shareholding Ratio
China Life Insurance Co., Ltd. (Taiwan)	China Development Financial Holding Corporation 100%
Dedicated investment account of Kingston Technology Corporation	John Tu 50%; David Sun 50%
CHUNGHWA POST CO., LTD.	Ministry of Transportation and Communications 100%
Nan Shan Life Insurance Company, Ltd.	Runcheng Investment Holdings Co., Ltd. 89.5498%; 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. 0.1319%; JI PIN Investment Co., Ltd. 0.1069%; PAN CITY CO., LTD.0.0945%
Cathay Life Insurance Company, Ltd.	Cathay Financial Holdings Co., Ltd. 100%
KTC-SUN Corporation	David Sun 100%
Greatek Electronics Inc.	Powertech Technology Inc. 42.91%; Chang Gung Medical Foundation 2.13%; Su-Yu Wu 1.14%; Hung-Wei Venture Capital Co., Ltd. 1.02%; Chiu-Hsia Yang 1.01%; Chang Wah Electromaterials Inc. 0.95%; Chuang-Hsien Chueh 0.81%; Dedicated investment account from Norges Bank in the custody of CitiBank Taiwan 0.81%; Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds 0.75%; Huang,Li-Syue 0.72%

Name of Corporate Director	Substantial Shareholder of Corporate Directors & Shareholding Ratio
Realtek Semiconductor Corporation	Fubon Life Insurance Co., Ltd. 4.59%; Cotech Pharmaceutical Industry Co., Ltd. 4.32%; Dedicated investment account of Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF in the custody of Taishin International Bank Co. Ltd. 2.92%; Dedicated investment account of Yuanta Taiwan Dividend Plus ETF in the custody of Cathay United Bank Company Limited 2.5%; Cathay Life Insurance Company, Ltd. 1.87%; Nan Shan Life Insurance Company, Ltd. 1.84%; Dedicated investment account of BVI Leist International Co., Ltd. in the custody of CTBC Bank 1.84%; Labor Retirement Reserve Fund 1.82%; China Life Insurance Co., Ltd. (Taiwan) 1.62%; Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds 1.31%

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) Representative of Corporate Director Powertech Technology Inc. (Semiconductor) Chief Executive Officer of Powertech Technology Inc. (Semiconductor) Chairman of Get-Team Tech Corporation (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 Powertech Technology Inc.	<ol style="list-style-type: none"> Director's professional qualifications and experiences: Head of Manufacturing Department at Hua-Hsu Electronics Co., Ltd. (Other electronics) 	The Director does not have marital or kinship relationship with any other Director of the Company.	-

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
Louis Ning	2. President of Greatek Electronics 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.		
Director Representative of Powertech Technology Inc. J.S. Leu	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) 2. 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. Y.C. Chen	1. Director's professional qualifications and experiences: President of Powertech Technology (Xian) Corp. (Semiconductor) Senior Vice President and COO of Powertech Technology Inc. (Semiconductor) 2. 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 Hung-Wei Venture Capital Co., Ltd. Representative Jr-Neng Chang	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) 2. 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.	-
Independent Director 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	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>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) Director of Neousys Technology INC. (June 2022 to present Computer and peripheral equipment industry)</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)</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</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>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>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>	
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:</p> <p>Managing Director of Hikari Glass(H.K.) Limited (December 2003 to December 2004 Optronics)</p> <p>President of Taiwan Business Division, HOYA Corporation (December 2006 to November 2015 Optronic equipment manufacturing)</p> <p>President of Calin Technology Co., Ltd. (January 2016 to December 2019 Optronics)</p> <p>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,</p>	-

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
		accounting or related services to the Company or any affiliate of the Company in the past 2 years.	

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:

- (1) 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.
- (2) The members of the Board of Directors have diverse and complementary backgrounds, and the overall industry experience of the Board of Directors is greater than 1.
- (3) Each of the seven listed professional competencies must be possessed by at least 2/3 of the Directors.

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

(1) 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
			51~60	61~70	71~80								
Boris Hsieh	Male			√		11	√	√	√	√	√	√	√
D.K. Tsai	Male				√	11	√	√	√	√	√	√	√
Louis Ning	Male	√		√		27	√	√	√	√	√	√	√
J.S. Leu	Male			√		11	√		√	√	√	√	√
Y.C. Chen	Male			√		2	√		√	√	√	√	
Jr-Neng Chang	Male		√			16	√	√	√	√	√	√	
Chu-Chien Feng	Male				√	8	√	√	√	√	√	√	√
Chi-Yung Wu	Male			√		5	√	√	√	√	√	√	√
M.J. Chuang	Male			√		5	√	√	√	√	√	√	√

(2) 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 semiconductor upstream, midstream and downstream or 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.

(3) The 10th board of directors achieved the goal of the board diversity policy.

(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, 2023

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. Chairman of Get- Team Tech Corporation	No	No	No	No
President	Taiwan (R.O.C.)	Louis Ning	Male	2002.08.01	2,164,224	0.38%	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).

Passing the torch and going through with the succession plan, Chairman D.K. Tsai handed over his position to CEO Boris Hsieh as the new Chairman of the Company on July 21, 2021. To strengthen the functions of the Board of Directors and enhance corporate governance, the Board passed a resolution on February 24, 2023 to relieve Chairman Boris Hsieh of his position as CEO.

Note 4: Executive Vice President Tonwey Cheng Resigned on March 31, 2022 due to career plans.

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 9)		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 10)								
		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	70,622	70,622	0	0	70,622	70,622	2.24%	2.24%	0	0	0	0	0	0	70,622	70,622	2.24%	2.24%	None				
Chairman	Powertech Technology Inc. Representative D.K. Tsai	0	0	0	0	10,089	10,089	864	864	10,953	10,953	0.35%	0.35%	18,782	18,782	53	53	3,500	0	3,500	0	33,288	33,288	1.05%	1.05%	161,607		
Director	Powertech Technology Inc. Representative Boris Hsieh																											
Director	Powertech Technology Inc. Representative Louis Ning																											
Director	Powertech Technology Inc. Representative J.S. Leu																											
Director	Powertech Technology Inc. Representative Yu-Chin Chen																											
Director	Hung-Wei Venture Capital Co., Ltd. Representative Jr-Neng Chang																											
Independent Director	Chu-Chien Feng	4,320	4,320	0	0	0	0	432	432	4,752	4,752	0.15%	0.15%	0	0	0	0	0	0	0	0	0	0	4,752	4,752	0.15%	0.15%	0
Independent Director	Chi-Yung Wu																											
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 24, 2023.

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 2022 shall be distributed this year according to the remuneration amounts approved by the Board of Directors on February 24, 2023, which is based on actual distribution percentage in the previous year.
- Note 7: The total amount of remuneration paid to the directors of the Company, including the Company itself, should be disclosed in the consolidated report, and the names of the directors should be disclosed in the appropriate range.
- 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: Net income shall refer to the earnings after tax identified in the entity of Parent Company Only Financial Statement for the most recent year.
- Note 10: 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.

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 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 Yu-Chin Chen	Powertech Technology Inc. Representative D.K. Tsai Powertech Technology Inc. Representative J.S. Leu 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 Louis Ning	-
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)	-	-	-	-
NT\$10,000,000 (inclusive) to NT\$15,000,000 (exclusive)	Hung-Wei Venture Capital Co., Ltd.	Hung-Wei Venture Capital Co., Ltd.	Hung-Wei Venture Capital Co., Ltd	Powertech Technology Inc. Representative Yu-Chin Chen
NT\$15,000,000 (inclusive) to NT\$30,000,000 (exclusive)	-	-	Powertech Technology Inc. Representative Boris Hsieh	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	10	10	10	5

Note: 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 8)		Remuneration Received from Invested Companies other than the Company's Subsidiary, or from Parent Company (Note 9)
		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)	8,313	8,313	299	299	18,381	18,381	9,200	-	9,200	-	36,193 1.15%	36,193 1.15%	58,750
President	Louis Ning													
Executive Vice President	Tonwey Cheng (Note 7)													
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 24, 2023, which is based on actual distribution percentage in the previous year.

Note 5: The total amount of remuneration paid to each president and vice president of the Company, including the Company itself, should be disclosed in the consolidated report, and the names of the presidents and vice presidents should be disclosed in the appropriate range.

Note 6: The Board passed a resolution on February 24, 2023 to relieve Chairman Boris Hsieh of his position as CEO.

Note 7: Executive Vice President Tonwey Cheng Resigned on March 31, 2022 due to career plans.

Note 8: Net income shall refer to the earnings after tax identified in the entity of Parent Company Only Financial Statement for the most recent year.

Note 9: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)	-	-
NT\$3,500,000 (inclusive) to NT\$5,000,000 (exclusive)	Sheng Chen, Jones Chen, Avis Lee	-
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)	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	2

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

As of March 31, 2023 Unit: NT\$ thousands; %

	Title	Name	Share	Cash (Note 2)	Total	Proportion to Net Income After Tax (Note 3)
Manager	President	Louis Ning	0	10,380	10,380	0.33%
	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 Parent Company Only Financial Statements 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

	2021	2022
Net income after tax	4,602,762	3,158,170
Directors' remuneration	129,825	86,327
Directors' remuneration as a percentage of net income after tax	2.82%	2.73%
Remuneration of President and Vice Presidents	40,242	36,193
Remuneration of President and Vice Presidents as a percentage of net income after tax	0.87%	1.15%

- (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 :
 - ①The Company establishes an incentive bonus distribution method for achieving revenue target for each year,
 - ②pursuant 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.
 - ③The year-end bonus is granted based on the Year-end Bonus and Incentives Distribution Guidelines, taking into account the Company's annual performance, financial condition, operational results, and the risks and responsibilities of the managers.
 - (3) The combination of salary and compensation paid by the Company is determined in accordance with the regulations of the Remuneration Committee. This includes cash, stock options, dividends paid in stock, retirement benefits or severance payments, allowances, and other measures with substantial incentives. Its scope is consistent with the remunerations set forth for directors and executives in Regulations Governing Information to be Published in Annual Reports of Public Companies.
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 2022 were all "Beyond the Standard Level".
The Company regularly evaluates Directors' remunerations in accordance with the "Board of Directors Performance Evaluation Methods." The reasonableness of the performance evaluation for the Board of Directors and remunerations paid to the Directors have been reviewed and approved by the Remuneration Committee and the Board of Directors.
 - (2) To incentivize our employees' efforts, Greatek shares operating performance with the employees. Operational results and employees' compensation and Directors' remunerations are based on Article 24 of the Articles of Incorporation. The allocation of employees' compensation and Directors' remunerations for 2022 has been reviewed and approved by the Remuneration Committee and the

Board of Directors

- (3) 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.

The reasonableness of the salaries and remunerations for managers in 2022 have been reviewed by the Remuneration Committee and submitted to the Board of Directors for approval. Please refer to the operating status of the Remuneration Committee.

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) Subsidiaries included in the Consolidated Financial Statements have not paid any remuneration to the Directors, President, and Vice President in the past two years.

Chapter 4 Status of Corporate Governance

I. Functions of the Board of Directors:

The Board of Directors has convened 4 meetings (A) in 2022 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	4	0	100	
Director	Powertech Technology Inc. Corporate Representative D.K. Tsai	4	0	100	
Director	Powertech Technology Inc. Corporate Representative Louis Ning	4	0	100	
Director	Powertech Technology Inc. Corporate Representative J.S. Leu	4	2	50	
Director	Powertech Technology Inc. Corporate Representative Y.C. Chen	4	0	100	
Director	Hung-Wei Venture Capital Co., Ltd. Corporate Representative Jr-Neng Chang	4	0	100	
Independent Director	Chu-Chien Feng	4	0	100	
Independent Director	Chi-Yung Wu	4	0	100	
Independent Director	M.J. Chuang	4	2	50	

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
2022/7/29 6th meeting from the 10th Board	The 2021 remuneration adjustment proposal for the managerial officers and various compensation packages.	Chairman Boris Hsieh and Representatives of Powertech Technology Inc. Louis Ning	In this project, Chairman Boris Hsieh's concurrent position as CEO and Director Louis Ning's concurrent position as President create conflicts of interest.	All directors present (including those attending by proxy), except those who recused themselves due to conflicts of interest and did not participate in the discussion and voting, have approved the resolution following the chairman's inquiry.
	To review and approve the Waiver of the Non-Competition Clause imposed on Directors	Independent Director Chu-Chien Feng	In this project, Independent Director Chu-Chien Feng's concurrent position as a Director at Neousys Technology creates a conflict of interest.	All directors present (including those attending by proxy), except those who recused themselves due to conflicts of interest and did not participate in the discussion and voting, have approved the resolution following the chairman's inquiry.
2023/2/24 8th meeting from the 10th Board	To review and approve the Waiver of the Non-Competition Clause imposed on Directors	Chairman Boris Hsieh	In this project, Chairman Boris Hsieh's concurrent position as the Chairman of Get-Team Tech Corp. creates a conflict of interest.	All directors present (including those attending by proxy), except those who recused themselves due to conflicts of interest and did not participate in the discussion and voting, have approved the resolution following the chairman's inquiry.

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	2022/1/1~2022/12/31	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 93.7%, 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 96.4%, 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 99.7%, 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 98%, 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 24, 2023.

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. 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.
4. Risk management policy and procedures have been formulated as of October 29, 2021.
5. 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.
6. The interim financial report for the fiscal year 2022 of the Company has been reviewed by the audit committee and approved by the Board of Directors.

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 2022, 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) Operational procedures for acquisition and disposal of assets were devised or revised in accordance with Article 36-1 of the Securities and Exchange Act.
 - (4) Material asset or 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 25, 2022, CPAs Cheng-Chih Lin and Su-Li Fang 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. In 2022, 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	
Independent Director	Chi-Yung Wu	4	0	100	
Independent Director	M.J. Chuang	2	2	50	

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.
2022/2/25 3rd meeting in the 2nd term of Audit	Amendment to Greatek's internal control system.	V	No
	2021 assessment on the effectiveness of internal control system and "Statement of Internal Control System".	V	No
	Amendment to the "Operational procedures for	V	No

Committee	Acquisition and Disposal of Assets”.		
	Review of investment to establish a subsidiary.	V	No
	Appointment of 2022 CPA and evaluation on CPA's independence.	V	No
	Review of Greatek's 2021 Business Report.	V	No
	Review of Greatek's 2021 financial statements.	V	No
	Review of Greatek's 2021 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 on February 25, 2022.		
2022/4/29 4th meeting in the 2nd term of Audit Committee	Application for amount to be used toward engagement in transaction of forward exchange derivatives.	V	No
	Amendment to the "Corporate Social Responsibility Practice Principles".	V	No
	Review to invest in domestic equity investment.	V	No
	Review of Greatek's 2022 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 (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 April 29, 2022.		
2022/7/29 5th meeting in the 2nd term of Audit Committee	Review of Greatek's 2022 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 29, 2022.		
2022/10/28 6th meeting in the 2nd term of Audit Committee	Establish Greatek's 2023 Audit Plan.	V	No
	Amendment to the Procedures for Handling Material Inside Information.	V	No
	Review of Greatek's 2022 Third Quarter (Q3) 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 October 28, 2022.		

(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 2022; key communications have been summarized as the following:

Audit Committee	Key communication matters with the chief internal auditor	Key communication matters with CPA
2022/2/25 3rd meeting in the 2nd 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 2021 assessment on the effectiveness of internal control system" and "Statement of Internal Control System". ● Amendment to the "Operational procedures for Acquisition and Disposal of Assets". ● Review of investment to establish a subsidiary. ● Appointment of 2022 CPA and evaluation on CPA's independence. 	<ul style="list-style-type: none"> ● Discussion over audit contents and results of the 2021 financial statements (discussion and communications over the matters related to the review summarizations). ● Introduction to Tax laws: "Introduction to the guidelines and regulations to be applied in the near future."
2022/4/29 4th meeting in the 2nd term of Audit Committee	<ul style="list-style-type: none"> ● Review of the internal audit report. ● Review to invest in domestic equity investment. 	<ul style="list-style-type: none"> ● Discussion over audit contents and results of the 2022 Q1 financial statements. ● Introduction to tax laws: Tai-Cai-Shui Mandate No. 11004029020 requires discussion and communication on the "Review of the Recognition Principles and Supporting Documents for Goodwill Reported by Enterprises."
2022/7/29 5th 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 2022 Q2 financial statements. ● Introduction to tax laws: Article 10-2 of the Statute for Industrial Innovation.
2022/10/28 6th meeting in the 2nd	<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 2022 Q3 financial statements.

term of Audit Committee	<ul style="list-style-type: none"> ● Report on the cancellation of the establishment of a subsidiary. ● Progress report on domestic investment projects. ● Discussion over 2023 Internal Audit Plan. ● Amendment to the Procedures for Handling Material Inside Information. 	<ul style="list-style-type: none"> ● Introduction to tax laws: "Partial Amendment to the Enterprise Merger and Acquisition Act" and "Amendment to Deductions for Investment in Smart Machinery or 5G Mobile Information Systems by Corporations or Limited Partnerships."
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.		

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?	V		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 1 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 3-6 years, and one has assumed office for 7-9 years. Eight members of the Board are aged over 60 while one is aged below 60.	None
2. In addition to establishing Compensation Committee and Audit Committee in accordance with laws, would the Company voluntarily set up other functional committees?		V	Currently, Greatek does not have a need to establish other functional committees.	Will be set up based on future needs.
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		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.	None

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) & AQI Report issued by the CPA to the Audit Committee and the Board of Directors.</p> <p>AQI Report: Disclosure is based on the disclosure framework and disclosure template of the Audit Quality Indicators (AQI) issued by the Financial Supervisory Commission in 5 dimensions and 13 indicators, with information on both the "firm-level" and "audit case-</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																																			
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																																				

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Explanation	
			level" based on the nature of the indicators. The 5 dimensions are professionalism, quality control, independence, supervision, and innovation capability. 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 25, 2022 and February 24, 2023.	
(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, planning and assisting directors' induction training and continuing education courses, 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, reviewing the legality and independence of independent directors' qualifications in a compliant manner, assisting in matters related to the resignation or reassignment of directors or representative personnel, 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	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	None

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Explanation	
website, and appropriately responded to the major CSR issues that stakeholders were concerned with?			annually regarding the communication between each individual stakeholder.	
(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
(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.	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		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.	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		Greatek complies with relevant laws, and handles the information reporting and publication before the prescribed deadlines.	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	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>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.</p> <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: Please refer to Implementation Status of Risk Management Policy and Risk Evaluation Standard.</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 28, 2022.</p>	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Explanation	
<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)</p> <ol style="list-style-type: none"> 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. 5. The interim financial report for the fiscal year 2022 of the Company has been reviewed by the audit committee and approved by the Board of Directors. 6. To strengthen the functions of the Board of Directors and enhance corporate governance, the Board passed a resolution on February 24, 2023 to relieve Chairman Boris Hsieh of his position as CEO. 				
<p>(X) Implementation Status of Risk Management Policy and Risk Evaluation Standard</p> <p>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.</p> <p>In 2022, 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 29, 2022.</p>				

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, 2023

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
		<p>Director of Neusys Technology INC. (June 2022 to present Computer and peripheral equipment industry)</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>		
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>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
		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	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 2022, 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	
Member	Chi-Yung Wu	2	0	100	
Member	M.J. Chuang	1	1	50	

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
2022/2/25 2nd meeting in the 5th term of Audit Committee	Review of the proposal for 2021 employee compensation and Directors' remuneration.	Approved by all members of the Committee.	No	Approved upon discussion from the Board of Directors.
2022/7/29 3rd meeting in the 5th term of Audit Committee	Review of the proposal for 2021 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 2021 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 2022.	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

Fulfillment 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?	V		The company's sustainability (ESG) committee is the top management-level committee within the company responsible for climate-related issues. The chairman serves as the convener of the sustainability promotion committee, and the President serves as a steering committee member. While department managers are responsible for the operation of the committee under their jurisdiction. The committee includes representatives from all operational units of the Company, and is responsible for verifying the management standards and implementation of sustainability issues, evaluating and/or managing climate-related issues, and managing the review of key performance indicators. The Board of Directors oversees the Company's directions on sustainable development, production and sales policies, as well as future sustainable development strategies and regular review measures. The ESG Committee status of ESG and ethical business management executions in 2021 were reported to the Board of Directors on July 29, 2022, and such activities have included operations of the risk management policy and risk management measures, as well as sustainable development performance, etc.	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)	V		1. The period of Greatek's ESG information disclose our sustainable development performance from January 1, 2022 to December 31, 2022, and includes specific implementations and performance data in terms of corporate governance and economic, social, and environmental aspects. The ESG assessment boundary contains Greatek Electronics Inc.'s Plant 1,	None

Fulfillment 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)	
			<p>Plant 2, Plant 3, WT Plant 1, the newly established Plant 5 and WT Plant 2, as well as relevant significant topics related to external stakeholders such as customers, suppliers, shareholders, government agencies, communities, and financial institutions.</p> <p>In 2022, 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 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>	
III. Environmental Issues	V		Greatek has acquired the certifications for ISO 14001 and IECQ QC 080000 and received GP certification from major enterprises including SONY and	None

Fulfillment 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 a suitable environmental management system based on the characteristics of its industry?			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. Please refer to the Company Overview for the validity period of the above-mentioned certifications.	
(II) Has the Company committed to improving the efficiency of energy consumption and to use renewable materials that have low impacts on the environment?	V		The Company strives to enhance the efficiency of resource utilization by purchasing new equipment with high energy efficiency and energy-saving designs, and installing variable-frequency air compressors to reduce currents. In response to the Heavy Electricity User Clause, the planning and construction of solar power generation equipment began in 2022 Q2 and is expected to be completed by 2023 Q3, with a total power generation capacity of 1336.44 KW and an annual power generation of approximately 1,260,000 KWH. The Company will gradually increase the use of renewable energy. The Company established a wastewater recycling system and will expand it as the business grows to increase the amount of recycled water. It is committed to recycling and reducing disposable products. We will continue to promote waste reduction and recycling programs to contribute toward the ecology and the environment. For detailed information, please refer to Description—Important Information on the Promotion of Sustainable Development. The Company is committed to green product management by purchasing raw	None

Fulfillment 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)	
			materials that comply with the EU RoHS, REACH, and halogen-free regulations, in order to reduce pollution from manufacturing processes or after product disposal and minimize environmental impact.	
(III) Has the Company assessed the potential risks and opportunities arising from climate change at present and in the future and taken related countermeasures?	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 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. Additionally, we will continue to promote power-saving measures to save costs, And Use renewable energy in compliance with regulations to reduce carbon emissions.</p> <p>please refer to Climate Information Disclosure by Listed Companies.</p>	None

Fulfillment 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)	
(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?	V		<p>The Company promotes environmental management (ISO-14001) and reduces energy consumption in its processes to minimize carbon emissions. In 2022, every plant has included direct emissions (Scope 1), energy indirect emissions (Scope 2), and indirect emissions from materials and services (Scope 3) in the greenhouse gas inventory per the new version of ISO 14064-1:2018.</p> <p>For detailed information, please refer to Description—Important Information on the Promotion of Sustainable Development and Climate Information Disclosure by Listed Companies.</p> <p>To adapt to climate change, promote sustainable management, and comply with regulations, the Company will complete the construction of solar panels or negotiate the purchase of green energy in 2023.</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.</p> <p>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
IV. Social Issues (I) Has the Company formulated appropriate management policies and procedures	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</p>	None

Fulfillment 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)	
according to relevant regulations and the International Bill of Human Rights?			<p>Rights at Work, and the Universal Declaration of Human Rights. We have also formulated and comply with the "Management Guidelines for Social 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 602 national and foreign workers in 2022.</p> <p>The 2022 internal or external audits found no cases of child labor or forced labor.</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?	V		<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</p>	None

Fulfillment Item	Implementation status (Note 1)			Summary (Note 2)	Discrepancies with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons thereof																																																																																					
	Yes	No																																																																																								
				<p>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 4 times in 2022.</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 59.71% overall, followed by engineering personnel at 27.85%; managerial positions make up 6.4%, while administrative positions account for 6.04% overall. As of December 31, 2022, 56% of Greatek's total employees are female, while males account for 44%.</p> <table border="1"> <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>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> <tr> <td>2022</td> <td>1383</td> <td>230</td> <td>18</td> <td>1496</td> <td>19</td> <td>1</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th rowspan="3">Year</th> <th colspan="6">Foreign</th> <th rowspan="3">Total</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>Sectional manager or manager</th> <th>Divisional head or above</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>140</td> <td>0</td> <td>0</td> <td>832</td> <td>0</td> <td>0</td> <td>3987</td> </tr> <tr> <td>2021</td> <td>235</td> <td>0</td> <td>0</td> <td>888</td> <td>0</td> <td>0</td> <td>4286</td> </tr> <tr> <td>2022</td> <td>210</td> <td>0</td> <td>0</td> <td>830</td> <td>0</td> <td>0</td> <td>4187</td> </tr> </tbody> </table> <p>The average employee salary disclosed on the 2022 financial statements was</p>	Year	Domestic						Male			Female			General employee	Sectional manager or manager	Divisional head or above	General employee	Divisional head or manager	Divisional head or above	2020	1340	190	17	1450	17	1	2021	1418	205	18	1502	19	1	2022	1383	230	18	1496	19	1	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	2020	140	0	0	832	0	0	3987	2021	235	0	0	888	0	0	4286	2022	210	0	0	830	0	0	4187		
Year	Domestic																																																																																									
	Male			Female																																																																																						
	General employee	Sectional manager or manager	Divisional head or above	General employee	Divisional head or manager	Divisional head or above																																																																																				
2020	1340	190	17	1450	17	1																																																																																				
2021	1418	205	18	1502	19	1																																																																																				
2022	1383	230	18	1496	19	1																																																																																				
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																																																																																				
2020	140	0	0	832	0	0	3987																																																																																			
2021	235	0	0	888	0	0	4286																																																																																			
2022	210	0	0	830	0	0	4187																																																																																			

Fulfillment 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)	
			NT\$749 thousand. Greatek's Employee Welfare Committee's employee benefit expenditure reached NT\$67.26 million in 2022. 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		<p>In accordance with the ISO 45001 Occupational Health and Safety Management Systems, the Responsible Business Alliance (RBA) Code of Conduct, and local regulations, the plants have established management organizations and conduct regular audits to effectively prevent accidents. Management systems cover all workers of a plant with the goal of "zero accidents."</p> <p><u>Verification Status</u> The Company maintains ISO 45001 Occupational Health and Safety Management System certified, meaning it can effectively address issues that may cause long-term effects on workers' health or lead to accidents.</p> <p><u>Occupational Safety Self-Management</u> The Company promotes occupational safety and health self-management measures, including pre-employment training, on-the-job training, and certification training. It controls potential hazards, providing employees with necessary protective measures and personal protective equipment. Its chemical management and workplace environmental monitoring involves emergency response procedures and annual fire and disaster rescue training.</p> <p><u>Occupational Hazard Prevention</u> Greatek actively prevents occupational hazards and regularly affixes promotional posters at our sites and disseminates information on incidents of occupational hazards. All employees participated in evacuation drills in 2022, and employee health checkups are organized in each year to prevent and manage occupational</p>	None

Fulfillment 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)	
			<p>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 2022, the disabling frequency rate (FR) of Gongyi Plant and Toufeng were 0.42 and 0.59, respectively. This is an improvement over the previous year.</p> <p>There were 4 incidents of personnel occupational hazards, which involved 4 persons (accounting for 0.096% of the total number of employees as of December 31, 2022).</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 2022: New employee training: A total of 120 sessions of new employee training were organized in 2022 to both national and foreign workers. Contents of these</p>	None

Fulfillment 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)	
			<p>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 2022, a total of 7,054 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 2022, a total of 1,297 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 2022, a total of 39,628 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 2022, a total of 109 persons received external trainings.</p>	

Fulfillment 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)	
			Management training: In 2022, a total of 157 people participated in the new employee training and job instruction training.	
(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?	V		<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 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.</p>	None
(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>1. 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.</p> <p>2. Compliance is ensured through supplier audits and visits. 17 suppliers were audited in 2022. 4 suppliers were newly added in 2022. Audit results: all suppliers have passed the audits.</p>	None

Fulfillment Item	Implementation status (Note 1)		Summary (Note 2)	Discrepancies with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons thereof								
	Yes	No										
			<p>Supplier audit results reached 80 points or above.</p> <p>3.All suppliers that Greatek worked with in 2022 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, labor rights 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, labor rights 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.	
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, labor rights 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.											
V.	V		The content framework for Greatek's 2022 ESG Report is prepared in line with the Core Option of the GRI Standards, announced by the Global Sustainability Standard Board (GSSB), And please TUV NORD Taiwan for verification. It has been publicly disclosed on the "CSR" section of Greatek's website.	None								

Fulfillment 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)	
<p>VI. If the Company has established the Sustainable Development practice principles based on the " Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies ", please describe any discrepancy between the Principles and their implementation: The "Corporate Social Responsibility Practice Guidelines" have been revised by the Board of Directors on April 29, 2022 to the "Sustainability Practice Guidelines." The actual operations are consistent with the established guidelines.</p> <p>VII. Any important information helpful to facilitate the understanding of ESG operations: Please refer to instruction 1.</p>				

Note 1:

Note 2: 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. 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. However, regarding the Initiatives 1 and 2, listed companies should describe the governance and supervision framework for sustainable development, including but not limited to management policies, strategy and goal setting, and review measures. The Company's risk management policies or strategies of environmental, social, and corporate governance issues related to operations and their evaluations are also documented.

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

Instruction 1 : Important information of ESG operations :

(I) Data and Implementation of Energy Saving Measures for Most Recent Two Years:

1. 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 3,223,449 kWh in 2022, carbon reductions have also reached 1,618.2 tons CO₂e.
2. The energy conservation in 2022 has been increased by approximately 32.77% from 2021, or saving as much as 795,565 Kwh annually. In addition, carbon reductions have also reached 399.37 tons CO₂e.
3. In 2022, the volume of recycled processing wastewater has increased by 3,196 tons, greatly surpassing our goal of 3,000 ton increase. We will continue to build recycling system in 2023, and have established a goal of increasing the volume of recycled wastewater by 3,000 tons, based on 2020.

	2021	2022	Change %
GHG emissions amount	132,467.952 ton CO2e/year	291,604.583 ton CO2e/year	120.132%
Tap water intake	1,201,102 tons	1,106,755 tons	-7.86%
Processing water recycled	604,123 tons	607,319 tons	0.53%
Power consumption	214,880,741kWh	202,296,400kWh	-5.86%
Energy conservation	2,427,884kWh	3,223,449kWh	32.77%

(Note): The 2022 reporting scope of greenhouse gas emissions increased by Plant 5, WT Plant and expanded the reporting boundary. The emissions are estimates and have not been verified.

(II) 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 2022, cumulatively 2,029.89 tons of waste was generated from our production processes, in which hazardous waste merely accounted for 322.81 tons. A total of 555.77 tons of waste was recycled and reused, reaching a 27.38% of recycling rate, which is lower than the 27.84% recycling rate from the previous year and indicates our effort toward our continued goal toward waste reduction and recycling.

Types of Waste	Treatment	2021 (tons)	2022 (tons)
Generic	Chemical	2.34	1.59
	Incineration	442.75	428.36
	Physical treatment	1,042.13	721.35
Hazardous	Chemical	111.04	111.04
	Incineration	62.95	90.93
	Physical treatment	5.77	3.45
	Solid	157.91	90.51
	Stabilizing treatment	10.70	15.88
	Cleaning/washing	11.93	11.00

Revenue from recycling (NT\$)	2021	2022
Scraps	75,578,899	73,075,752
Plastics	3,309,020	2,482,507
Paper	1,225,649	1,413,759
Miscellaneous	1,725,646	543,184

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	2022 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 1 hour
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 85.1 points <input checked="" type="checkbox"/> No incidents of customer complaint from breaching customer confidentiality
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 15.1% <input checked="" type="checkbox"/> No incidents of corruption or violation had occurred.
Governmental institutions Important driver behind relevant sustainability	Legal compliance Environmental management Greenhouse gas emissions Labor conditions	Written correspondence (from time to time) Questionnaire survey and visits (from time to time)	Manager Ned Chen of Administration Department E-mail:	<input checked="" type="checkbox"/> Income tax expense reached NT\$1,409,220 thousand <input checked="" type="checkbox"/> Voluntarily conducted

Stakeholders and their significance to Greatek	Topics of concern	Communication channel/frequency	Communication channel/feedback method	2022 Communications Performance
policies.		Project and initiatives (from time to time) Communications meetings/forums/seminars (from time to time)	ned@greatek.com.tw	GHG inventories. <input checked="" type="checkbox"/> Waste recycling and reuse reached 27.38%.
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 607,319 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
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.

Instruction II: 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 2022. 2. Greatek conducts regular fire drills and occupational safety training in each year to develop the employees’ emergency response and autonomous safety management skills.
	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	<ol style="list-style-type: none"> 1. A Chief Corporate Governance Officer has been established.

Material issue	Risk evaluation item	Description
	functions of the Board of Directors	<ol style="list-style-type: none"> 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. Climate Information Disclosure by Listed Companies

1. Implementation of climate information.

Item	Implementation Status
<ol style="list-style-type: none"> 1. Describe the Board of Directors and management's oversight and governance of climate risks and opportunities. 2. Describe how the identified climate risks and opportunities affect the Company's business, strategy, and finances (short-term, medium-term, and long-term). 3. Describe the financial impact of extreme weather events and transitioning actions. 	<ol style="list-style-type: none"> 1. Greatek's Sustainability (ESG) Committee of the Board of Directors serves as the highest organization for climate change management, and incorporates climate change issues into target and performance management. The ESG task force submits an annual implementation plan at the end of a year for the next year, tracking and reporting the progress on each project every six months to the ESG Committee and the Board. The task force also includes a Sustainability Operations team responsible for identifying and taking inventory of climate change risks and opportunities, and conducting identification and management to enhance business resilience and seize market opportunities. 2. The ESG task force references climate-related financial disclosures to identify transformation, physical risks, and climate change opportunities on a regular basis based on "likelihood of occurrence" and "potential impact". The task force assesses the impact and financial implications of these risks and opportunities and develops short, medium, and long-term action plans. 3. Please refer to Description 3: Identification of Risks and Opportunities of Climate Change and the 2022 ESG Report.

<p>4. Describe how the process of identifying, assessing, and managing climate risks is integrated into the overall risk management system.</p> <p>5. If scenario analysis is used to assess resilience to climate change risks, describe its context, parameters, assumptions, analysis factors, and major financial impacts.</p> <p>6. If there is a transition plan for managing climate-related risks, describe the plan as well as the indicators and targets used to identify and manage physical and transition risks.</p> <p>7. Describe the bases of pricing if internal carbon pricing is used as a planning tool.</p> <p>8. If climate targets are set, describe activities, scope of greenhouse gas emissions, schedule, annual progress, and other information involved. If carbon offsetting or renewable energy certificates (RECs) are used to achieve the targets, describe the source and quantity of carbon offset credits or the number of RECs.</p> <p>9. Greenhouse gas inventory and verification status (fill in 1-1)</p>	<p>4. Please refer to Description 3: Identification of Risks and Opportunities of Climate Change and the 2022 ESG Report.</p> <p>5. Please refer to Description 3: Identification of Risks and Opportunities of Climate Change and the 2022 ESG Report.</p> <p>6. Please refer to Description 3: Identification of Risks and Opportunities of Climate Change and the 2022 ESG Report.</p> <p>7. Please refer to Description 3: Identification of Risks and Opportunities of Climate Change and the 2022 ESG Report.</p> <p>8. Please refer to Description 3: Identification of Risks and Opportunities of Climate Change and the 2022 ESG Report.</p> <p>9. Please refer to Greenhouse Gas Inventory and Verification Status.</p>
---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

2.Greenhouse gas inventory and verification (1-1)

<p>Company Profile</p> <p><input type="checkbox"/> Company with capital of over NT\$10 billion in the steel and cement industries.</p> <p><input checked="" type="checkbox"/> Company with capital between NT\$5 billion and NT\$10 billion.</p> <p><input type="checkbox"/> Company with capital less than NT\$5 billion.</p>	<p>According to the Sustainable Development Roadmap for Listed Companies, at least the following should be disclosed:</p> <p><input checked="" type="checkbox"/> Individual inventory of the parent company.</p> <p><input type="checkbox"/> Inventory of subsidiaries in the Consolidated Financial Report.</p> <p><input type="checkbox"/> Individual verification of the parent company.</p> <p><input type="checkbox"/> Verification of subsidiaries in the Consolidated Financial Report.</p>
--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

	Total emissions (CO ₂ e in metric tons)	Density (CO ₂ e in metric tons/ NT\$ million) (Note 2)	Verification organization	Description of verification (Note 3).
Scope 1	844.1705	0.0530	TUV NORD Taiwan	The emissions are estimates and have not been verified. The report is scheduled to be completed by the end of May and will be published on the company's website.
Scope 2	184,713.2368	11.580		
Scope 3	106,047.1759	6.649		
Total	291,604.583	18.282		

Description:

- (1) The information under Scope 1 and 2 of this table shall be processed according to the schedule specified in Article 10-2 of the guideline, and the information under Scope 3 may be voluntarily disclosed by the Company.
- (2) The Company may conduct a greenhouse gas inventory based on the following standards:
 - A. Greenhouse Gas Protocol (GHG Protocol).
 - B. ISO 14064-1 issued by the International Organization for Standardization.
- (3) The verification organization shall comply with the verification regulations for sustainability reports set forth by the Taiwan Stock Exchange Corporation and the Taipei Exchange.
- (4) Subsidiaries may file individual or collective reports (such as by country or region), or file consolidated reports (Note 1).
- (5) The density of greenhouse gas emissions may be calculated per unit of product/service or revenue, and the data calculated based on revenue (in NT\$ millions) should be disclosed (Note 2).
- (6) Emissions from operational sites or subsidiaries not included in the inventory shall not exceed 5%. The aforementioned total emissions are the emissions calculated per Description 1 Scope of Mandatory Inventory.
- (7) The verification statement should include a summary of the verification report prepared by the verification organization, and the complete verification opinions should be attached to the Annual Report (Note 3).

3. Boundary of Greatek's 2022 Greenhouse Gas Emissions Report.

Category	Subcategory	Facilities
Direct emission sources	Direct emissions from stationary sources	Gas boilers
		Emergency power generators
	Direct emissions from mobile combustion sources	Company vehicles
	Direct emissions from fugitive sources	Septic tanks
		Chiller
		Refrigeration unit of a cold storage
	Fire extinguishers	
Energy indirect emission sources	Indirect emissions of electricity	Purchased electricity
Transport indirect sources of emissions	Indirect emissions from upstream transportation of raw materials	Transportation of raw materials
	Indirect emissions from employees' commutes	Transportation of employees' commutes
	Indirect emissions from employees' vehicles for business trip	Vehicles for employees' business trips
Indirect emissions from materials and services	Greenhouse gas emissions from mining, manufacturing and processing of purchased raw materials.	Tap water
		Purchased electricity
		Boilers
		Wastewater treatment public facility
		Emergency power generators
		waste treatment

4. Carbon management

Greatek's greenhouse gas emissions reduction management aims to reduce CO2 emissions. In 2022, Greatek met energy saving and reduced electricity consumption goals with continuous improvement and internal campaigns.

Equipment efficiency: The installation of variable-frequency drives on motors reduced electricity consumption by 1,148,010 kWh.

Improvement in plant facilities' efficiency: Reduced electricity consumption by 2,075,439 kWh.

Greatek's energy consumption is solely from electricity, with no external purchase of energy such as heating, cooling, steam, and no sales of energy such as electricity, heating, cooling, steam, etc.

In 2022, the Company saved a total of 3,223,449 kWh of electricity, all of which came from energy-saving efforts in plant facilities.

Instruction 3: Identification of Risks and Opportunities of Climate Change

(1) The strategies and management measures for larger risk factors are as follows:

Type	Climate change risks	Financial impact	Response measures
Transformation risks	Energy and greenhouse gas regulations	<ul style="list-style-type: none"> ● Revenue decline ● Increased operating costs 	In 2022, the total amount of wastewater from production processed recycled by the Company was 607,319 tons, increased by 3,196 tons compared to 604,123 tons in 2021. The Company will continue to promote waste reduction and recycling programs to lower environmental impact.
	Increased cost in greenhouse gas emissions	<ul style="list-style-type: none"> ● Increased installation and operating costs of carbon reduction equipment 	Introduction of ISO14064:2018 inventory for indirect emissions (Scope 3).
	Increased demand for products and services	<ul style="list-style-type: none"> ● Increased investment cost of energy-saving equipment 	Investment in new product development
	Uncertainty in technology/new technology investment	<ul style="list-style-type: none"> ● Increased costs 	Focus on developments in new technologies and strengthening of talents in technology and R&D.
	Impact to corporate image	<ul style="list-style-type: none"> ● Damage to goodwill 	Increase positive exposure of clean energy and low-carbon products and services that creates an ESG corporate image
Physical risks	Typhoons (immediate)	<ul style="list-style-type: none"> ● Property damage ● Revenue decline 	During typhoons, the Company stays informed about work cancellations and relay warnings.
	Floods (immediate)	<ul style="list-style-type: none"> ● Impact on production ● Impact on operations 	Existing plant buildings were constructed with raised foundations and drainage facilities in the plant areas to prevent damage from disasters.
	Rising average temperature (long-term)	<ul style="list-style-type: none"> ● Increased operating costs 	The Company will continue to promote waste reduction and recycling programs to lower environmental impact.

(2) Strategies and management measures for climate change opportunities are as follows:

Type	Opportunity factors	Financial impact	Response measures
Climate change opportunity	Finding new business opportunities	<ul style="list-style-type: none"> ● Expanded revenue from energy-saving products 	Product development incorporates green design thinking to reduce energy consumption from product manufacturing and usage.
	Production processes	<ul style="list-style-type: none"> ● Reducing product defect rate can reduce scrap cost ● Reducing the usage of other chemicals to lower chemical costs. 	Introducing adjustments and improvements to processes.
	Improving energy efficiency	<ul style="list-style-type: none"> ● Reducing energy usage costs 	Regularly inspection of energy management in plant areas and the implementation of energy-saving projects.
	Enhancing positive corporate image	<ul style="list-style-type: none"> ● Improved reputation and Increased demand for low-carbon products/services. 	Strengthening low-carbon green energy production.

(3) Core framework:

Greatek pays attention to global sustainability issues and trends in the industries, aiming to reduce the environmental impact of its operations by working with market trends. It also seeks to identify new business opportunities and work together with society towards sustainable environmental development. Greatek follows TCFD's core framework in disclosing climate-related information in four categories—governance, strategy, risk management, and indicators and targets—on the financial impact of climate change and future response strategies.

Core framework	Governance	Strategy	Risk management	Indicators and targets
Actions	<ul style="list-style-type: none"> • The Board of Directors is responsible for overseeing climate risks. • The ESG Committee is responsible for evaluation and management. 	<ul style="list-style-type: none"> • Short, medium, and long-term targets for climate risks and opportunities are set to address significant impacts on operations, strategy, and finance. • Climate change scenarios are taken into consideration. 	<ul style="list-style-type: none"> • Identification and assessment of climate risks and opportunities. • Included in risk management. 	<ul style="list-style-type: none"> • Disclosure of emissions • Describe risk and opportunity targets, as well as performance metrics.
Specific measure	<p>To inform the Board of Directors about climate issues, Greatek provides an annual report through its Sustainability (ESG) Committee. The Board of Directors takes climate issues into consideration when reviewing guiding strategies, major action plans, risk management policies, annual budgets and business plans, setting organizational performance targets, monitoring execution, and executing/supervising major capital expenditures.</p>	<p>The company's sustainability (ESG) committee is the top management-level committee within the company responsible for climate-related issues. The chairman serves as the convener of the sustainability promotion committee, and the President serves as a steering committee member. While department managers are responsible for the operation of the committee under their jurisdiction. The committee includes representatives from all operational units of the Company, and is responsible for verifying the management standards and implementation of sustainability issues, evaluating and/or managing climate-related issues, and managing the review of key performance indicators.</p>	<p>The Company considers the scope and situations of climate change impacts, evaluating and scoring physical and transitional risks based on the likelihood of occurrence and severity of impact, and dividing them into scored quadrants. Projects with high frequency and high severity require risk mitigation plan analysis, which should be updated every six months to ensure effectiveness.</p>	<p>Greatek sets short, medium, and long-term carbon reduction targets and regularly manages greenhouse gas emissions in various areas. For detailed information, please refer to the 2022 ESG Report.</p>

VII. 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				
1. Has the Company established the ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices and the commitment of the Board of Directors and senior management to rigorous and thorough implementation of such policies?	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
2. Has the Company established a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	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
3. Has the Company specified in its prevention programs the operating procedures, guidelines, punishments for violations, and a grievance system and implemented them and review the prevention programs on a regular basis?	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		<p>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”.</p> <p>A total of 143 (7.7%) of the suppliers have signed the “Commitment to Integrous Business Practices.”</p>	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		<p>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 29, 2022.</p>	None
3. Has the Company established policies to prevent conflicts of interest and provided appropriate communication channels to implement policies properly?	V		<p>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.</p>	None
4. Has the Company established effective accounting	V		<p>Greatek has appointed a large-scale accounting firm in Taiwan for auditing and verification matters, and the accounting firm and its CPAs</p>	

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>systems and internal control systems to implement ethical corporate management and had its internal 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>verify our financial position and internal control through an independent stance while complying with legal regulations. Unethical conduct has 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 shall sign a labor contract on their first day of employment, which stipulates that they adhere to the highest standards of integrity during their employment and prohibit all forms of corruption, extortion, blackmail, and misappropriation of public funds. They shall not provide or accept bribes or other forms of illegitimate gain. A total of 425 new employees signed the labor contracts in 2022. 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	V		To prevent unfair treatment or retaliations, whistleblower protection	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		
inappropriate disciplinary actions taken against the whistleblower?			measures have been formulated in the whistleblowing system as part of the "Communications Management Procedures".	
(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
(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: The company attaches great importance to honest management, and there is no difference between the actual operation and the established rules.				
(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.				

VIII. 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.

IX 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	2022/9/8	Taiwan Corporate Governance Association	Practical issues that the Board of Directors should pay attention to regarding non-routine transactions.	6.0
Independent Director	Chi-Yung Wu	2022/11/16	Taiwan Corporate Governance Association	Corporate climate governance and TCFD disclosure practices.	3.0
		2022/3/3	Taiwan Corporate Governance Association	How the Board of Directors supervises to effectively manage corporate risks and handle crises.	3.0
Independent Director	Chu-Chien Feng	2022/9/8	Taiwan Corporate Governance Association	Corporate Governance and Securities Regulations.	3.0
		2022/3/9	Taiwan Institute of Directors	Leadership Academy Forum: Restarting in the New Reality — Seeing the New Digital Taiwan.	3.0
Independent Director	M.J. Chuang	2022/9/27	Taiwan Corporate Governance Association	How the Audit Committee interprets and uses Audit Quality Indicators (AQIs).	3.0
		2022/9/2	Taiwan Corporate Governance Association	Establishment and Operation of the Audit Committee.	3.0
		2022/5/4	Taiwan Stock Exchange	International Twin Summit online forum.	2.0
Vice President of Administration Division and Chief Corporate Governance Officer	Sheng Chen	2022/10/25	Taiwan Corporate Governance Association	Interpretation of Key Judgments on Corporate Governance: Focusing on Director's Responsibilities.	3.0
		2022/9/7	Accounting Research and Development Foundation	Regulations and Common Mistakes in Corporate Financial Reporting.	3.0
		2022/8/30	Accounting Research and Development Foundation	Conceptual Analysis of ISSB S2 Climate-related Disclosures.	3.0
		2022/8/24	Accounting Research and Development Foundation	Conceptual Analysis of ISSB S1 General Sustainability-related Disclosures.	3.0
Accounting Manager	Mei-Ling Lin	2022/12/1	Accounting Research and Development Foundation	Impact of and ESG Actions Toward Global Net Zero Emissions.	3.0
		2022/9/6	Accounting Research and Development Foundation	Legal Liabilities and Case Analysis Related to Corporate "Power Struggles".	3.0
		2028/8/23	Accounting Research and Development Foundation	Analysis of the Latest International Financial Reporting Standards Questions and Answers (IFRS Q&A).	3.0
		2022/8/23	Accounting Research and Development Foundation	Financial and Tax Issues and Taxation Management for Taiwanese Outbound Investment.	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.

In the Group's succession plan, the successors of the Board of Directors and key management personnel must not only possess outstanding capabilities in formulating corporate strategies, logical analysis and management, but also have values that align with a human-oriented and integrous corporate culture that lead toward goals in sustainable management.

The Group also plans to appoint senior executives to serve as directors, supervisors, or managers in subsidiary companies to enhance strategic capabilities of business operations and build management experiences.

The company completed the chairman's succession arrangement on 2021/7/21.

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.

X. Internal Control System Execution Status

(I) Statement of Internal Control

Greatek Electronics Inc.

Statement of Internal Control System

Dated: February 24, 2023

Greatek's internal control system for 2022 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, 2022, 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 24, 2023, 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.

XI. 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.

XII. Major resolutions adopted by the Shareholders' Meeting and the Board of Directors in 2022 and up to the publication date of this Annual Report:

(I) Disclosure of resolutions from Shareholders' Meeting on May 26, 2022 and their Implementations:

1. Adoption of 2021 Business Report and Financial Statements.
Resolution: 428,494,064 votes in favor, accounting for 97.06% of all voting rights (441,435,505 votes). This proposal from the Board of Directors has been approved without amendment.

2. Adoption of 2021 Earnings Distribution Plan.
Resolution: 430,220,185 votes in favor, accounting for 97.45% of all voting rights (441,435,505 votes). This proposal from the Board of Directors has been approved without amendment.

Implementation status:

① The 6th meeting from the 10th term of the Board of Directors convened on July 29, 2022 has approved of the ex-dividend date for cash dividend distribution as September 2, 2022, and the distribution date as September 28, 2022.

① Cash dividend of NT\$5 per share was distributed on September 28, 2022 pursuant to the resolution from the Board of Directors.

3. Approved the proposal to amend the "Rules of Procedure for Shareholders' Meeting".
Resolution: 428,528,827 votes in favor, accounting for 97.07% of all voting rights (441,435,505 votes). This proposal from the Board of Directors has been approved without amendment.

Implementation status: The Company follows the "Rules for Shareholders' Meetings" to handle matters related to shareholders' meetings.

4. Approved the proposal to amend the "Procedures for Acquisition or Disposal of Assets".
Resolution: 391,824,84 votes in favor, accounting for 88.76% of all voting rights (441,435,505 votes). This proposal from the Board of Directors has been approved without amendment.

Implementation status: The Company's asset acquisition or disposal procedures are in accordance with the "Operational procedures for Acquisition and Disposal of Assets."

(II) Major Resolutions from the Board of Directors

Board of Directors Meeting	Major resolutions
February 25, 2022 4th meeting from	Approved the 2021 remuneration for employees and Directors. Approved the 2022 Business Plan.

Board of Directors Meeting	Major resolutions
the 10th Board	<p>Approved the 2021 financial statements. Approved the 2021 Annual Operating Report. Approved the 2021 earnings distribution plan. Approved the proposal to amend the internal control system. Approved the 2021 assessment on the effectiveness of internal control system" and "Statement of Internal Control System". Approved appointment of 2022 CPA and evaluation on CPA's independence. Approved an investment to establish a subsidiary. Approved the Amendment to the "Operational procedures for Acquisition and Disposal of Assets". Approved the Amendment to the "Rules and Procedures of Shareholders' Meeting". Approved the convention of the 2022 Annual General Shareholders' Meeting.</p>
April 29, 2022 5th Meeting from the 10th Board	<p>Presented the 2022 First Quarter (Q1) financial statements. Approved to invest in domestic equity investment. Approved amendment to the "Corporate Social Responsibility Practice Principles". Approved the application for amount to be used toward engagement in transaction of forward exchange derivatives. Approved the credit lines from financial institutions.</p>
July 29, 2022 6th Meeting from the 10th Board	<p>Presented the 2022 Second Quarter (Q2) financial statements. Approved the credit lines from financial institutions. Established the ex-dividend date and distribution date of cash dividends for 2021. Approved the 2022 remuneration adjustment proposal for the Managerial Officers and various compensation packages. Approved to release the Directors from the non-compete restrictions.</p>
October 28, 2022 7th Meeting from the 10th Board	<p>Presented the 2022 Third Quarter (Q3) financial statements. Approved the 2023 Audit Plan. Approved the Procedures for Handling Material Inside Information. Approved the proposed amendment to the rules of procedure for Board of Directors Meetings.</p>
February 24, 2023 8th meeting from the 10th Board	<p>Approved the 2022 remuneration for employees and Directors. Approved the 2023 Business Plan. Approved the 2022 financial statements. Approved the 2022 Annual Operating Report. Approved the 2022 earnings distribution plan. Approved the proposal to amend the internal control system. Approved the 2022 assessment on the effectiveness of internal control system" and "Statement of Internal Control System". Approved appointment of 2023 CPA and evaluation on CPA's independence. Approved the discharge of the managerial personnel. Approved to release the Directors from the non-compete restrictions. Approved the issuance of new common shares for cash to sponsor the issuance of the overseas depositary shares ("DR Offering") and/or issuance of new common shares for cash in public offering and/or issuance of new common shares for cash in private placement ("Private Placement Shares") and/or issuance of overseas or domestic bonds in private placement("Private Placement Ordinary corporate bonds or convertible bonds")and/or issuance of overseas or domestic bonds ("Ordinary corporate bonds or convertible bonds"). Approved the convention of the 2023 Annual General Shareholders' Meeting.</p>

XII. In 2022 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 2022 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
CEO	Boris Hsieh	2013/1/1	2023/2/24	To strengthen the functions of the Board of Directors and enhance corporate governance, the Board passed a resolution on February 24, 2023 to relieve Chairman Boris Hsieh of his position as CEO.

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 Cheng-Chih Lin	From January 1, 2022 to December 31, 2022	2,760	Tax compliance audit, Review of Annual Report for Shareholders' Meeting, Printing fees, Bonded inventory count/review, TP, Due diligence and etc. totaling 1,628	4,388	
	CPA Su-Li Fang.					

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	2022		As of March 31, 2023	
		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	-37	0	0	0
Representative of Corporate Director	J.S. Leu	0	0	0	0
Representative of Corporate Director	Yu-Chin Chen	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	0	0	0	0
Independent Director	M.J. Chuang	0	0	0	0
Executive Vice President	Tonwey Cheng (Note)	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 : Executive Vice President Tonwey Cheng Resigned on March 31, 2022 due to career plans.

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 April 1, 2023

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. Company Representative D.K. Tsai	244,064,379	42.91	-	-	-	-	None	None	
	0	0	-	-	-	-	None	None	
Chang Gung Medical Foundation Company Representative Ruei-Huei Wang	12,139,000	2.13	-	-	-	-	None	None	
	0	0	-	-	-	-	None	None	
Su-Yu Wu	6,500,000	1.14	4,622,668	0.81	-	-	Chuang-Hsien Chueh	Spouse	
Hung-Wei Venture Capital Co., Ltd. Company Representative: Po-Jen Yeh	5,823,602	1.02	-	-	-	-	None	None	
	0	0	-	-	-	-	None	None	
Chiu-Hsia Yang	5,731,763	1.01	-	-	-	-	None	None	
Chang Wah Electromaterials Inc. Chia-Neng Huang	5,410,000	0.95	-	-	-	-	None	None	
	0	0	-	-	-	-	None	None	
Chuang-Hsien Chueh	4,622,668	0.81	6,500,000	1.14	-	-	Su-Yu Wu	Spouse	
Dedicated investment account from Norges Bank in the custody of CitiBank Taiwan	4,614,000	0.81	-	-	-	-	None	None	
Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	4,290,000	0.75	-	-	-	-	None	None	
Li-Syue Huang	4,121,000	0.72	-	-	-	-	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:

Unit: shares/ %

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Get-Team Tech Corp.,	7,796,498	97.46%	0	0	7,796,498	97.46%

Note: Investment using Equity Method Evaluation.

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	MOEA (85) No. 120246 on January 17, 1996
04/1996	10	60,000	600,000	30,000	300,000	Capital increase by cash	120,000	None	Tai-Cai-Zheng- (1) No. 20596 on March 26, 1996
07/1997	10	60,000	600,000	60,000	600,000	Capital increase by cash	300,000	None	Tai-Cai-Zheng- (1) No. 42708 on May 30, 1997
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	Tai-Cai-Zheng- (1) No. 46158 on May 27, 1998
07/1999	10	200,000	2,000,000	149,481	1,494,809	Capital increase by retained earnings	281,059	None	Tai-Cai-Zheng- (1) No. 60663 on July 5, 1999
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	Tai-Cai-Zheng- (1) No. 42525 on May 16, 2000
07/2001	10	390,000	3,900,000	223,672	2,236,722	Capital increase by retained earnings	393,903	None	Tai-Cai-Zheng- (1) No. 140400 on June 26, 2001
08/2002.	10	390,000	3,900,000	237,382	2,373,820	Capital increase by retained earnings	137,098	None	Tai-Cai-Zheng- (1) No. 139597 on July 16
08/2003	10	390,000	3,900,000	267,823	2,678,230	Capital increase by retained earnings	304,407	None	Tai-Cai-Zheng- (1) No. 132113 on July 17
01/2004	10	390,000	3,900,000	268,626	2,686,263	Conversion of convertible bonds	8,036	None	MOEA No. 09301010410 on January 19
04/2004	10	390,000	3,900,000	285,946	2,859,462	Conversion of convertible bonds	173,199	None	MOEA No. 09301068910 on April 27
07/2004	10	390,000	3,900,000	286,743	2,867,426	Conversion of convertible bonds	7,964	None	MOEA No. 9301133050 on July 29

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 April 1, 2023; 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 April 1, 2023

Item \ Structure	Government Agencies	Financial institutions	Other Corporate Shareholders	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Number of shareholders	7	15	149	37,888	208	38,267
Shares held	6,954,036	14,327,312	286,722,198	185,277,789	75,564,586	568,845,921
Shareholding ratio (%)	1.22	2.52	50.41	32.57	13.28	100.00

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

III. Distribution of Ordinary Shares As of April 1, 2023

Shareholding range	Number of shareholders	Shares held (in number of shares)	Shareholding ratio (%)
1 - 999	9,220	1,714,102	0.30%
1,000 - 5,000	23,282	46,727,564	8.21%
5,001 - 10,000	3,038	23,354,411	4.11%
10,001 - 15,000	907	11,506,145	2.02%
15,001 - 20,000	524	9,570,643	1.68%
20,001 - 30,000	471	11,960,163	2.10%
30,001 - 40,000	203	7,153,481	1.26%
40,001 - 50,000	140	6,424,020	1.13%
50,001 - 100,000	212	15,429,675	2.71%
100,001 - 200,000	124	17,717,713	3.11%
200,001 - 400,000	45	12,219,045	2.15%
400,001 - 600,000	31	15,015,917	2.64%
600,001 - 800,000	14	9,445,099	1.66%
800,001 - 1,000,000	10	8,615,482	1.51%
1,000,001 or more	46	371,992,461	65.41%
Total	38,267	568,845,921	100.00%

IV. List of Substantial Shareholders as of April 1, 2023

Name of substantial shareholder	Shareholding	Shares held (in number of shares)	Shareholding ratio (%)
Powertech Technology Inc.		244,064,379	42.91%
Chang Gung Medical Foundation		12,139,000	2.13%
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.		5,410,000	0.95%
Chuang-Hsien Chueh		4,622,668	0.81%
Dedicated investment account from Norges Bank in the custody of CitiBank Taiwan		4,614,000	0.81%
Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds		4,290,000	0.75%
Li-Syue Huang		4,121,000	0.72%

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

Item		Year	2021	2022	As of March 31, 2023 (Note 8)
Market value per share (Note 1)	Highest		99.50	78.10	55.70
	Lowest		53.90	44.65	47.70
	Average		76.28	62.44	52.50
Net worth per share (Note 2)	Before distribution		36.62	36.76	-
	After distribution		31.62	-	-
Earnings per share (EPS)	Weighted average number of shares (in thousand shares)		568,846	568,846	-
	Earnings per share, EPS (Note 3)		8.09	5.55	-
Dividends per share	Cash dividends		5.00	3.70	-
	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)		9.43	11.25	-
	Price-to-dividends ratio (Note 6)		15.26	16.88	-
	Dividend yield (Note 7)		6.55%	5.93%	-

* 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 2023, a resolution of a cash dividend distribution that accounts for 66.7% of 2022's net income is proposed for approval at the Shareholders' Meeting.

- (II) Appropriation of dividends proposed at the Shareholders' Meeting:
1. On February 24, 2023, the Board of Directors has approved of cash dividend of NT\$2,104,729,908, based on the current 568,845,921 shares outstanding, each share will be distributed with NT\$3.7.
 2. If the subsequent amendment from competent authority, repurchasing of Greatek's shares, transfer and retirement of treasury stocks, issuance of new common shares for cash, convertible bonds, 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\$3.7 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 24, 2023, the Board of Directors has approved of distribution of employees and Directors' remunerations for 2022

Item	Amount	Ratio of distribution based on Articles of Incorporation
Employee cash remuneration	429,977,490	10%
Directors cash remuneration	80,711,070	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 2022 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 2022.

- (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 25, 2022, the Board of Directors has approved of, and it was announced at the Shareholders' Meeting on May 26, 2022, that NT\$124,334,588 and NT\$634,106,398 would be distributed as Directors' and employees' remunerations, respectively. There was no discrepancy found between the actual distributions and the amounts recognized in the 2021 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 2022	
	Net operating revenue	Revenue Proportion
Packaging	13,461,390	84.4%
Testing	2,488,919	15.6%
Total	15,950,309	100.0%

(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 / MIS Package products.

- (4) Third generation semiconductor products.
- (5) PMIC products.
- (6) 12" FOW products.
- (7) To enhance Dual Row/Wettable product manufacturing capability.
- (8) To enhance WB QFN power IC multi-chip and thick wire product manufacturing capability.
- (9) FCCSP/BGA automotive products.
- (10) FCCSP products that use 5nm wafer.
- (11) Micro-Electromechanical Systems (MEMS) products.

II. Industry Overview:

(I) The Semiconductor Market:

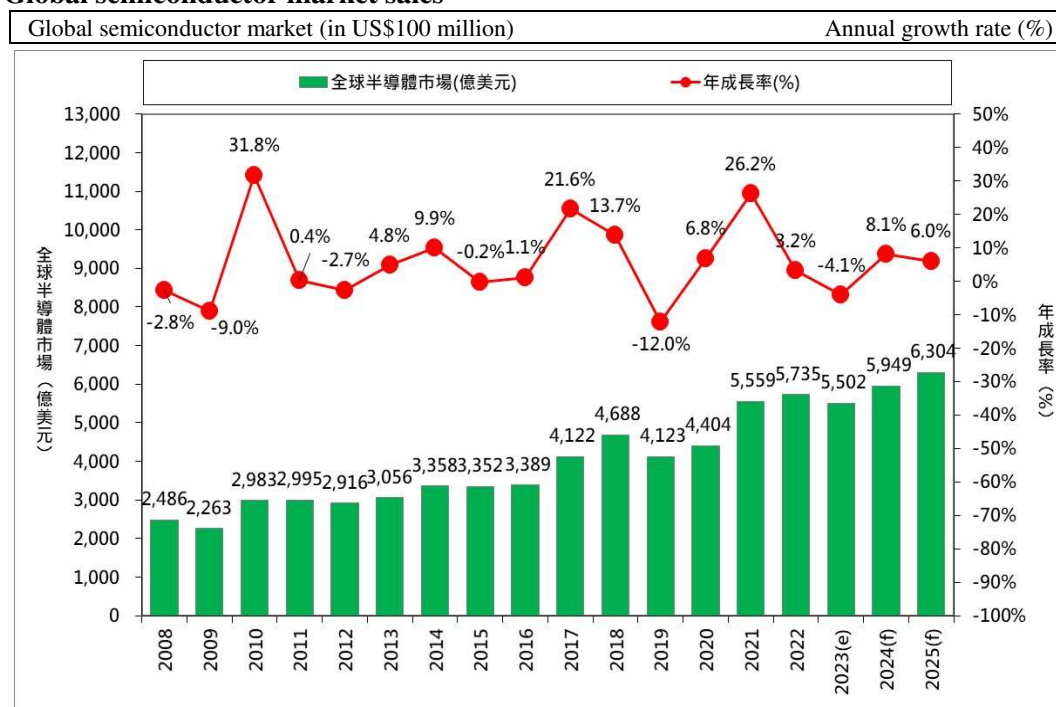
1. 2022 global semiconductor sales data:

Based on statistical data from WSTS, the annual global sales of semiconductor industry reached US\$573.5 billion, showing a 3.2% growth from 2021; a total of 1,096.3 billion units were sold, showing a 4.4% decline from 2021; and ASP was US\$0.523, showing a 7.8% growth from 2021.

Among them:

The US semiconductor market sales reached US\$140.9 billion, grew 16.0% YoY; Japan's semiconductor market sales reached US\$48.0 billion, grew 10.0% YoY; The European semiconductor market sales reached US\$53.8 billion, grew 12.7% YoY; and Asia's semiconductor market sales reached US\$330.7 billion, decline 3.6% 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 2023)

2. Global semiconductor market trends in 2023

Looking ahead to 2023, due to the persistence of external factors, weak consumer demand, sluggish logistics, and high inventory levels, the global semiconductor industry's performance is expected to be affected. Major market research firms and institutions have predicted that the global semiconductor market will experience

negative growth in 2023. The World Semiconductor Trade Statistics (WSTS) and research firm Gartner both estimate that the global semiconductor market will see a year-on-year decline of 4.1% and 3.6%, respectively. IC Insights has also released a similar viewpoint, predicting a 5% decline in global semiconductor sales in 2023.

3. Taiwan's semiconductor sales data in 2022

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\$4.837 trillion (US\$162.3 billion) in 2022, showing a 18.5% increase from 2021. Among them: The output of IC design industry had reached NT\$1.232 trillion (US\$41.3 billion), showing a 1.4% increase from 2021; the IC manufacturing industry had reached NT\$2.9203 trillion (US\$98.0 billion), showing a 31.0% increase from 2021; the IC packaging industry had reached NT\$466.0 billion (US\$15.6 billion), showing a 7.0% increase from 2021; and the IC testing industry had reached NT\$218.7 billion (US\$7.3 billion), indicating an 7.7% increase from 2021.

The exchange rate of the New Taiwan Dollar (NTD) to the US Dollar is set at 29.8.

● Statistical results of Taiwan's IC industry output value in 2022

in NT\$100 million	22Q1	QoQ %	YoY %	22Q2	QoQ %	YoY %	22Q3	QoQ %	YoY %	22Q4	QoQ %	YoY %	2022	YoY %	23Q1 (e)	QoQ %	YoY %
IC industry output value	11,592	4.8%	28.1%	12,372	6.7%	25.4%	12,435	0.5%	14.6%	11,971	-3.7%	8.2%	48,370	18.5%	10,665	-10.9%	-8.0%
IC design industry	3,300	3.9%	26.8%	3,450	4.5%	12.4%	2,970	-13.9%	-10.0%	2,600	-12.5%	-18.1%	12,320	1.4%	2,520	-3.1%	-23.6%
IC manufacturing industry	6,667	8.7%	33.3%	7,197	7.9%	36.2%	7,640	6.2%	30.2%	7,699	0.8%	25.5%	29,203	31.0%	6,545	-15.0%	-1.8%
Wafer foundry	5,969	10.5%	36.5%	6,514	9.1%	43.0%	7,130	9.5%	40.3%	7,234	1.5%	33.9%	26,847	38.3%	6,135	-15.2%	2.8%
Memory and other manufacturing	698	-4.9%	11.3%	683	-2.1%	-6.4%	510	-25.3%	-35.3%	465	-8.8%	-36.6%	2,356	18.2%	410	-11.8%	-41.3%
IC packaging industry	1,100	-8.3%	11.8%	1,150	4.5%	12.7%	1,270	10.4%	10.4%	1,140	-10.2%	-5.0%	4,660	7.0%	1,080	-5.3%	-1.8%
IC testing industry	525	-4.5%	14.1%	575	9.5%	17.3%	555	-3.5%	4.7%	532	-4.1%	-3.3%	2,187	7.7%	520	-2.3%	-1.0%
IC product output value	3,998	2.3%	23.8%	4,133	3.4%	8.8%	3,480	-15.8%	-14.9%	3,065	-11.9%	-21.6%	14,676	-2.3%	2,930	-4.4%	-26.7%
Global semiconductor market (in US\$100 million) & Growth rate (%)	-	-	-	-	-	-	-	-	-	-	-	-	5,735	3.2%	-	-	-

Source: Taiwan Semiconductor Industry Association (TSIA) and Industry, Science & Technology International Strategy Center (ISTI), Industrial Technology Research Institute (ITRI) (February 2023)

4. Taiwan's semiconductor industry prospects for 2023

Taiwan Semiconductor Industry Association (TSIA) and the ISTI at ITRI have predicted that Taiwan's IC industry output value will reach NT\$4.5643 trillion in 2023, showing an 5.6% decline over 2022. Among them:

The output of IC design industry is expected to reach NT\$1.08 trillion, decline 12.3% YoY;

The output of IC manufacturing industry is expected to reach NT\$2.8213 trillion, decline 3.4% YoY.

The output of IC packaging industry is expected to reach NT\$450 billion, decline 3.4% YoY;

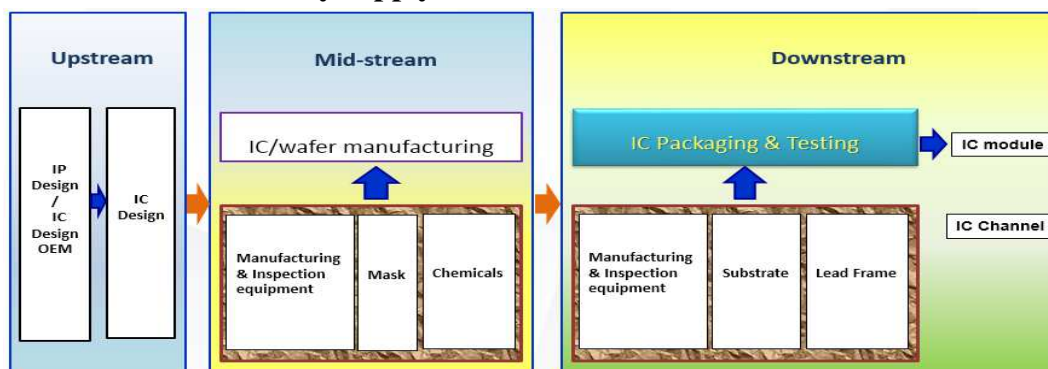
and the output of IC testing industry is expected to reach NT\$213 billion, decline 2.6% YoY.

●Taiwan's IC industry output value from 2019 to 2023

in NT\$100 million	2019	2019 YoY%	2020	2020 YoY%	2021	2021 YoY%	2022	2022 YoY%	2023 (e)	2023 (e) YoY%
IC industry output value	26,656	1.7%	32,222	20.9%	40,820	26.7%	48,370	18.5%	45,643	-5.6%
IC design industry	6,928	8.0%	8,529	23.1%	12,147	42.4%	12,320	1.4%	10,800	-12.3%
IC manufacturing industry	14,721	-0.9%	18,203	23.7%	22,289	22.4%	29,203	31.0%	28,213	-3.4%
Wafer foundry	13,125	2.1%	16,297	2.1%	19,410	19.1%	26,847	38.3%	26,486	-1.3%
Memory and other manufacturing	1,596	-20.4%	1,906	19.4%	2,879	51.0%	2,356	-18.2%	1,727	-26.7%
IC packaging industry	3,463	0.5%	3,775	9.0%	4,354	15.3%	4,660	7.0%	4,500	-3.4%
IC testing industry	1,544	4.0%	1,715	11.1%	2,030	18.4%	2,187	7.7%	2,130	-2.6%
IC product output value	8,524	1.3%	10,435	22.4%	15,026	44.0%	14,676	-2.3%	12,527	-14.6%
Global semiconductor market (in US\$100 million) & Growth rate (%)	4,123	-12.0%	4,404	6.8%	5,559	26.2%	5,735	3.2%	5,502	-4.1%

Source: TSIA; Science & Technology International Strategy Center (ISTI), Industrial Technology Research Institute (ITRI) (February 2023) 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 2022 was approximately NT\$252 million, accounting for 1.6% of the revenues. R&D expense in 2023 will maintain their 2022 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. Actively develop automotive, Netcom and Industrial use IC products.
3. 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.

4. 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 2023 include: to enhance Dual Row/Wettable product manufacturing capability; to enhance WB QFN power IC multi-chip and thick wire product manufacturing capability; to enhance the packaging and testing ability for third generation semiconductor materials (gallium nitride; GaN & SiC); to develop MIS Package products; and to develop 12"FOW products product manufacturing capability. 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 2022, most of Greatek's packaging and testing OEM customers are from the domestic IC design industry, who account for approximately 61.21%, while exports account for 38.79%. The Americas accounted for 14.72% of export customers, followed by Europe with 9.18%, and Asia with 14.89%.

(II) Market share

In 2022, Taiwan's IC packaging and testing industry's output value has reached NT\$684.7 billion, representing a 7.25% growth over 2021. Greatek's 2022 revenues reached NT\$15.95 billion, with a market share of 2.33%.

(III) Future market demand and supply and growth potential

Overall, in 2023, with the trend of rising interest rates in major central banks around the world, the demand for end products will be suppressed, which will in turn affect the demand for semiconductors. TSIA and the Industrial Economics and Knowledge Center predicted that the output value of Taiwan's IC packaging and testing industry in 2023 will be NT\$663 billion, a 3.2% decline from 2022.

To reduce the impact of economic cycles on revenue, Greatek has been committed to developing products in automotive, networking, industrial control, and third-generation semiconductors. Greatek believes that automotive chips are a promising end application for the semiconductor industry. In addition, Greatek has also started investing in the packaging and testing capabilities of third-generation semiconductors, particularly in gallium nitride (GaN). GaN applications include 5G RF devices and power converters. Greatek's furthered strategic positioning is expected to pay off in this wave of rapid development of 5G applications.

(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 taping & 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

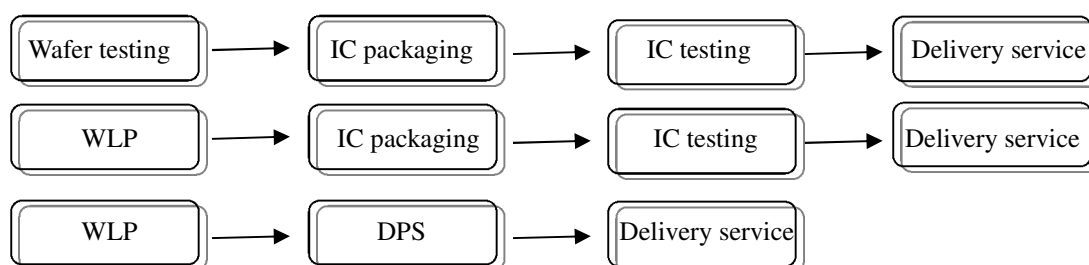
opportunities. Additionally, we will also attract international customers to maintain annual business growth and to diversify the risk of sales concentration.

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, Industrial control 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, Malaysia, and Japan. 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, China, USA and Korea.

Major suppliers:

Name of primary material	Main source of supply	Status of supply
Lead frame	Sinko (Japan); Advanced Assembly Materials International Ltd (China, Malaysia); Fusheng Electronics Corporation (Taiwan); MITSUI HIGH-TEC (TAIWAN) CO., LTD. (Taiwan); Chang Wah Electromaterials Inc. (Taiwan)	The supply of raw materials is stable.
Epoxy molding compound (EMC)	Chang Wah Electromaterials Inc. (Taiwan); Showa Denko Semiconductor Materials (TAIWAN) Co.,Ltd. (Japan)	The supply of raw materials is stable.
Gold wire	TANAKA (Singapore); MK (Korea)	The supply of raw materials is stable.
Palladium coated copper wire (PCC)	Nippon Micrometal Corporation Philippines (Philippines); MK (Korea); TANAKA (Taiwan)	The supply of raw materials is stable.
Silver paste	Chang Wah Electromaterials Inc. (Japan); Ablestik (China) ; Henkel (USA 、 Korea) ; Showa Denko (Japan)	The supply of raw materials is 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	2021				2022			
	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	623,524	10.58	None	Company A	550,062	12.50	None
2	Company B	782,715	13.28	None	Company B	574,243	13.05	None
	Others	4,487,528	76.14	-	Others	3,275,108	74.45	-
	Net purchases	5,893,767	100.00	-	Net purchases	4,399,413	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	2021				2022			
	Name	Amount	Percentage to annual net sales (%)	Relationship with the issuer	Name	Amount	Percentage to annual net sales (%)	Relationship with the issuer
	Others	19,461,143	100.00	-	Others	15,950,309	100.00	-
	Net sales	19,461,143	100.00	-	Net sales	15,950,309	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	2021			2022		
		Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
IC packaging		13,125,275	12,496,847	10,300,257	13,203,059	9,462,697	9,027,346
IC testing		7,985,607	7,786,978	2,036,541	8,477,960	5,870,428	1,701,541
Total		21,110,882	20,283,825	12,336,798	21,681,019	15,333,125	10,728,887

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	2021				2022			
		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		9,469,636	12,145,313	3,335,380	4,347,209	5,748,359	8,193,615	3,258,559	5,267,775
IC testing		5,748,982	2,124,641	2,036,695	843,980	3,871,705	1,569,666	1,998,486	919,253
Total		15,218,618	14,269,954	5,372,075	5,191,189	9,620,064	9,763,281	5,257,045	6,187,028

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		2021	2022	As of March 31, 2023
Number of employees	Direct employee	2,577	2,500	2,391
	Indirect employee	1,709	1,687	1,691
	Total	4,286	4,187	4,082
Average age		35.3	36.0	37.0
Average year of service		7.78	8.4	8.58
Distribution ratio of educational level %	Ph.D.	0	0	0
	Master's degree	5.3	5.2	5.5
	College/university degree	66.8	66.7	66.6
	Senior high school	19.3	19.4	19.3
	Below senior high school	8.6	8.7	8.6

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:

Date of penalty	July 8, 2022
Penalized by	Environmental Protection Bureau, Miaoli County Government
Penalty Letter No.	Environmental Wastewater Letter No. 1110043453
Reason for penalty and legal basis	Legal basis: Subparagraphs 1 and 2 of Paragraph 1, Article 31 of the Waste Disposal Law.
Facts violated	<ol style="list-style-type: none"> 1. During the period between March 2021 and February 2022, Process Code 260012, Waste C-0110 exceeded the waste output of the monthly limit on the clearance application by more than 10%, and the quality and quantity were unbalanced. 2. Process Code 370001, Waste C-0110 was not reported according to regulations for the output quantity. 3. During the period between March 2021 and February 2022, Process Code 260012, Waste C-0110 had quality/quantity imbalances that needed to be corrected. After completion of the corrections, the Company will report back to Miaoli County Environmental Protection Bureau for confirmation.
Content of penalty	A fine of NT\$120,000.
Improvement and preventive measures	<ol style="list-style-type: none"> 1. The declaration of the temporary storage and output quantity of Waste C-0110 was modified for quality/quantity balance purposes. 2. A revised waste clearance plan for the Toufen Plant was proposed.

3. Current and future probable losses and countermeasures:

Greatek has passed and received the ISO14001 2015 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	2020	2021	2022
Environmental expense (NT\$)	28,081,965	39,862,220	37,401,617
Pollution prevention equipment expense (NT\$)	898,532	3,790,411	4,426,490
Total (NT\$)	28,980,497	43,652,631	41,828,107

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 2022, pension expenses recognized in the financial statements amounted to NT\$122,379 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	September 16, 2022
Penalized by	Miaoli County Government
Document of Issuance No.	Government Labor Official Letter No. 1110177876
Violation of regulation	Paragraph 2, Article 22 of the Labor Standards Act
Contents of violation	The aforementioned act violates the provision that "wages should be paid directly and in full to the workers, unless otherwise stipulated by law or agreed upon by both parties."
Content of penalty	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.

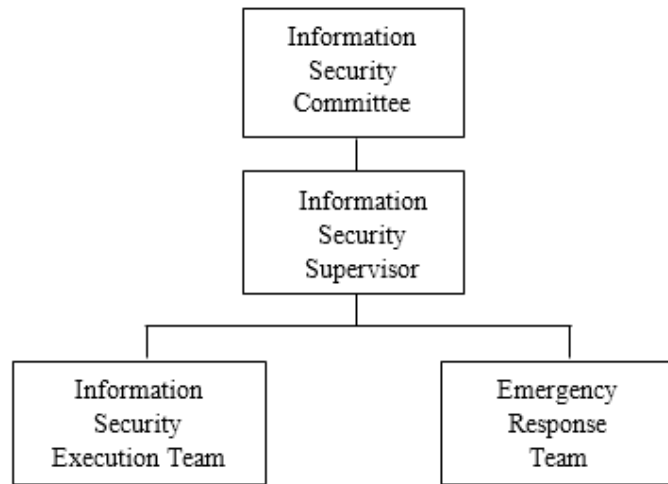
(I) Information and Communications Security Management Framework

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:

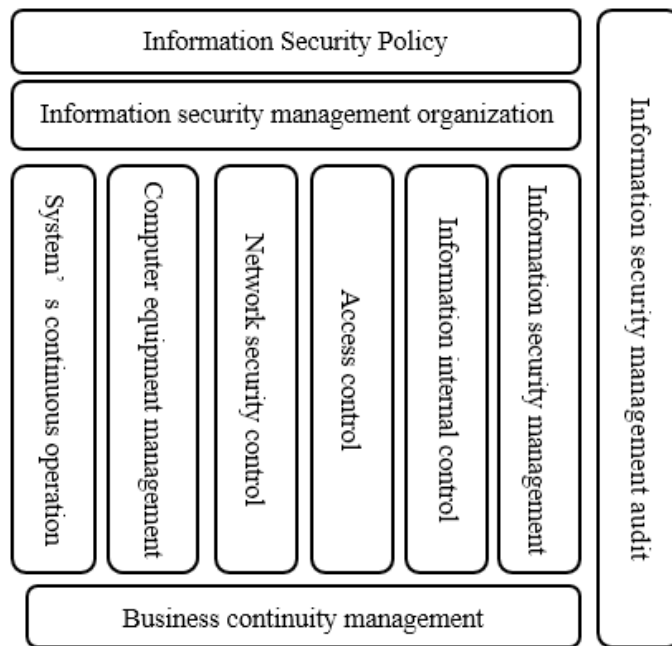
Members will comprise of responsible persons for various key business processes.

(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

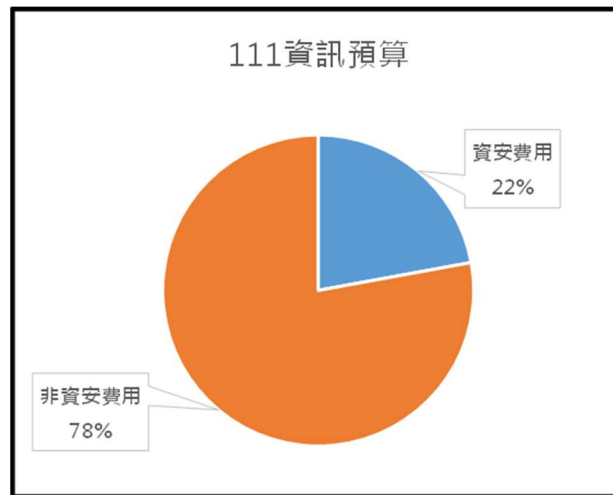
1. Computer equipment security management
 - Major equipment including servers are all set up within designated machine rooms that are access controlled with swipe cards, and access records are also retained
 - To reinforce malware detection, End Point protection software is installed on computer devices 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.

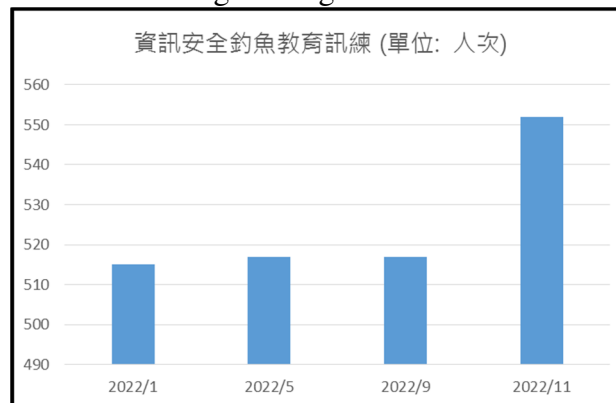
- A real-time redundancy framework has been implemented; when local machine room loses its functions due to disaster, the remote backup will support the mainframe and the storage device will initiate relevant services.
- Information backup and recovery mechanism has been strengthened; besides daily scheduled 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 2022



2. A total of 4 email social engineering drills were carried out in 2022



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\$5 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
Engineering contract	Chien Ming Construction Co. Ltd.	2022/4/15~2023/10/21	Building of the dormitory	None
Engineering contract	Jiu Han System Technology Co., Ltd	2022/8/15~2023/11/30	Mechanical and electrical engineering	None

Financial Overview

Chapter 1 Condensed Balance Sheets and Statements of Comprehensive Income

Condensed Balance Sheet (Consolidated)

Unit: NT\$ Thousands

Item	Year	Financial Information for the Last Five Years (Note 1)				
		2018	2019	2020	2021	2022
Current assets					11,353,869	8,657,344
Property, Plant and Equipment (Note 2)					13,872,740	14,516,540
Intangible Assets					53,473	97,619
Other Assets (Note 2)					1,226,001	1,160,732
Total Asset					26,506,083	24,432,235
Current Liabilities	Before Distribution				5,411,464	2,927,106
	After Distribution	None	None	None	8,255,694	(Note 4)
Non-Current Liabilities					264,714	596,235
Total Liabilities	Before Distribution				5,676,178	3,523,341
	After Distribution				8,520,408	(Note 4)
Equity Attributable to Owners of the Parent					20,829,905	20,905,749
Share Capital					5,688,459	5,688,459
Capital Surplus					2,282	2,282
Retained Earnings	Before Distribution				15,094,680	15,372,992
	After Distribution				12,250,450	(Note 4)
Other Equity interest					44,484	(157,984)
Treasury Shares					-	-
Non-Controlling Interest					-	3,145
Total Equity	Before Distribution				20,829,905	20,908,894
	After Distribution				17,985,675	(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.

Note 6: The Company prepared Consolidated & individual financial statements for the years 2022.

Condensed Balance Sheet (Parent Company Only)

Unit: NT\$ Thousands

Item	Year	Financial Information for the Last Five Years (Note 1)				
		2018	2019	2020	2021	2022
Current assets					11,353,869	8,603,315
Property, Plant and Equipment (Note 2)					13,872,740	14,469,804
Intangible Assets					53,473	39,375
Other Assets (Note 2)					1,226,001	1,280,148
Total Asset					26,506,083	24,392,642
Current Liabilities	Before Distribution				5,411,464	2,930,099
	After Distribution	None	None	None	8,255,694	(Note 4)
Non-Current Liabilities					264,714	556,794
Total Liabilities	Before Distribution				5,676,178	3,486,893
	After Distribution				8,520,408	(Note 4)
Equity Attributable to Owners of the Parent					20,829,905	20,905,749
Share Capital					5,688,459	5,688,459
Capital Surplus					2,282	2,282
Retained Earnings	Before Distribution				15,094,680	15,372,992
	After Distribution				12,250,450	(Note 4)
Other Equity interest					44,484	(157,984)
Treasury Shares					-	-
Non-Controlling Interest					-	-
Total Equity	Before Distribution				20,829,905	20,905,749
	After Distribution				17,985,675	(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.

Note 6: The Company prepared individual financial statements for the years 2018 to 2021,
The Company prepared Consolidated & individual financial statements for the years 2022.

Condensed Balance Sheet (Stand Alone)

Unit: NT\$ Thousands

Item	Year	Financial Information for the Last Five Years (Note 1)				
		2018	2019	2020	2021	2022
Current assets		7,351,080	8,177,381	9,444,467	11,353,869	
Property, Plant and Equipment (Note 2)		10,160,233	10,055,669	10,799,817	13,872,740	
Intangible Assets		85,742	80,668	63,037	53,473	
Other Assets (Note 2)		1,227,505	1,202,493	1,224,803	1,226,001	
Total Asset		18,824,560	19,516,211	21,532,124	26,506,083	
Current Liabilities	Before Distribution	2,369,720	2,610,535	3,262,656	5,411,464	
	After Distribution	3,905,604	3,918,881	5,026,078	8,255,694	None
Non-Current Liabilities		235,776	251,046	272,749	264,714	
Total Liabilities	Before Distribution	2,605,496	2,861,581	3,535,405	5,676,178	
	After Distribution	4,141,380	4,169,927	5,298,827	8,520,408	
Equity Attributable to Owners of the Parent		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	
Capital Surplus		1,865	1,997	2,154	2,282	
Retained Earnings	Before Distribution	10,575,169	10,924,533	12,255,045	15,094,680	
	After Distribution	8,755,630	9,616,187	10,491,623	12,250,450	
Other Equity interest		(46,429)	39,641	51,061	44,484	
Treasury Shares		-	-	-	-	
Non-Controlling Interest		-	-	-	-	
Total Equity	Before Distribution	16,219,064	16,654,630	17,996,719	20,829,905	
	After Distribution	14,683,180	15,346,284	16,233,297	17,985,675	

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.

Note 6: The Company prepared individual financial statements for the years 2018 to 2021,
The Company prepared Consolidated & individual financial statements for the years 2022.

Condensed Statement of Comprehensive Income (Consolidated)

Unit: NT\$ Thousands

Item \ Year	Financial Information for the Last Five Years (Note 1)				
	2018	2019	2020	2021	2022
Operating Revenue				19,461,143	15,950,309
Gross Profit				6,269,702	4,230,301
Income from Operations				5,647,090	3,642,680
Non-Operating Income (Expenses)				102,584	384,375
Net Income Before Tax				5,749,674	4,027,055
Net Income from Continuing Operations	None	None	None	4,602,762	3,157,984
Loss from Discontinued Operations				-	-
Net Income (Loss) After Tax				4,602,762	3,157,984
Other Comprehensive Income (net of tax)				(6,282)	(238,096)
Total Comprehensive Income				4,596,480	2,919,888
Net Income Attributable to Owners of the Parent				4,602,762	3,158,170
Net Income (Loss) Attributable to Non-Controlling Interests				-	(186)
Total Comprehensive Income Attributable to Owners of the Parent				4,596,480	2,920,074
Total Comprehensive Income (Loss) Attributable to Non-Controlling Interests				-	(186)
Earnings Per Share (EPS)				8.09	5.55

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.

Note 5: The Company prepared Consolidated & individual financial statements for the years 2022.

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

Year	CPA accounting firm	Name of CPA	Audit opinion
2022	Deloitte Taiwan	Cheng-Chih Lin, Su-Li Fang	Unqualified opinion

Condensed Statement of Comprehensive Income (Parent Company Only)

Unit: NT\$ Thousands

Item	Year	Financial Information for the Last Five Years (Note 1)				
		2018	2019	2020	2021	2022
Operating Revenue					19,461,143	15,948,963
Gross Profit					6,269,702	4,237,880
Income from Operations					5,647,090	3,652,213
Non-Operating Income (Expenses)					102,584	376,719
Net Income Before Tax					5,749,674	4,028,932
Net Income from Continuing Operations		None	None	None	4,602,762	3,158,170
Loss from Discontinued Operations					-	-
Net Income (Loss) After Tax					4,602,762	3,158,170
Other Comprehensive Income (net of tax)					(6,282)	(238,096)
Total Comprehensive Income					4,596,480	2,920,074
Net Income Attributable to Owners of the Parent					4,602,762	3,158,170
Net Income (Loss) Attributable to Non-Controlling Interests					-	-
Total Comprehensive Income Attributable to Owners of the Parent					4,596,480	2,920,074
Total Comprehensive Income (Loss) Attributable to Non-Controlling Interests					-	-
Earnings Per Share (EPS)					8.09	5.55

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.

Note 5: The Company prepared individual financial statements for the years 2018 to 2021,

The Company prepared Consolidated & individual financial statements for the years 2022.

Condensed Statement of Comprehensive Income (Stand Alone)

Unit: NT\$ Thousands

Item \ Year	Financial Information for the Last Five Years (Note 1)				
	2018	2019	2020	2021	2022
Operating Revenue	12,356,434	12,030,481	14,701,682	19,461,143	
Gross Profit	3,258,239	2,799,344	3,809,640	6,269,702	
Income from Operations	2,817,913	2,339,220	3,246,093	5,647,090	
Non-Operating Income (Expenses)	98,076	57,845	57,158	102,584	
Net Income Before Tax	2,915,989	2,397,065	3,303,251	5,749,674	
Net Income from Continuing Operations	2,375,453	1,895,899	2,662,311	4,602,762	None
Loss from Discontinued Operations	-	-	-	-	
Net Income (Loss) After Tax	2,375,453	1,895,899	2,662,311	4,602,762	
Other Comprehensive Income (net of tax)	(67,552)	75,419	(12,033)	(6,282)	
Total Comprehensive Income	2,307,901	1,971,318	2,650,278	4,596,480	
Net Income Attributable to Owners of the Parent	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	2,307,901	1,971,318	2,650,278	4,596,480	
Total Comprehensive Income Attributable to Non-Controlling Interests	-	-	-	-	
Earnings Per Share (EPS)	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.

Note 5: The Company prepared individual financial statements for the years 2018 to 2021,
The Company prepared Consolidated & individual financial statements for the years 2022.

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

Year	CPA accounting firm	Name of CPA	Audit 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

Financial Analyses for the Last Five Years (Consolidated)

Analysis item (Note 3)		Year (Note 1)		Financial Analysis for the Last Five Years				
		2018	2019	2020	2021	2022		
Financial Structure	Debt to Asset Ratio (%)				21.41	14.42		
	Long-term Capital to Property, Plant and Equipment (%)				152.06	148.12		
Liquidity	Current Ratio (%)				209.81	295.76		
	Quick Ratio (%)				184.42	246.71		
	Times Interest Earned				-	-		
Operating Performance Analysis	Average Collection Turnover (times)				4.95	4.86		
	Average Collection Period				74	75		
	Inventory Turnover (times)				12.35	8.41		
	Average Payment Turnover (times)	None	None	None	11.20	12.97		
	Average Inventory Turnover Days				30	43		
	Property, Plant and Equipment (PP&E) Turnover (times)				1.58	1.12		
	Total Assets Turnover (times)				0.81	0.63		
Profitability	Return on Total Assets (%)				19.16	12.40		
	Return on Equity (ROE) (%)				23.71	15.13		
	Pre-tax Income to Paid-in Capital Ratio (%) (Note 7)				101.08	70.79		
	Net Margin (%)				23.65	19.80		
	Earnings Per Share (EPS) (NT\$)				8.09	5.55		
Cash Flow	Cash Flow Ratio (%)				137.02	218.22		
	Cash Flow Adequacy Ratio (%)				0.98	0.96		
	Cash Flow Reinvestment Ratio (%)				15.60	9.45		
Leverage	Operating Leverage				2.00	2.60		
	Financial Leverage				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%)								
<ol style="list-style-type: none"> The decrease in the debt-to-asset ratio was mainly due to the decline in the semiconductor market in 2022, which caused a tightening of capital expenditures resulting in a reduction of accounts payable and equipment payments. The increase in current ratio and quick ratio were mainly due to the decline in the semiconductor market in the first half of 2022, which caused a tightening of capital expenditures, resulting in a reduction of accounts payable and equipment payments. The decrease in inventory turnover and increase in average days of sales were mainly due to the increase in raw material inventory. The decrease in turnover ratios of real estate, factory, and equipment, total asset turnover, return on assets, return on equity, pre-tax net profit to paid-in capital ratio, net profit margin, and earnings per share were mainly due to the slowdown in the semiconductor industry in 2022, resulting in a decline in revenue and profits compared to 2021. The increase in cash flow ratio was mainly due to the slowdown in the semiconductor industry in 2022, leading to a reduction in capital expenditure and accounts payable and equipment purchases. 								

6. The decrease in cash reinvestment ratio was mainly due to the slowdown in the semiconductor industry in 2022, leading to a reduction in capital expenditure.
7. The increase in operating leverage was mainly due to the slowdown in the semiconductor industry in 2022, resulting in a decline in profits compared to 2021.

Notes : The Company prepared individual financial statements for the years 2018 to 2021,
The Company prepared Consolidated & individual financial statements for the years 2022. °

Financial Analyses for the Last Five Years (Parent Company Only)

Analysis item (Note 3)		Year (Note 1)		Financial Analysis for the Last Five Years				
		2018	2019	2020	2021	2022		
Financial Structure	Debt to Asset Ratio (%)				21.41	14.29		
	Long-term Capital to Property, Plant and Equipment (%)				152.06	148.33		
Liquidity	Current Ratio (%)				209.81	293.62		
	Quick Ratio (%)				184.42	244.70		
	Times Interest Earned				-	-		
Operating Performance Analysis	Average Collection Turnover (times)				4.95	4.86		
	Average Collection Period				74	75		
	Inventory Turnover (times)				12.35	8.41		
	Average Payment Turnover (times)	None	None	None	11.20	12.80		
	Average Inventory Turnover Days				30	43		
	Property, Plant and Equipment (PP&E) Turnover (times)				1.58	1.13		
	Total Assets Turnover (times)				0.81	0.63		
Profitability	Return on Total Assets (%)				19.16	12.41		
	Return on Equity (ROE) (%)				23.71	15.13		
	Pre-tax Income to Paid-in Capital Ratio (%) (Note 7)				101.08	70.83		
	Net Margin (%)				23.65	19.80		
	Earnings Per Share (EPS) (NT\$)				8.09	5.55		
Cash Flow	Cash Flow Ratio (%)				137.02	217.54		
	Cash Flow Adequacy Ratio (%)				0.98	0.96		
	Cash Flow Reinvestment Ratio (%)				15.60	9.43		
Leverage	Operating Leverage				2.00	2.59		
	Financial Leverage				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. The decrease in the debt-to-asset ratio was mainly due to the decline in the semiconductor market in 2022, which caused a tightening of capital expenditures resulting in a reduction of accounts payable and equipment payments.
2. The increase in current ratio and quick ratio were mainly due to the decline in the semiconductor market in the first half of 2022, which caused a tightening of capital expenditures, resulting in a reduction of accounts payable and equipment payments.
3. The decrease in inventory turnover and increase in average days of sales were mainly due to the increase in raw material inventory.
4. The decrease in turnover ratios of real estate, factory, and equipment, total asset turnover, return on assets, return on equity, pre-tax net profit to paid-in capital ratio, net profit margin, and earnings per share were mainly due to the slowdown in the semiconductor industry in 2022, resulting in a decline in revenue and profits compared to 2021.
5. The increase in cash flow ratio was mainly due to the slowdown in the semiconductor industry in 2022, leading to a reduction in capital expenditure and accounts payable and equipment purchases.

6. The decrease in cash reinvestment ratio was mainly due to the slowdown in the semiconductor industry in 2022, leading to a reduction in capital expenditure.
7. The increase in operating leverage was mainly due to the slowdown in the semiconductor industry in 2022, resulting in a decline in profits compared to 2021.

Notes : The Company prepared individual financial statements for the years 2018 to 2021,
The Company prepared Consolidated & individual financial statements for the years 2022. °

Financial Analyses for the Last Five Years (Stand Alone)

Analysis item (Note 3)		Year (Note 1)		Financial Analysis for the Last Five Years				
		2018	2019	2020	2021	2022		
Financial Structure	Debt to Asset Ratio (%)	13.84	14.66	16.42	21.41			
	Long-term Capital to Property, Plant and Equipment (%)	161.95	168.12	169.16	152.06			
Liquidity	Current Ratio (%)	310.21	313.25	289.47	209.81			
	Quick Ratio (%)	285.75	292.59	265.36	184.42			
	Times Interest Earned	-	-	-	-			
Operating Performance Analysis	Average Collection Turnover (times)	4.25	4.05	4.48	4.95			
	Average Collection Period	86	90	81	74			
	Inventory Turnover (times)	12.70	16.70	16.68	12.35	None		
	Average Payment Turnover (times)	13.95	12.88	12.27	11.20			
	Average Inventory Turnover Days	29	22	22	30			
	Property, Plant and Equipment (PP&E) Turnover (times)	1.27	1.19	1.41	1.58			
	Total Assets Turnover (times)	0.67	0.63	0.72	0.81			
Profitability	Return on Total Assets (%)	12.85	9.89	12.97	19.16			
	Return on Equity (ROE) (%)	14.97	11.53	15.37	23.71			
	Pre-tax Income to Paid-in Capital Ratio (%) (Note 7)	51.26	42.14	58.07	101.08			
	Net Margin (%)	19.22	15.76	18.11	23.65			
	Earnings Per Share (EPS) (NT\$)	4.18	3.33	4.68	8.09			
Cash Flow	Cash Flow Ratio (%)	191.51	159.40	155.99	137.02			
	Cash Flow Adequacy Ratio (%)	0.97	0.99	0.85	0.98			
	Cash Flow Reinvestment Ratio (%)	10.22	8.69	11.53	15.60			
Leverage	Operating Leverage	2.56	2.92	2.59	2.00			
	Financial Leverage	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%)								

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 2022 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

2023 Annual Shareholders' Meeting of Greatek Electronics Inc.

Greatek Electronics Inc.

Chairman of the Audit Committee:

Chu-Chien Feng

Published on February 24, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Greatek Electronics Inc.

Opinion

We have audited the accompanying consolidated financial statements of Greatek Electronics Inc. and its subsidiaries (the "Corporation"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as of December 31, 2022 and 2021, its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Consolidated 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 Consolidated 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 consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated 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 consolidated financial statements of the Corporation for the year ended December 31, 2022, are described as follows:

Contract assets and revenue recognition

1. The sales revenue is material to the Corporation. Please refer to Note 21 to the accompanying consolidated 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.

Other Matter

We have also audited the financial statements of Greatek Electronics Inc. as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated financial statements for the year ended December 31, 2022 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 Cheng-Chih Lin and Su-Li Fang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 24, 2023

Notice to Readers

The accompanying consolidated 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 consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated 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 consolidated financial statements shall prevail.

GREATEK ELECTRONICS INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
NET SALES (Notes 4, 21, 28 and 33)	\$ 15,950,309	100	\$ 19,461,143	100
OPERATING COSTS (Notes 11, 19, 22 and 28)	<u>11,720,008</u>	<u>73</u>	<u>13,191,441</u>	<u>68</u>
GROSS PROFIT	<u>4,230,301</u>	<u>27</u>	<u>6,269,702</u>	<u>32</u>
OPERATING EXPENSES (Notes 19 and 22)				
Selling and marketing	66,307	-	73,665	-
General and administrative	269,242	2	312,982	2
Research and development	252,072	2	287,002	1
Expected credit (gain) loss	<u>-</u>	<u>-</u>	<u>(51,037)</u>	<u>-</u>
Total operating expenses	<u>587,621</u>	<u>4</u>	<u>622,612</u>	<u>3</u>
OPERATING INCOME	<u>3,642,680</u>	<u>23</u>	<u>5,647,090</u>	<u>29</u>
NONOPERATING INCOME AND EXPENSES (Notes 4 and 22)				
Interest income	36,592	-	21,407	-
Other income	143,525	1	89,717	1
Other gains and losses	<u>204,258</u>	<u>1</u>	<u>(8,540)</u>	<u>-</u>
Total nonoperating income and expenses	<u>384,375</u>	<u>2</u>	<u>102,584</u>	<u>1</u>
INCOME BEFORE INCOME TAX	4,027,055	25	5,749,674	30
INCOME TAX EXPENSE (Notes 4 and 23)	<u>869,071</u>	<u>5</u>	<u>1,146,912</u>	<u>6</u>
NET INCOME	<u>3,157,984</u>	<u>20</u>	<u>4,602,762</u>	<u>24</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 19)	(35,628)	-	295	-
Unrealized loss on investments in equity instruments designated as at fair value through other comprehensive income (Notes 4 and 20)	<u>(202,468)</u>	<u>(2)</u>	<u>(6,577)</u>	<u>-</u>
	<u>(238,096)</u>	<u>(2)</u>	<u>(6,282)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 2,919,888</u>	<u>18</u>	<u>\$ 4,596,480</u>	<u>24</u>

(Continued)

GREATEK ELECTRONICS INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
NET INCOME ATTRIBUTABLE TO				
Shareholders of the Parent	\$ 3,158,170	20	\$ 4,602,762	24
Non-controlling interests	<u>(186)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,157,984</u>	<u>20</u>	<u>\$ 4,602,762</u>	<u>24</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO				
Shareholders of the Parent	\$ 2,920,074	18	\$ 4,596,480	24
Non-controlling interests	<u>(186)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,919,888</u>	<u>18</u>	<u>\$ 4,596,480</u>	<u>24</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 5.55</u>		<u>\$ 8.09</u>	
Diluted	<u>\$ 5.44</u>		<u>\$ 7.97</u>	

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

(Concluded)

GREATEK ELECTRONICS INC.
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Shareholders of the Corporation								Total Shareholders' Equity
	Share Capital Issued and Outstanding		Capital Surplus	Retained Earnings		Other Equity Unrealized Gain (Loss) on Investments in Equity Instruments at Fair Value Through Other Comprehensive Income	Noncontrolling Total	Interest	
	Share (Thousands)	Amount		Legal Reserve	Unappropriated Earnings				
BALANCE, JANUARY 1, 2021	568,846	\$ 5,688,459	\$ 2,154	\$ 3,260,735	\$ 8,994,310	\$ 51,061	\$ 17,996,719	\$ -	\$ 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)	-	(1,763,422)
Capital surplus - donations from shareholders	-	-	128	-	-	-	128	-	128
Net income for the year ended December 31, 2021	-	-	-	-	4,602,762	-	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)	-	(6,282)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	4,603,057	(6,577)	4,596,480	-	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	-	20,829,905
APPROPRIATION OF 2021 EARNINGS									
Legal reserve	-	-	-	460,306	(460,306)	-	-	-	-
Cash dividends to shareholders - NT\$5.0 per share	-	-	-	-	(2,844,230)	-	(2,844,230)	-	(2,844,230)
Net income for the year ended December 31, 2022	-	-	-	-	3,158,170	-	3,158,170	(186)	3,157,984
Other comprehensive income (loss) for the year ended December 31, 2022 , net of income tax	-	-	-	-	(35,628)	(202,468)	(238,096)	-	(238,096)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	3,122,542	(202,468)	2,920,074	(186)	2,919,888
Additional non-controlling interests recognized on acquisition of subsidiary	-	-	-	-	-	-	-	3,331	3,331
BALANCE, DECEMBER 31, 2022	568,846	\$ 5,688,459	\$ 2,282	\$ 3,984,926	\$ 11,388,066	\$ (157,984)	\$ 20,905,749	\$ 3,145	\$ 20,908,894

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

GREATEK ELECTRONICS INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Current income before income tax	\$ 4,027,055	\$ 5,749,674
Adjustments to reconcile income before income tax to net cash provided by operating activities:		
Depreciation	3,080,163	2,899,102
Amortization	26,628	28,337
Expected credit gain recognized on accounts receivables	-	(51,037)
Net loss (gain) on fair value change of financial instruments designated as at fair value through profit or loss	20,727	(22,144)
Finance costs	775	151
Interest income	(36,592)	(21,407)
Dividend income	(75,888)	(39,445)
Net gain on disposal of property, plant and equipment	(729)	(819)
Classification from property, plant and equipment to expenses	2	-
Recognition of inventory valuation and obsolescence losses	75,000	21,516
Net (gain) loss on foreign currency exchange	(44,192)	8,652
Premium amortization of financial assets at amortized cost	-	1
Changes in operating assets and liabilities:		
Decrease in financial assets at fair value through profit or loss	31,250	70,490
Decrease (increase) in contract assets	12,764	(247,735)
Decrease (increase) in notes receivable	110,832	(35,882)
Decrease (increase) in accounts receivable	1,783,614	(646,692)
Decrease (increase) in accounts receivable from related parties	266,468	(85,171)
Increase in inventories	(133,113)	(612,431)
Decrease (increase) in prepaid expenses and other current assets	9,303	(83,168)
Increase in contract liabilities	35,382	108,148
Increase (decrease) in notes payable	3,217	(189)
(Decrease) increase in accounts payable	(995,129)	432,965
(Decrease) increase in accrued compensation to employees and remuneration to directors	(247,912)	327,147
(Decrease) increase in accrued expenses and other accounts payable	(113,795)	376,315
Decrease in net defined benefit liability	(76,448)	(6,821)
Cash generated from operations	7,759,382	8,169,557
Interest received	38,020	22,840
Interest paid	(775)	(151)
Income tax paid	(1,409,220)	(777,637)
Net cash provided by operating activities	<u>6,387,407</u>	<u>7,414,609</u>

(Continued)

GREATEK ELECTRONICS INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (160,028)	\$ (398,044)
Proceeds from financial assets at amortized cost	400,000	300,000
Net cash outflow on acquisition of subsidiary	(127,194)	-
Acquisition of property, plant and equipment	(4,392,842)	(5,419,052)
Disposal of property, plant and equipment	1,037	1,077
Increase in refundable deposits	(760)	(155)
Increase in intangible assets	(11,495)	(18,773)
Increase in other non-current assets	(10,000)	(25,000)
Dividend received	<u>75,888</u>	<u>39,445</u>
Net cash used in investing activities	<u>(4,225,394)</u>	<u>(5,520,502)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in guarantee deposits	390,164	-
Repayment of the principal portion of lease liabilities	(2,824)	(1,229)
Cash dividends distributed	(2,844,230)	(1,763,422)
Donations from shareholders	<u>-</u>	<u>128</u>
Net cash used in financing activities	<u>(2,456,890)</u>	<u>(1,764,523)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>83,277</u>	<u>(17,162)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(211,600)	112,422
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>4,047,129</u>	<u>3,934,707</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,835,529</u>	<u>\$ 4,047,129</u>

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

(Concluded)

GREATEK ELECTRONICS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

Greatek’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, 2022 and 2021.

The consolidated financial statements are presented in the Greatek’s functional currency, the New Taiwan dollar.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved to the Board of Directors and issued on February 24, 2023.

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 2023

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

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

Note 2: 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 3: 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.

As of the date the consolidated financial statements were authorized for issue, the Corporation has assessed that the application of other standards and interpretations will not have a material impact on the Corporation's financial position and financial performance.

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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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
Amendments to IFRS 16 "Leases Liability in a Sale and leaseback"	January 1, 2024 (Note 2)
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, 2024

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Except for the above impact, as of the date the consolidated 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 consolidated financial position and consolidated financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

- a. Statement of compliance

The consolidated 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 consolidated 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. Basis of consolidation

The consolidated financial statements incorporate the financial statements of Greatek and the entities controlled by Greatek (i.e. its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by Greatek.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of Greatek and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

See Notes 12 and 32 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the

liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held interests in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

f. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity'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. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

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 arising from the retranslation of non-monetary items are included in profit or loss for the period.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

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.

g. 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.

h. 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.

i. Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Corporation's cash-generating units (referred to as cash-generating units) that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributable goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal, and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

j. 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.

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

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.

k. 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.

1. 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 27.

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, 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 27.

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.

m. 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.

n. 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.

o. 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 consolidated 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 consolidated balance sheets.

p. 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 other 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.

q. 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.

r. 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.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Corporation is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 on 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 possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect 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.

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 27.

6. CASH

	<u>December 31</u>	
	2022	2021
Bank deposits	\$ <u>3,835,529</u>	\$ <u>4,047,129</u>

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

	<u>December 31</u>	
	2022	2021
Bank deposits	0.31%-4.35%	0.05-0.765%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	2022	2021
<u>Financial assets at FVTPL - current</u>		
Financial assets held for trading - current		
Non-derivative financial assets		
Mutual funds	\$ 28,209	\$ 79,200
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	<u>1,009</u>	<u>1,745</u>
	<u>\$ 29,218</u>	<u>\$ 80,945</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>\$ 250</u>	<u>\$ -</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, 2022</u>			
Sell forward exchange contracts	USD to NTD	2023.01.11-2023.02.13	USD 5,000 /NTD153,827
<u>December 31, 2021</u>			
Sell forward exchange contracts	USD to NTD	2022.01.11-2022.03.16	USD 11,400/NTD316,867

The Corporation entered into foreign exchange forward contracts during the 2022 and 2021 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>2022</u>	<u>2021</u>
<u>Noncurrent</u>		
Domestic investments		
Listed shares		
Ordinary shares - Powertech Technology Inc.	\$ <u>934,560</u>	\$ <u>977,000</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>2022</u>	<u>2021</u>
<u>Current</u>		
Domestic investments		
Corporate bonds - P08 Taiwan Power Company 3A Bond	\$ 50,000	\$ -
Corporate bonds - P06 Taiwan Power Company 1A Bond	-	300,000
Corporate bonds - P06 Taiwan Power Company 3A Bond	-	50,000
Corporate bonds - P06 FPC 1A Bond	<u>-</u>	<u>50,000</u>
	<u>\$ 50,000</u>	<u>\$ 400,000</u>
<u>Noncurrent</u>		
Domestic investments		
Corporate bonds - P08 Taiwan Power Company 3A Bond	\$ <u>50,000</u>	\$ <u>100,000</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 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 27 for information relating to their credit risk management and impairment.

10. NOTES AND ACCOUNTS RECEIVABLE, NET

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ <u>44,579</u>	\$ <u>155,411</u>
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount	\$ 2,060,206	\$ 3,815,331
Less: Allowance for impairment loss	<u>(60,500)</u>	<u>(60,169)</u>
	<u>\$ 1,999,706</u>	<u>\$ 3,755,162</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, 2022

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Gross carrying amount	\$ 2,005,585	\$ 46,853	\$ 7,233	\$ 535	\$ -	\$ 2,060,206
Loss allowance (Lifetime ECL)	<u>(5,879)</u>	<u>(46,853)</u>	<u>(7,233)</u>	<u>(535)</u>	<u>-</u>	<u>(60,500)</u>
Amortized cost	<u>\$ 1,999,706</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,999,706</u>

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>\$ 3,755,162</u>

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

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 60,169	\$ 25,925
Add: Acquisition of subsidiary	331	-
Add: Amounts recovered	-	85,281
Less: Net remeasurement of loss allowance	<u>-</u>	<u>(51,037)</u>
Balance at December 31	<u>\$ 60,500</u>	<u>\$ 60,169</u>

11. INVENTORIES

	December 31	
	2022	2021
Raw materials	\$ 1,289,560	\$ 1,170,074
Supplies	<u>135,447</u>	<u>193,467</u>
	<u>\$ 1,425,007</u>	<u>\$ 1,363,541</u>

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

	For the Year Ended December 31	
	2022	2021
Provision of inventory valuation and obsolescence losses	<u>\$ 75,000</u>	<u>\$ 21,516</u>
Unallocated overheads	<u>\$ 703,356</u>	<u>\$ 128,721</u>
Sales of scrapes	<u>\$ (79,034)</u>	<u>\$ (82,693)</u>
Operating Costs	<u>\$ 11,720,008</u>	<u>\$ 13,191,441</u>

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			December 31 2022	December 31 2021	
Greatek Electronics Inc.	Get-Team Tech Corporation (Get-Team)	Metal plating on semiconductor lead frame	97.46	-	Note 1

Note 1: In October 2022, Greatek acquired 97.46% ownership of Get-Team Tech Corporation and obtained the majority, Get-Team Tech Corporation became a subsidiary of Greatek.

13. PROPERTY, PLANT AND EQUIPMENT

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
Cost										
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>
Accumulated depreciation										
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>
For the Year Ended December 31, 2022										
	Land	Building	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Equipment under Installation	Construction in Progress	Spare Parts	Total
Cost										
Balance, beginning of year	\$ 1,877,336	\$ 3,966,175	\$19,936,998	\$ 20,698	\$ 122,402	\$ 539,076	\$ 875,862	\$ 1,501,618	\$ 259,407	\$29,099,572
Additions	94,973	297,200	1,036,256	4,741	27,819	92,206	729,804	1,027,987	368,939	3,679,925
Acquisitions through business combinations (note 15)	8,946	9,527	123,965	3,042	57	13,700	10,578	-	-	169,815
Disposals	-	(1,764)	(1,909,185)	-	-	-	-	-	(369,799)	(2,280,748)
Reclassified	97	546,312	768,402	-	-	11,850	(780,254)	(546,409)	-	(2)
Balance, end of year	<u>1,981,352</u>	<u>4,817,450</u>	<u>19,956,436</u>	<u>28,481</u>	<u>150,278</u>	<u>656,832</u>	<u>835,990</u>	<u>1,983,196</u>	<u>258,547</u>	<u>30,668,562</u>
Accumulated depreciation										
Balance, beginning of year	-	2,236,853	12,504,832	11,592	71,251	402,304	-	-	-	15,226,832
Additions	-	251,644	2,384,667	3,580	17,619	49,974	-	-	369,799	3,077,283
Acquisitions through business combinations (note 15)	-	4,512	113,348	864	48	9,575	-	-	-	128,347
Disposals	-	(1,764)	(1,908,877)	-	-	-	-	-	(369,799)	(2,280,440)
Balance, end of year	-	<u>2,491,245</u>	<u>13,093,970</u>	<u>16,036</u>	<u>88,918</u>	<u>461,853</u>	-	-	-	<u>16,152,022</u>
Net book value, end of year	<u>\$ 1,981,352</u>	<u>\$ 2,326,205</u>	<u>\$ 6,862,466</u>	<u>\$ 12,445</u>	<u>\$ 61,360</u>	<u>\$ 194,979</u>	<u>\$ 835,990</u>	<u>\$ 1,983,196</u>	<u>\$ 258,547</u>	<u>\$14,516,540</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	2-11 years
Others	2-51 years
Machinery and equipment	2-10 years
Transportation equipment	4-6 years
Office equipment	3-7 years
Other equipment	2-16 years
Spare parts	0.5 years

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
<u>Carrying amounts</u>		
Building	\$ 33,265	\$ -
Machinery and Equipment	<u>12,447</u>	<u>8,109</u>
	<u>\$ 45,712</u>	<u>\$ 8,109</u>

	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	\$ <u>22,485</u>	\$ <u>-</u>
<u>Depreciation charge for right-of-use assets</u>		
Building	\$ 1,468	\$ -
Machinery and Equipment	<u>1,412</u>	<u>1,276</u>
	<u>\$ 2,880</u>	<u>\$ 1,276</u>

b. Lease liabilities

	December 31	
	2022	2021
<u>Carrying amounts</u>		
Current	<u>\$ 8,487</u>	<u>\$ 1,250</u>
Non-current	<u>\$ 39,108</u>	<u>\$ 7,061</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2022	2021
Building	2.525%	-
Machinery and equipment	1.695%-2.300%	1.695%

c. Material lease-in activities and terms

Get-Team leases certain buildings for the use of production line with lease terms of 5 years. Get-Team has no options to purchase the buildings for a nominal amount at the end of the lease terms.

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

15. INTANGIBLE ASSETS

	For the Year Ended December 31, 2021			
	Goodwill	Trade secret	Computer Software	Total
<u>Cost</u>				
Balance, beginning of year	\$ -	\$ -	\$ 140,246	\$ 140,246
Additions	-	-	18,773	18,773
Disposals	<u>-</u>	<u>-</u>	<u>(11,864)</u>	<u>(11,864)</u>
Balance, end of year	<u>-</u>	<u>-</u>	<u>147,155</u>	<u>147,155</u>

(Continued)

For the Year Ended December 31, 2021

	Goodwill	Trade secret	Computer Software	Total
<u>Accumulated amortization</u>				
Balance, beginning of year	-	-	77,209	77,209
Additions	-	-	28,337	28,337
Disposals	-	-	(11,864)	(11,864)
Balance, end of year	<u>-</u>	<u>-</u>	<u>93,682</u>	<u>93,682</u>
Net book value, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,473</u>	<u>\$ 53,473</u> (Concluded)

For the Year Ended December 31, 2022

	Goodwill	Trade secret	Computer Software	Total
<u>Cost</u>				
Balance, beginning of year	\$ -	\$ -	\$ 147,155	\$ 147,155
Additions	-	-	11,495	11,495
Acquisitions through business combinations	17,896	41,383	-	59,279
Disposals	-	-	(65,958)	(65,958)
Balance, end of year	<u>17,896</u>	<u>41,383</u>	<u>92,692</u>	<u>151,971</u>
<u>Accumulated amortization</u>				
Balance, beginning of year	-	-	93,682	93,682
Additions	-	1,035	25,593	26,628
Disposals	-	-	(65,958)	(65,958)
Balance, end of year	<u>-</u>	<u>1,035</u>	<u>53,317</u>	<u>54,352</u>
Net book value, end of year	<u>\$ 17,896</u>	<u>\$ 40,348</u>	<u>\$ 39,375</u>	<u>\$ 97,619</u>

The Corporation acquired Get-Team in October, 2022 and recognized goodwill of \$17,986 thousand (see note 25).

The above items of intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Trade secret	10 years
Computer Software	5 years

16. OTHER ASSETS

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Current</u>		
Tax overpaid	\$ 131,520	\$ 95,221
Inventory of supplies	33,187	33,382
Tax refund receivables	17,820	43,188
Other receivables	16,786	24,745
Others (a)	<u>21,298</u>	<u>23,219</u>
	<u>\$ 220,611</u>	<u>\$ 219,755</u>
<u>Non-current</u>		
Pledged deposits (b)	\$ 118,700	\$ 108,700
Refundable deposits	<u>8,953</u>	<u>7,153</u>
	<u>\$ 127,653</u>	<u>\$ 115,853</u>

- a. Other current assets include payment on behalf of others, prepaid insurances, prepayments in advance, interest receivable, prepaid rents, and temporary debits.
- b. Pledge deposits are guarantee deposits for domestic sales, gas volume in CPC Corporation, and environmental protection of lease buildings.

17. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Current</u>		
Accrued expenses		
Bonus	\$ 864,676	\$ 866,785
Indemnification payable	131,408	133,487
Labor and health insurance	58,534	64,796
Utilities	40,368	37,576
Others (a)	<u>174,320</u>	<u>276,481</u>
	<u>1,269,306</u>	<u>1,379,125</u>
Other current liabilities		
Temporary receipts	22,215	11,499
Behalf of the collection	<u>22,190</u>	<u>28,815</u>
	<u>44,405</u>	<u>40,314</u>
	<u>\$ 1,313,711</u>	<u>\$ 1,419,439</u>

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

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.

18. GUARANTEE DEPOSITS

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Capacity guarantee	\$ 405,479	\$ -
Others	<u>16</u>	<u>16</u>
	<u>\$ 405,495</u>	<u>\$ 16</u>
Current	<u>\$ 70,518</u>	<u>\$ -</u>
Non-current	<u>\$ 334,977</u>	<u>\$ 16</u>

19. 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 consolidated balance sheets in respect of the Corporation's defined benefit plans were as follows:

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Present value of funded defined benefit obligation	\$ 501,391	\$ 461,939
Fair value of plan assets	<u>(290,763)</u>	<u>(210,491)</u>
Net defined benefit liability	<u>\$ 210,628</u>	<u>\$ 251,448</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, 2021	\$ 465,709	\$ (207,145)	\$ 258,564
Service cost			
Current service cost	870	-	870
Net interest expense (income)	1,863	(829)	1,034
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>
Service cost			
Current service cost	827	-	827
Net interest expense (income)	3,234	(1,473)	1,761
Recognized in profit or loss	<u>4,061</u>	<u>(1,473)</u>	<u>2,588</u>
Remeasurement			
Actuarial loss(gain) - experience adjustments	62,756	(15,914)	46,842
Actuarial (gain)- changes in financial assumptions	<u>(11,214)</u>	<u>-</u>	<u>(11,214)</u>
Recognized in other comprehensive income	<u>51,542</u>	<u>(15,914)</u>	<u>35,628</u>
Contributions from the employer	<u>-</u>	<u>(79,036)</u>	<u>(79,036)</u>
Benefits paid	<u>(16,151)</u>	<u>16,151</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 501,391</u>	<u>\$ (290,763)</u>	<u>\$ 210,628</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	
	2022	2021
Operating costs	\$ 2,344	\$ 1,743
Selling and marketing expenses	\$ 29	\$ 19
General and administrative expenses	\$ 72	\$ 48
Research and development expenses	\$ 143	\$ 94

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	
	2022	2021
Discount rates	1.40%	0.70%
Expected rates of salary increase	3.50%	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	1.40%	0.70%

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	
	2022	2021
Discount rate(s)		
0.25% increase	<u>\$ (12,793)</u>	<u>\$ (12,409)</u>
0.25% decrease	<u>\$ 13,263</u>	<u>\$ 12,884</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 11,741</u>	<u>\$ 11,439</u>
0.25% decrease	<u>\$ (11,407)</u>	<u>\$ (11,100)</u>

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	
	2022	2021
The expected contributions to the plan for the next year	<u>\$ 8,163</u>	<u>\$ 8,850</u>
The average duration of the defined benefit obligation	11 years	11 years

20. EQUITY

a. Ordinary shares

	December 31	
	2022	2021
Numbers of shares authorized (in thousands)	<u>700,000</u>	<u>700,000</u>
Shares authorized	<u>\$ 7,000,000</u>	<u>\$ 7,000,000</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	
	2022	2021
<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>635</u>
	<u>\$ 2,282</u>	<u>\$ 2,282</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, Greatek 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 22 (f).

Greatek's dividends policy is accordance with its Articles of incorporation taking into account the current's earnings status. 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.

Greatek's appropriations of earnings for 2021 and 2020 had been approved in the shareholders' meetings on May 26, 2022 and July 21, 2021, respectively. The appropriations and dividends per share were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (\$)</u>	
	<u>For Year 2021</u>	<u>For Year 2020</u>	<u>For Year 2021</u>	<u>For Year 2020</u>
Legal reserve	\$ 460,306	\$ 263,885	\$ -	\$ -
Cash dividends	2,844,230	1,763,422	5.0	3.1

Greatek's appropriations of earnings for 2022 had been proposed by the board of directors on February 24, 2023. The appropriations and dividends per share were as follows:

	<u>Appropriation of Earnings</u>	<u>Dividends Per Share</u>
Legal reserve	\$ 312,254	\$ -
Special reserve	157,984	-
Cash dividends	2,104,730	3.7

The appropriations of earnings for 2022 are subject to the resolution of the shareholders meeting to be held on May 30, 2023.

d. Other equity items

Unrealized gain (loss) on financial assets at FVTOCI

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Balance at January 1	\$ 44,484	\$ 51,061
Other comprehensive (loss) income recognized during the period		
Unrealized gain - equity instruments	<u>(202,468)</u>	<u>(6,577)</u>
Balance at December 31	<u>\$ (157,984)</u>	<u>\$ 44,484</u>

e. Non-controlling interests

	For the Year Ended December 31, 2022
Balance at January 1	\$ -
Share in loss for the year	(186)
Additional non-controlling interests recognized on acquisition of subsidiary	<u>3,331</u>
Balance at December 31	<u>\$ 3,145</u>

21. REVENUE

a. Contract information

	For the Year Ended December 31	
	2022	2021
Revenue from contracts with customers		
Revenue from assembly service	\$ 13,461,390	\$ 16,492,522
Revenue from testing service	<u>2,488,919</u>	<u>2,968,621</u>
	<u>\$ 15,950,309</u>	<u>\$ 19,461,143</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. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Notes and accounts receivables (Included related parties) (Note 10)	<u>\$ 2,213,615</u>	<u>\$ 4,346,371</u>	<u>\$ 3,521,425</u>
Contract assets-current			
Revenue from services	\$ 883,364	\$ 896,128	\$ 648,393
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
Contract assets-current	<u>\$ 883,364</u>	<u>\$ 896,128</u>	<u>\$ 648,393</u>
Contract liabilities- current			
Revenue from services	<u>\$ 200,206</u>	<u>\$ 164,824</u>	<u>\$ 56,676</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:

	For the Year Ended December 31	
	2022	2021
From the beginning contract liability		
Revenue from services	<u>\$ 142,135</u>	<u>\$ 45,090</u>

c. Disaggregation of revenue

	For the Year Ended December 31	
	2022	2021
<u>Primary geographical markets</u>		
Taiwan (The location of the Corporation)	\$ 9,763,282	\$ 14,269,954
Asia	2,373,867	1,525,037
America	2,348,108	2,174,305
Europe	1,464,754	1,491,789
Africa	<u>298</u>	<u>58</u>
	<u>\$ 15,950,309</u>	<u>\$ 19,461,143</u>

22. NET PROFIT

a. Interest income

	For the Year Ended December 31	
	2022	2021
Bank deposits	\$ 34,215	\$ 15,172
Financial assets measured at amortized cost	<u>2,377</u>	<u>6,235</u>
	<u>\$ 36,592</u>	<u>\$ 21,407</u>

b. Other income

	For the Year Ended December 31	
	2022	2021
Dividend income	\$ 75,888	\$ 39,445
Rent income	563	-
Others	<u>67,074</u>	<u>50,272</u>
	<u>\$ 143,525</u>	<u>\$ 89,717</u>

c. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Net gain (loss) on foreign currency exchange	\$ 255,571	\$ (34,644)
Net (loss) gain arising on financial instruments classified as held for trading	(42,309)	26,770
Finance costs	(775)	(151)
Others	<u>(8,229)</u>	<u>(515)</u>
	<u>\$ 204,258</u>	<u>\$ (8,540)</u>

d. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
An analysis of depreciation by function		
Operating costs	\$ 3,044,930	\$ 2,870,650
Operating expenses	<u>35,233</u>	<u>28,452</u>
	<u>\$ 3,080,163</u>	<u>\$ 2,899,102</u>
An analysis of amortization by function		
Operating costs	\$ 19,177	\$ 20,212
Selling and marketing	-	-
General and administrative	1,484	2,474
Research and development	<u>5,967</u>	<u>5,651</u>
	<u>\$ 26,628</u>	<u>\$ 28,337</u>

e. Employee benefit expense

	For the Year Ended December 31	
	2022	2021
Post-employment benefits (Note 19)		
Defined contribution plans	\$ 120,133	\$ 116,012
Defined benefit plans	<u>2,588</u>	<u>1,904</u>
	122,721	117,916
Other employee benefits	<u>3,843,374</u>	<u>4,655,518</u>
Total employee benefit expense	<u>\$ 3,966,095</u>	<u>\$ 4,773,434</u>
An analysis of employee benefit expense by function		
Operating costs	\$ 3,512,625	\$ 4,220,515
Operating expenses	<u>453,470</u>	<u>552,919</u>
	<u>\$ 3,966,095</u>	<u>\$ 4,773,434</u>

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, 2022 and 2021 which have been approved by the Company's board of directors on February 24, 2023 and February 25, 2022, respectively, were as follows:

Accrual rate

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Employees' compensation	10%	10%
Remuneration of directors	2%	2%

Amount

	<u>For the Year Ended December 31</u>			
	<u>2022</u>		<u>2021</u>	
	<u>Cash</u>	<u>Share</u>	<u>Cash</u>	<u>Share</u>
Employees' compensation	\$ 429,978	\$ -	\$ 634,106	\$ -
Remuneration of directors	80,711	-	124,335	-

If there is a change in the proposed amounts after the annual consolidated 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 consolidated financial statements for the year ended December 31, 2021 and 2020.

Information on the employees' compensation and remuneration of directors resolved by the Corporation's board of directors in 2023 and 2022 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

g. Gain or loss on foreign currency exchange

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Foreign exchange gains	\$ 438,099	\$ 83,437
Foreign exchange losses	<u>(182,528)</u>	<u>(118,081)</u>
Net gains (losses)	<u>\$ 255,571</u>	<u>\$ (34,644)</u>

23. 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	
	2022	2021
Current tax		
In respect of the current year	\$ 830,583	\$ 1,129,357
Adjustments for prior periods	22,294	3,077
Deferred tax		
In respect of the current year	<u>16,194</u>	<u>14,478</u>
Income tax expenses recognized in profit or loss	<u>\$ 869,071</u>	<u>\$ 1,146,912</u>

The income tax for the years ended December 31, 2022 and 2021 can be reconciled to the accounting profit as follows:

	For the Year Ended December 31	
	2022	2021
Profit before income tax	<u>\$ 4,027,055</u>	<u>\$ 5,749,674</u>
Income tax expense calculated at the statutory rate (20%)	\$ 804,022	\$ 1,149,935
Nondeductible expenses in determining taxable income	(16,000)	(11,987)
Temporary differences	58,755	5,887
Adjustments for prior years' tax	<u>22,294</u>	<u>3,077</u>
Income tax recognized in profit or loss	<u>\$ 869,071</u>	<u>\$ 1,146,912</u>

b. Current tax liabilities

	December 31	
	2022	2021
Current tax liabilities		
Tax payable	<u>\$ 248,310</u>	<u>\$ 802,962</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, 2022

	Balance, Beginning of Year	The Movements of Year	Balance, End of Year
<u>Deferred Tax Assets</u>			
Temporary difference			
Bonus	\$ 10,446	\$ (10,446)	\$ -
Provisions	12,909	(12,909)	-

(Continued)

	Balance, Beginning of Year	The Movements of Year	Balance, End of Year
Depreciation	\$ 25	\$ (25)	\$ -
Unrealized foreign exchange losses	<u>1,659</u>	<u>1,148</u>	<u>2,807</u>
	<u>\$ 25,039</u>	<u>\$ (22,232)</u>	<u>\$ 2,807</u>
<u>Deferred Tax Liabilities</u>			
Temporary difference			
Acquisitions through business combinations	\$ -	\$ 11,371	\$ 11,371
Financial instruments classified as held for trading	<u>6,189</u>	<u>(6,038)</u>	<u>151</u>
	<u>\$ 6,189</u>	<u>\$ 5,333</u>	<u>\$ 11,522</u> (Concluded)

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	\$ 5,858	\$ (6,038)	\$ 151
Others	<u>-</u>	<u>11,371</u>	<u>11,371</u>
	<u>\$ 5,858</u>	<u>\$ 5,333</u>	<u>\$ 11,522</u>

d. Income tax assessments

Income tax returns through 2020 have been examined and cleared by the tax authorities.

24. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	2022	2021
Basic earnings per share	<u>\$ 5.55</u>	<u>\$ 8.09</u>
Diluted earnings per share	<u>\$ 5.44</u>	<u>\$ 7.97</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	
	2022	2021
Net profit attributable to owners of the Corporation	\$ 3,158,170	\$ 4,602,762
Effect to dilutive potential ordinary shares:		
Employees' compensation	<u> -</u>	<u> -</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 3,158,170</u>	<u>\$ 4,602,762</u>

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

	For the Year Ended December 31	
	2022	2021
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>11,323</u>	<u>8,898</u>
Weighted average number of ordinary shares in outstanding computation of dilutive earnings per share	<u>580,169</u>	<u>577,744</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.

25. SUBSIDIARIES ACQUIRED

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Get-Team Tech Corporation (Get-Team)	Metal plating on semiconductor lead frame	October 5, 2022	97.46	<u>\$ 171,523</u>

Get-Team Tech Corporation was acquired in order to continue the expansion of assembly service.

b. Consideration transferred

Get-Team Tech Corporation

Cash	\$ <u>171,523</u>
------	-------------------

The fair value of the ordinary shares of Get-Team, determined by an independent expert on distribution of cash at the date of the acquisition, amounted to \$171,523 thousand.

c. Assets acquired and liabilities assumed at the date of acquisition

Get-Team Tech Corporation

Current assets	
Cash	\$ 44,329
Accounts receivable	45,692
Inventories	3,353
Other current assets	11,587
Non-current assets	
Property, plant and equipment	41,468
Right-of-use assets	17,997
Intangible assets	41,383
Other non-current assets	1,040
Current liabilities	
Accounts payable	(8,979)
Accrued compensation to employees and remuneration to directors	(160)
Current income tax liabilities	(1,287)
Accrued expenses and other current liabilities	(8,067)
Non-current liabilities	
Deferred income tax liabilities	(11,775)
Lease liabilities	<u>(19,623)</u>
	<u>\$ 156,958</u>

The tax bases of Get-Team's assets were required to be based on the market values of the assets. At the date of issuance of these consolidated financial statements, the necessary market valuations and other calculations have been finalized, and been determined based on the market values of the tax values.

d. Non-controlling interests

The non-controlling interest (a 2.54% ownership interest in Get-Team) recognized at the acquisition date was measured by reference to the fair value of the non-controlling interest.

e. Goodwill recognized on acquisitions

Get-Team Tech Corporation

Consideration transferred	\$ 171,523
Plus: Non-controlling interests (2.54% in Get-Team)	3,331
Less: Fair value of identifiable net assets acquired	<u>(156,958)</u>
	<u>\$ 17,896</u>

The goodwill recognized in the acquisitions of Get-Team mainly represents the control premium included in the cost of the combinations. In addition, the consideration paid for the combinations effectively included amounts attributed to the benefits of expected synergies, revenue growth, future market development and the assembled workforces of Get-Team. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

The total amount of acquired goodwill is not tax-deductible.

f. Net cash outflow on the acquisition of subsidiaries

	Get-Team Tech Corporation
Consideration paid in cash	\$ 171,523
Less: Cash and cash equivalent balances acquired	<u>(44,329)</u>
	<u>\$ 127,194</u>

26. 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.

27. 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 consolidated financial statements approximate their fair values or their fair values cannot be reliably measured.

December 31, 2022

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Financial assets at amortized cost					
Domestic corporate bonds	\$ 100,000	\$ -	\$ 100,082	\$ -	\$ 100,082

December 31, 2021

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	

Financial assets

Financial assets at amortized cost

Domestic corporate bonds	\$ 500,000	\$ -	\$ 501,313	\$ -	\$ 501,313
--------------------------	------------	------	------------	------	------------

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, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 28,209	\$ -	\$ -	\$ 28,209
Forward exchange contracts	<u>-</u>	<u>1,009</u>	<u>-</u>	<u>1,009</u>
	<u>\$ 28,209</u>	<u>\$ 1,009</u>	<u>\$ -</u>	<u>\$ 29,218</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic Listed shares	<u>\$ 934,560</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 934,560</u>
Financial liabilities at FVTPL				
Forward exchange contracts	<u>\$ -</u>	<u>\$ 250</u>	<u>\$ -</u>	<u>\$ 250</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 79,200	\$ -	\$ -	\$ 79,200
Forward exchange contracts	<u>-</u>	<u>1,745</u>	<u>-</u>	<u>1,745</u>
	<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>

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>	
	<u>2022</u>	<u>2021</u>
<u>Financial assets</u>		
Fair value through profit or loss (FVTPL)		
Held for trading	\$ 29,218	\$ 80,945
Financial assets at amortized cost (Note 1)	6,295,659	9,037,601
Financial assets at FVTOCI		
Equity instruments	934,560	977,000
<u>Financial liabilities</u>		
Fair value through profit or loss (FVTPL)		
Held for trading	250	-
Amortized cost (Note 2)	1,089,325	2,481,193

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 65% and 55% of the Corporation's sales were denominated in currencies other than the functional currency of the Corporation entity making the sale, whilst almost 15% and 18% of costs were denominated in the Corporation entity's non-functional currency for the year ended December 31, 2022 and 2021. 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 31.

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, 2022 and 2021 would decrease/increase by \$15,319 thousand and \$19,202 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.

	December 31	
	2022	2021
Fair value interest rate risk		
Financial assets	\$ 3,316,303	\$ 3,939,781
Cash flow interest rate risk		
Financial assets	637,926	216,048

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, 2022 and 2021 would increase/decrease by \$3,190 thousand and \$1,080 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, 2022 and 2021 would increase/decrease by \$282 thousand and \$792 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, 2022 and 2021 would increase/decrease by \$9,346 thousand and \$9,770 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 consolidated 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, 2022

	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	\$ 413,109	\$ -	\$ -	\$ -	\$ -
Lease liability	2,378	2,378	4,757	35,090	6,545
Payables to equipment suppliers	161,826	-	-	-	-
Guarantee deposits	17,630	17,630	35,258	282,072	52,905
Other payables	<u>108,896</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 703,839</u>	<u>\$ 20,008</u>	<u>\$ 40,015</u>	<u>\$ 317,162</u>	<u>\$ 59,450</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
Guarantee deposits	\$ 70,518	\$ 282,072	\$ 52,889	\$ -	\$ -	\$ 16
Lease liabilities	<u>9,513</u>	<u>35,090</u>	<u>4,825</u>	<u>1,720</u>	<u>-</u>	<u>-</u>
	<u>\$ 80,031</u>	<u>\$ 317,162</u>	<u>\$ 57,714</u>	<u>\$ 1,720</u>	<u>\$ -</u>	<u>\$ 16</u>

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	\$ 1,380	\$ 4,410	\$ 2,715	\$ 400	\$ -	\$ -

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, 2022

	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	\$ 153,827	\$ -	\$ -	\$ -	\$ -
Outflows	(153,300)	-	-	-	-
	<u>\$ 527</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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	(314,982)	-	-	-	-
	<u>\$ 1,885</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

28. TRANSACTIONS WITH RELATED PARTIES

Greatek's parent is PTI, which held 42.91% of common shares of the Corporation as of December 31, 2022 and 2021, 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 (Suzhou) Pte Ltd.	Fellow subsidiaries
Tera Probe Inc.	Fellow subsidiaries
TeraPower Technology Inc.	Fellow subsidiaries

b. Revenue

Account Items	Related Parties Types	For the Year Ended December 31	
		2022	2021
Subcontract revenue	Other related parties	\$ 1,041,800	\$ 1,368,567
	Parent entity	<u>104,087</u>	<u>339,601</u>
		<u>\$ 1,145,887</u>	<u>\$ 1,708,168</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	December 31	
	2022	2021
Parent entity	\$ 22,932	\$ 31,964
Fellow subsidiaries	<u>4,547</u>	<u>-</u>
	<u>\$ 27,479</u>	<u>\$ 31,964</u>

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

d. Contract assets

Related Parties Types	December 31	
	2022	2021
Other related parties	\$ 36,209	\$ 74,474
Parent entity	<u>2,153</u>	<u>8,682</u>
	<u>\$ 38,362</u>	<u>\$ 83,156</u>

For the year ended December 31, 2022 and 2021, no impairment loss was recognized for contract assets from related parties.

e. Manufacturing expenses

Related Parties Types	For the Year Ended December 31	
	2022	2021
Parent entity	\$ 15,006	21,873
Fellow subsidiaries	<u>-</u>	<u>147</u>
	<u>\$ 15,006</u>	<u>\$ 22,020</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	
		2022	2021
Trade receivables from related parties	Other related parties	\$ 143,852	\$ 279,087
	Parent entity	<u>25,478</u>	<u>156,711</u>
		<u>\$ 169,330</u>	<u>\$ 435,798</u>

g. Other receivables

Account Items	Related Parties Types	December 31	
		2022	2021
Prepaid expenses and other current assets	Parent entity	\$ 1,149	\$ 10,348
	Other related parties	<u>328</u>	<u>534</u>
		<u>\$ 1,477</u>	<u>\$ 10,882</u>

h. Payables to related parties

Account Items	Related Parties Types	December 31	
		2022	2021
Trade payables	Parent entity	<u>\$ -</u>	<u>\$ 2,268</u>
Payables to equipment suppliers	Parent entity	<u>\$ -</u>	<u>\$ 309</u>

i. Accrued expenses and other current liabilities

Account Items	Related Parties Types	December 31	
		2022	2021
Accrued expenses and other current liabilities	Parent entity	<u>\$ 1,589</u>	<u>\$ 4,732</u>

j. Acquisitions of property, plant and equipment

	Related Parties Types	For the Year Ended December 31	
		2022	2021
Fellow subsidiaries		\$ -	\$ 11,617
Parent entity		<u>-</u>	<u>2,083</u>
		<u>\$ -</u>	<u>\$ 13,700</u>

k. Compensation of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term benefits	\$ 120,256	\$ 168,082
Post-employment benefits	<u>211</u>	<u>281</u>
	<u>\$ 120,467</u>	<u>\$ 168,363</u>

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

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been pledged as collateral mainly for guarantee deposits for domestic sales, gas volume in CPC Corporation, and environmental protection of lease buildings.

	December 31	
	2022	2021
Pledge deposits (classified as other asset - noncurrent)	<u>\$ 118,700</u>	<u>\$ 108,700</u>

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant contingencie of the Corporation at December 31,2022 was as follows:

a. Significant unrecognized commitments

- 1) In March 2021, Greatek signed a contract worth \$510,000 thousand with Jian Ming Contractor Co., Ltd. for the construction of a new plant. As of December 31,2022, the Corporation has paid a total of \$510,000 thousand.
- 2) In June 2021, Greatek signed a contract worth \$980,000 thousand with Jiu Han System Technology Co., Ltd. to set up MEP systems. As of December 31,2022, the Corporation has paid a total of \$882,000 thousand.
- 3) In July 2021, Greatek 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 31,2022, the Corporation has paid a total of \$324,000 thousand.
- 4) In September 2021, Greatek signed a contract worth \$378,000 thousand with Jiu Han System Technology Co., Ltd. to set up MEP systems. As of December 31,2022, the Corporation has paid a total of \$340,200 thousand.
- 5) In April 2022, Greatek signed a contract worth \$414,000 thousand with Jian Ming Contractor Co., Ltd. to set up a dormitory. As of December 31,2022, the Corporation has paid a total of \$248,400 thousand.
- 6) In July 2022, Greatek signed a contract worth \$418,000 thousand with Jiu Han System Technology Co., Ltd. to set up MEP systems of the dormitory. As of December 31,2022, the Corporation has paid a total of \$125,400 thousand.

31. 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, 2022		
	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 68,840	30.660 (USD:NTD)	\$ 2,110,652
HKD	1	3.971 (HKD:NTD)	<u>3</u>
			<u>\$ 2,110,655</u>
Non-monetary items			
Derivative instruments			
USD	2,500	30.613 (USD:NTD)	<u>\$ 1,009</u>
<u>Financial liabilities</u>			
Monetary items			
USD	18,859	30.690 (USD:NTD)	578,784
JPY	171,765	0.2344 (JPY:NTD)	40,262
EUR	34	32.920 (EUR:NTD)	<u>1,103</u>
			<u>\$ 620,149</u>
Non-monetary items			
Derivative instruments			
USD	2,500	30.613 (USD:NTD)	<u>\$ 250</u>
	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>

For the years ended December 31, 2022 and 2021, realized and unrealized net foreign exchange gains (losses) were \$255,571 thousand and \$(34,644) 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.

32. 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: None.
- e. Acquisition of individual real estate at costs of at least \$300 million or 20% of the paid-in capital: None: Table 2 (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 3 (attached).
- h. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- i. Derivative transactions : Note 7.
- j. Information of intercompany relationships and significant intercompany transactions: Table 4 (attached)..
- k. Names, locations, and related information of investees over which the Corporation exercises significant influence: Table 5 (attached).
- l. Information on investment in mainland China: None.
- m. Information of major shareholders: Table 6 (attached).

33. 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 consolidated financial statements. The segment revenues and operating results for the years ended December 31, 2022 and 2021 are shown in the consolidated income statements for the years ended December 31, 2022 and 2021. The segment assets as of December 31, 2022 and 2021 are shown in the consolidated balance sheets as of December 31, 2022 and 2021.

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	
	2022	2021
Assembly services	\$ 13,461,390	\$ 16,492,522
Testing services	<u>2,488,919</u>	<u>2,968,621</u>
	<u>\$ 15,950,309</u>	<u>\$ 19,461,143</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	
	2022	2021	2022	2021
Taiwan	\$ 9,763,282	\$ 14,269,954	\$ 14,668,824	\$ 13,941,475
Asia	2,373,867	1,525,037	-	-
America	2,348,108	2,174,305	-	-
Europe	1,464,754	1,491,789	-	-
Africa	<u>298</u>	<u>58</u>	<u>-</u>	<u>-</u>
	<u>\$ 15,950,309</u>	<u>\$ 19,461,143</u>	<u>\$ 14,668,824</u>	<u>\$ 13,941,475</u>

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

d. Major customers

For the years ended December 31, 2022 and 2021, sales to customers amounting were less than 10% of total gross sales.

Chapter 5

CPA Certified Parent Company Only Financial Statement for the Most Recent Fiscal

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Greatek Electronics Inc.

Opinion

We have audited the accompanying financial statements of Greatek Electronics Inc. (the "Corporation"), which comprise the balance sheets as of December 31, 2022 and 2021, statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2022 and 2021, the financial performance and the 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, 2022. 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, 2022, are described as follows:

Contract assets and revenue recognition

1. The sales revenue is material to the Corporation. Please refer to Note 21 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.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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, 2022 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 Cheng-Chih Lin and Su-Li Fang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 24, 2023

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.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021		LIABILITIES AND EQUITY	2022		2021	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 4 and 6)	\$ 3,796,761	15	\$ 4,047,129	15	Financial liabilities at fair value through profit or loss - current (Notes 4, 5 and 7)	\$ 250	-	\$ -	-
Financial assets at fair value through profit or loss - current (Notes 4, 5 and 7)	29,218	-	80,945	-	Contract liabilities - current (Notes 4 and 21)	200,206	1	164,824	1
Financial assets at amortized cost - current (Notes 4, 5 and 9)	50,000	-	400,000	2	Notes payable	6,563	-	3,346	-
Contract assets - current (Notes 4, 21 and 28)	883,364	4	896,128	3	Accounts payable (Note 28)	429,141	2	1,390,380	5
Notes receivable (Notes 4, 5, 10 and 21)	44,579	-	155,411	1	Payables to equipment suppliers (Note 28)	161,826	1	870,822	3
Accounts receivable (Notes 4, 5, 10 and 21)	1,998,096	8	3,755,162	14	Accrued compensation to employees and remuneration to directors (Notes 4 and 22)	510,689	2	758,441	3
Receivables from related parties (Notes 4, 5, 21 and 28)	169,330	1	435,798	2	Current income tax liabilities (Notes 4 and 23)	248,310	1	802,962	3
Inventories (Notes 4 and 11)	1,422,430	6	1,363,541	5	Lease liabilities - current (Notes 4 and 14)	1,627	-	1,250	-
Prepaid expenses and other current assets (Notes 4, 16 and 28)	209,537	1	219,755	1	Accrued expenses and other current liabilities (Notes 4, 17 and 28)	1,300,969	5	1,419,439	5
					Guarantee deposits - current (Note 18)	70,518	-	-	-
Total current assets	<u>8,603,315</u>	<u>35</u>	<u>11,353,869</u>	<u>43</u>	Total current liabilities	<u>2,930,099</u>	<u>12</u>	<u>5,411,464</u>	<u>20</u>
NON-CURRENT ASSETS					NON-CURRENT LIABILITIES				
Financial assets at fair value through other comprehensive income - non-current (Note 4 and 8)	934,560	4	977,000	4	Deferred income tax liabilities (Notes 4 and 23)	151	-	6,189	-
Investments accounted for using the equity method (Notes 4, 12 and 25)	164,386	1	-	-	Lease liabilities - noncurrent (Notes 4 and 14)	11,038	-	7,061	-
Financial assets at amortized cost - noncurrent (Notes 4, 5 and 9)	50,000	-	100,000	-	Guarantee deposits - noncurrent (Note 18)	334,977	1	16	-
Property, plant and equipment (Notes 4, 13 and 28)	14,469,804	59	13,872,740	52	Net defined benefit liability - noncurrent (Notes 4 and 19)	210,628	1	251,448	1
Right-of-use assets (Notes 4 and 14)	12,447	-	8,109	-	Total non-current liabilities	<u>556,794</u>	<u>2</u>	<u>264,714</u>	<u>1</u>
Intangible assets (Notes 4 and 15)	39,375	-	53,473	-	Total liabilities	<u>3,486,893</u>	<u>14</u>	<u>5,676,178</u>	<u>21</u>
Deferred income tax assets (Notes 4 and 23)	2,807	-	25,039	-	EQUITY (Notes 4, 20 and 26)				
Other noncurrent assets (Notes 4, 16 and 29)	115,948	1	115,853	1	Capital stock				
Total non-current assets	<u>15,789,327</u>	<u>65</u>	<u>15,152,214</u>	<u>57</u>	Common stock	5,688,459	23	5,688,459	22
					Capital surplus	2,282	-	2,282	-
TOTAL	<u>\$ 24,392,642</u>	<u>100</u>	<u>\$ 26,506,083</u>	<u>100</u>	Retained earnings				
					Legal reserve	3,984,926	16	3,524,620	13
					Unappropriated earnings	11,388,066	47	11,570,060	44
					Other equity	(157,984)	-	44,484	-
					Total equity	<u>20,905,749</u>	<u>86</u>	<u>20,829,905</u>	<u>79</u>
					TOTAL	<u>\$ 24,392,642</u>	<u>100</u>	<u>\$ 26,506,083</u>	<u>100</u>

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

GREATEK ELECTRONICS INC.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
NET SALES (Notes 4, 21, 28 and 33)	\$ 15,948,963	100	\$ 19,461,143	100
OPERATING COSTS (Notes 11, 19, 22 and 28)	<u>11,711,083</u>	<u>73</u>	<u>13,191,441</u>	<u>68</u>
GROSS PROFIT	<u>4,237,880</u>	<u>27</u>	<u>6,269,702</u>	<u>32</u>
OPERATING EXPENSES (Notes 19 and 22)				
Selling and marketing	66,331	-	73,665	-
General and administrative	267,541	2	312,982	2
Research and development	251,795	2	287,002	1
Expected credit (gain) loss	<u>-</u>	<u>-</u>	<u>(51,037)</u>	<u>-</u>
Total operating expenses	<u>585,667</u>	<u>4</u>	<u>622,612</u>	<u>3</u>
OPERATING INCOME	<u>3,652,213</u>	<u>23</u>	<u>5,647,090</u>	<u>29</u>
NONOPERATING INCOME AND EXPENSES (Notes 4 and 22)				
Interest income	36,467	-	21,407	-
Other income	142,586	1	89,717	1
Other gains and losses	204,803	1	(8,540)	-
Share of loss of subsidiaries (Notes 4 and 12)	<u>(7,137)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total nonoperating income and expenses	<u>376,719</u>	<u>2</u>	<u>102,584</u>	<u>1</u>
INCOME BEFORE INCOME TAX	4,028,932	25	5,749,674	30
INCOME TAX EXPENSE (Notes 4 and 23)	<u>870,762</u>	<u>5</u>	<u>1,146,912</u>	<u>6</u>
NET INCOME	<u>3,158,170</u>	<u>20</u>	<u>4,602,762</u>	<u>24</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 19)	(35,628)	-	295	-
Unrealized loss on investments in equity instruments designated as at fair value through other comprehensive income (Notes 4 and 20)	<u>(202,468)</u>	<u>(2)</u>	<u>(6,577)</u>	<u>-</u>
	<u>(238,096)</u>	<u>(2)</u>	<u>(6,282)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 2,920,074</u>	<u>18</u>	<u>\$ 4,596,480</u>	<u>24</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 5.55</u>		<u>\$ 8.09</u>	
Diluted	<u>\$ 5.44</u>		<u>\$ 7.97</u>	

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

GREATEK ELECTRONICS INC.

**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)**

	Share Capital Issued and Outstanding		Capital Surplus	Retained Earnings		Other Equity	Total Equity
	Share (Thousands)	Amount		Legal Reserve	Unappropriated Earnings	Unrealized Gain (Loss) on Investments in Equity Instruments Designated as at Fair Value Through Other Comprehensive Income	
BALANCE, JANUARY 1, 2021	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
APPROPRIATION OF 2021 EARNINGS							
Legal reserve	-	-	-	460,306	(460,306)	-	-
Cash dividends to shareholders - NT\$5.0 per share	-	-	-	-	(2,844,230)	-	(2,844,230)
Net income for the year ended December 31, 2022	-	-	-	-	3,158,170	-	3,158,170
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	(35,628)	(202,468)	(238,096)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	3,122,542	(202,468)	2,920,074
BALANCE, DECEMBER 31, 2022	<u>568,846</u>	<u>\$ 5,688,459</u>	<u>\$ 2,282</u>	<u>\$ 3,984,926</u>	<u>\$ 11,388,066</u>	<u>\$ (157,984)</u>	<u>\$ 20,905,749</u>

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

GREATEK ELECTRONICS INC.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Current income before income tax	\$ 4,028,932	\$ 5,749,674
Adjustments to reconcile income before income tax to net cash provided by operating activities:		
Depreciation	3,077,198	2,899,102
Amortization	25,593	28,337
Expected credit gain recognized on accounts receivables	-	(51,037)
Net loss (gain) on fair value change of financial instruments designated as at fair value through profit or loss	20,727	(22,144)
Finance costs	184	151
Interest income	(36,467)	(21,407)
Dividend income	(75,888)	(39,445)
Share of loss of subsidiaries	7,137	-
Net gain on disposal of property, plant and equipment	(729)	(819)
Classification from property, plant and equipment to expenses	2	-
Recognition of inventory valuation and obsolescence losses	75,000	21,516
Net (gain) loss on foreign currency exchange	(44,192)	8,652
Premium amortization of financial assets at amortized cost	-	1
Changes in operating assets and liabilities:		
Decrease in financial assets at fair value through profit or loss	31,250	70,490
Decrease (increase) in contract assets	12,764	(247,735)
Decrease (increase) in notes receivable	110,832	(35,882)
Decrease (increase) in accounts receivable	1,739,533	(646,692)
Decrease (increase) in accounts receivable from related parties	266,468	(85,171)
Increase in inventories	(133,889)	(612,431)
Decrease (increase) in prepaid expenses and other current assets	8,790	(83,168)
Increase in contract liabilities	35,382	108,148
Increase (decrease) in notes payable	3,217	(189)
(Decrease) increase in accounts payable	(963,555)	432,965
(Decrease) increase in accrued compensation to employees and remuneration to directors	(247,752)	327,147
(Decrease) increase in accrued expenses and other accounts payable	(118,470)	376,315
Decrease in net defined benefit liability	(76,448)	(6,821)
Cash generated from operations	7,745,619	8,169,557
Interest received	37,895	22,840
Interest paid	(184)	(151)
Income tax paid	(1,409,220)	(777,637)
Net cash provided by operating activities	<u>6,374,110</u>	<u>7,414,609</u>

(Continued)

GREATEK ELECTRONICS INC.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash outflow on acquisition of subsidiary	\$ (171,523)	\$ -
Purchase of financial assets at fair value through other comprehensive income	(160,028)	(398,044)
Proceeds from financial assets at amortized cost	400,000	300,000
Acquisition of property, plant and equipment	(4,386,077)	(5,419,052)
Disposal of property, plant and equipment	1,037	1,077
Increase in refundable deposits	(95)	(155)
Increase in intangible assets	(11,495)	(18,773)
Increase in other non-current assets	-	(25,000)
Dividend received	<u>75,888</u>	<u>39,445</u>
Net cash used in investing activities	<u>(4,252,293)</u>	<u>(5,520,502)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in guarantee deposits	390,164	-
Repayment of the principal portion of lease liabilities	(1,396)	(1,229)
Cash dividends distributed	(2,844,230)	(1,763,422)
Donations from shareholders	<u>-</u>	<u>128</u>
Net cash used in financing activities	<u>(2,455,462)</u>	<u>(1,764,523)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>83,277</u>	<u>(17,162)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		
	(250,368)	112,422
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		
	<u>4,047,129</u>	<u>3,934,707</u>
CASH AND CASH EQUIVALENTS, END OF YEAR		
	<u>\$ 3,796,761</u>	<u>\$ 4,047,129</u>

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

GREATEK ELECTRONICS INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (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, 2022 and 2021.

The financial statements are presented in the Corporation’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved to the Board of Directors and issued on February 24, 2023.

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 2023

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

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

Note 2: 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 3: 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.

As of the date the financial statements were authorized for issue, the Corporation has assessed that the application of other standards and interpretations will not have a material impact on the Corporation's financial position and financial performance.

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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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
Amendments to IFRS 16 "Leases Liability in a Sale and leaseback"	January 1, 2024 (Note 2)
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, 2024

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

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 accompanying parent company only 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.

When preparing these parent company only financial statements, the Corporation used the equity method to account for its investments in subsidiaries. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owners of the Corporation in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, the share of other comprehensive income of subsidiaries, and the related equity items, as appropriate, in these parent company only financial statements.

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 parent company only financial statements are presented in the Corporation's functional currency, the New Taiwan dollar. In preparing the parent company only 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. Investments in subsidiaries

The Corporation uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Corporation.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the subsidiary. The Corporation also recognizes the changes in the Corporation's share of equity of subsidiaries.

The Corporation assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Corporation recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

Profits or losses resulting from downstream transactions are eliminated in full in the parent company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized in the parent company only financial statements only to the extent of interests in the subsidiaries that are not related to the Corporation.

g. 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.

h. 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.

i. 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.

j. 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 27.

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, 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 27.

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.

k. 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.

l. 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.

m. 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.

n. 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 other 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.

o. 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.

p. 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.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Corporation is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 on 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 possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect 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.

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 27.

6. CASH

	<u>December 31</u>	
	2022	2021
Bank deposits	<u>\$ 3,796,761</u>	<u>\$ 4,047,129</u>

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

	<u>December 31</u>	
	2022	2021
Bank deposits	0.31%-4.35%	0.05-0.765%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	2022	2021
<u>Financial assets at FVTPL - current</u>		
Financial assets held for trading - current		
Non-derivative financial assets		
Mutual funds	\$ 28,209	\$ 79,200
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	<u>1,009</u>	<u>1,745</u>
	<u>\$ 29,218</u>	<u>\$ 80,945</u>

(Continued)

	<u>December 31</u>	
	2022	2021
<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>250</u>	\$ <u>-</u> (Concluded)

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, 2022</u>			
Sell forward exchange contracts	USD to NTD	2023.01.11-2023.02.13	USD 5,000 /NTD153,827
<u>December 31, 2021</u>			
Sell forward exchange contracts	USD to NTD	2022.01.11-2022.03.16	USD 11,400/NTD316,867

The Corporation entered into foreign exchange forward contracts during the 2022 and 2021 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>	
	2022	2021
<u>Noncurrent</u>		
Domestic investments		
Listed shares		
Ordinary shares - Powertech Technology Inc.	\$ <u>934,560</u>	\$ <u>977,000</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>2022</u>	<u>2021</u>
<u>Current</u>		
Domestic investments		
Corporate bonds - P08 Taiwan Power Company 3A Bond	\$ 50,000	\$ -
Corporate bonds - P06 Taiwan Power Company 1A Bond	-	300,000
Corporate bonds - P06 Taiwan Power Company 3A Bond	-	50,000
Corporate bonds - P06 FPC 1A Bond	<u>-</u>	<u>50,000</u>
	<u>\$ 50,000</u>	<u>\$ 400,000</u>
<u>Noncurrent</u>		
Domestic investments		
Corporate bonds - P08 Taiwan Power Company 3A Bond	<u>\$ 50,000</u>	<u>\$ 100,000</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 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 27 for information relating to their credit risk management and impairment.

10. NOTES AND ACCOUNTS RECEIVABLE, NET

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	<u>\$ 44,579</u>	<u>\$ 155,411</u>
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount	\$ 2,058,265	\$ 3,815,331
Less: Allowance for impairment loss	<u>(60,169)</u>	<u>(60,169)</u>
	<u>\$ 1,998,096</u>	<u>\$ 3,755,162</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, 2022

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Gross carrying amount	\$ 2,003,644	\$ 46,853	\$ 7,233	\$ 535	\$ -	\$ 2,058,265
Loss allowance (Lifetime ECL)	<u>(5,548)</u>	<u>(46,853)</u>	<u>(7,233)</u>	<u>(535)</u>	<u>-</u>	<u>(60,169)</u>
Amortized cost	<u>\$ 1,998,096</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,998,096</u>

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>\$ 3,755,162</u>

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

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Balance at January 1	\$ 60,169	\$ 25,925
Add: Amounts recovered	-	85,281
Less: Net remeasurement of loss allowance	<u>-</u>	<u>(51,037)</u>
Balance at December 31	<u>\$ 60,169</u>	<u>\$ 60,169</u>

11. INVENTORIES

	<u>December 31</u>	
	2022	2021
Raw materials	\$ 1,286,983	\$ 1,170,074
Supplies	<u>135,447</u>	<u>193,467</u>
	<u>\$ 1,422,430</u>	<u>\$ 1,363,541</u>

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

	<u>For the Year Ended December 31</u>	
	2022	2021
Provision of inventory valuation and obsolescence losses	<u>\$ 75,000</u>	<u>\$ 21,516</u>
Unallocated overheads	<u>\$ 703,356</u>	<u>\$ 128,721</u>
Sales of scrapes	<u>\$ (79,034)</u>	<u>\$ (82,693)</u>
Operating Costs	<u>\$ 11,711,083</u>	<u>\$ 13,191,441</u>

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name of Subsidiaries	<u>December 31,</u> <u>2022</u>	<u>Proportion of</u> <u>Ownership and</u> <u>Voting Rights</u> <u>December 31,</u> <u>2022</u>
	Investments in subsidiaries	
Get-Team Tech Corporation	<u>\$ 164,386</u>	
Unlisted companies		
Get-Team Tech Corporation		97.46%

In October 2022, the Corporation acquired the shares of Get-Team Tech Corporation and obtained 97.46% ownership and disclosed in consolidated financial statements (see note 12).

The share of profit or loss and other comprehensive income of those subsidiaries for the years ended December 31, 2022 was based on the subsidiaries' financial statements audited by the auditors for the same years.

13. PROPERTY, PLANT AND EQUIPMENT

	<u>For the Year Ended December 31, 2021</u>									
	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	2,236,256	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>-</u>	<u>2,236,853</u>	<u>12,504,832</u>	<u>11,592</u>	<u>71,251</u>	<u>402,304</u>	<u>-</u>	<u>-</u>	<u>-</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>

For the Year Ended December 31, 2022										
	Land	Building	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Equipment under Installation	Construction in Progress	Spare Parts	Total
Cost										
Balance, beginning of year	\$ 1,877,336	\$ 3,966,175	\$19,936,998	\$ 20,698	\$ 122,402	\$ 539,076	\$ 875,862	\$ 1,501,618	\$ 259,407	\$29,099,572
Additions	94,973	297,200	1,036,256	4,741	27,819	91,009	724,236	1,027,987	368,939	3,673,160
Disposals	-	-	(1,909,185)	-	-	-	-	-	(369,799)	(2,278,984)
Reclassified	97	546,312	768,402	-	-	11,850	(780,254)	(546,409)	-	(2)
Balance, end of year	<u>1,972,406</u>	<u>4,809,687</u>	<u>19,832,471</u>	<u>25,439</u>	<u>150,221</u>	<u>641,935</u>	<u>819,844</u>	<u>1,983,196</u>	<u>258,547</u>	<u>30,493,746</u>
Accumulated depreciation										
Balance, beginning of year	-	2,236,853	12,504,832	11,592	71,251	402,304	-	-	-	15,226,832
Additions	-	251,485	2,383,883	3,409	17,619	49,591	-	-	369,709	3,075,786
Disposals	-	-	(1,908,877)	-	-	-	-	-	(369,709)	(2,278,676)
Balance, end of year	-	<u>2,488,338</u>	<u>12,979,838</u>	<u>15,001</u>	<u>88,870</u>	<u>451,895</u>	-	-	-	<u>16,023,942</u>
Net book value, end of year	<u>\$ 1,972,406</u>	<u>\$ 2,321,349</u>	<u>\$ 6,852,633</u>	<u>\$ 10,438</u>	<u>\$ 61,351</u>	<u>\$ 190,040</u>	<u>\$ 819,844</u>	<u>\$ 1,983,196</u>	<u>\$ 258,547</u>	<u>\$14,469,804</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	2-11 years
Others	2-51 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

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
<u>Carrying amounts</u>		
Machinery and Equipment	<u>\$ 12,447</u>	<u>\$ 8,109</u>
For the Year Ended December 31		
	2022	2021
Additions to right-of-use assets	<u>\$ 5,750</u>	<u>\$ -</u>
<u>Depreciation charge for right-of-use assets</u>		
Machinery and Equipment	<u>\$ 1,412</u>	<u>\$ 1,276</u>

b. Lease liabilities

	December 31	
	2022	2021
<u>Carrying amounts</u>		
Current	<u>\$ 1,627</u>	<u>\$ 1,250</u>
Non-current	<u>\$ 11,038</u>	<u>\$ 7,061</u>

Range of discount rate for lease liabilities was as follows:

	<u>December 31</u>	
	2022	2021
Machinery and equipment	1.695%-2.300%	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.

15. INTANGIBLE ASSETS

	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>
	For the Year Ended December 31, 2022
	Computer Software
<u>Cost</u>	
Balance, beginning of year	\$ 147,155
Additions	11,495
Disposals	<u>(65,958)</u>
Balance, end of year	<u>92,692</u>

(Continued)

	For the Year Ended December 31, 2022
	Computer Software
<u>Accumulated amortization</u>	
Balance, beginning of year	\$ 93,682
Additions	25,593
Disposals	<u>(65,958)</u>
Balance, end of year	<u>53,317</u>
Net book value, end of year	<u>\$ 39,375</u>
	(Concluded)

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

16. OTHER ASSETS

	<u>December 31</u>	
	2022	2021
<u>Current</u>		
Tax overpaid	\$ 131,520	\$ 95,221
Inventory of supplies	25,552	33,382
Tax refund receivables	17,820	43,188
Other receivables	16,786	24,745
Others (a)	<u>17,859</u>	<u>23,219</u>
	<u>\$ 209,537</u>	<u>\$ 219,755</u>
<u>Non-current</u>		
Pledged deposits (b)	\$ 108,700	\$ 108,700
Refundable deposits	<u>7,248</u>	<u>7,153</u>
	<u>\$ 115,948</u>	<u>\$ 115,853</u>

a. Other current assets include payment on behalf of others, prepaid insurances, prepayments in advance, interest receivable, prepaid rents, and temporary debits.

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

17. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Current</u>		
Accrued expenses		
Bonus	\$ 857,476	\$ 866,785
Indemnification payable	131,408	133,487
Labor and health insurance	57,869	64,796
Utilities	39,681	37,576
Others (a)	<u>170,450</u>	<u>276,481</u>
	<u>1,256,884</u>	<u>1,379,125</u>
Other current liabilities		
Temporary receipts	22,206	11,499
Behalf of the collection	<u>21,879</u>	<u>28,815</u>
	<u>44,085</u>	<u>40,314</u>
	<u>\$ 1,300,969</u>	<u>\$ 1,419,439</u>

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

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.

18. GUARANTEE DEPOSITS

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Capacity guarantee	\$ 405,479	\$ -
Others	<u>16</u>	<u>16</u>
	<u>\$ 405,495</u>	<u>\$ 16</u>
Current	<u>\$ 70,518</u>	<u>\$ -</u>
Non-current	<u>\$ 334,977</u>	<u>\$ 16</u>

19. 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	
	2022	2021
Present value of funded defined benefit obligation	\$ 501,391	\$ 461,939
Fair value of plan assets	<u>(290,763)</u>	<u>(210,491)</u>
Net defined benefit liability	<u>\$ 210,628</u>	<u>\$ 251,448</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, 2021	<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>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Service cost			
Current service cost	\$ 827	\$ -	\$ 827
Net interest expense (income)	<u>3,234</u>	<u>(1,473)</u>	<u>1,761</u>
Recognized in profit or loss	<u>4,061</u>	<u>(1,473)</u>	<u>2,588</u>
Remeasurement			
Actuarial loss(gain) - experience adjustments	62,756	(15,914)	46,842
Actuarial (gain)- changes in financial assumptions	<u>(11,214)</u>	<u>-</u>	<u>(11,214)</u>
Recognized in other comprehensive income	<u>51,542</u>	<u>(15,914)</u>	<u>35,628</u>
Contributions from the employer	<u>-</u>	<u>(79,036)</u>	<u>(79,036)</u>
Benefits paid	<u>(16,151)</u>	<u>16,151</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 501,391</u>	<u>\$ (290,763)</u>	<u>\$ 210,628</u> (Concluded)

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	
	2022	2021
Operating costs	<u>\$ 2,344</u>	<u>\$ 1,743</u>
Selling and marketing expenses	<u>\$ 29</u>	<u>\$ 19</u>
General and administrative expenses	<u>\$ 72</u>	<u>\$ 48</u>
Research and development expenses	<u>\$ 143</u>	<u>\$ 94</u>

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	
	2022	2021
Discount rates	1.40%	0.70%
Expected rates of salary increase	3.50%	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	1.40%	0.70%

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	
	2022	2021
Discount rate(s)		
0.25% increase	<u>\$ (12,793)</u>	<u>\$ (12,409)</u>
0.25% decrease	<u>\$ 13,263</u>	<u>\$ 12,884</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 11,741</u>	<u>\$ 11,439</u>
0.25% decrease	<u>\$ (11,407)</u>	<u>\$ (11,100)</u>

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	
	2022	2021
The expected contributions to the plan for the next year	<u>\$ 8,163</u>	<u>\$ 8,850</u>
The average duration of the defined benefit obligation	11 years	11 years

20. EQUITY

a. Ordinary shares

	December 31	
	2022	2021
Numbers of shares authorized (in thousands)	<u>700,000</u>	<u>700,000</u>
Shares authorized	<u>\$ 7,000,000</u>	<u>\$ 7,000,000</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	
	<u>2022</u>	<u>2021</u>
May be used to offset a deficit, distributed as cash dividends, or <u>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>635</u>
	<u>\$ 2,282</u>	<u>\$ 2,282</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 22 (f).

Greatek's dividends policy is accordance with its Articles of incorporation taking into account the current's earnings status. 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 appropriations of earnings for 2021 and 2020 had been approved in the shareholders' meetings on May 26, 2022 and July 21, 2021, respectively. The appropriations and dividends per share were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (\$)</u>	
	<u>For Year 2021</u>	<u>For Year 2020</u>	<u>For Year 2021</u>	<u>For Year 2020</u>
Legal reserve	\$ 460,306	\$ 263,885	\$ -	\$ -
Cash dividends	2,844,230	1,763,422	5.0	3.1

The appropriations of earnings for 2022 had been proposed by the Corporation's board of directors on February 24, 2023. The appropriations and dividends per share were as follows:

	<u>Appropriation of Earnings</u>	<u>Dividends Per Share</u>
Legal reserve	\$ 312,254	\$ -
Special reserve	157,984	-
Cash dividends	2,104,730	3.7

The appropriations of earnings for 2022 are subject to the resolution of the shareholders meeting to be held on May 30, 2023.

d. Other equity items

Unrealized gain (loss) on financial assets at FVTOCI

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Balance at January 1	\$ 44,484	\$ 51,061
Other comprehensive (loss) income recognized during the period		
Unrealized gain - equity instruments	<u>(202,468)</u>	<u>(6,577)</u>
Balance at December 31	<u>\$ (157,984)</u>	<u>\$ 44,484</u>

21. REVENUE

a. Contract information

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Revenue from contracts with customers		
Revenue from assembly service	\$ 13,460,044	\$ 16,492,522
Revenue from testing service	<u>2,488,919</u>	<u>2,968,621</u>
	<u>\$ 15,948,963</u>	<u>\$ 19,461,143</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, 2022	December 31, 2021	January 1, 2021
Notes and accounts receivables (Included related parties) (Note 10)	<u>\$ 2,212,005</u>	<u>\$ 4,346,371</u>	<u>\$ 3,521,425</u>
Contract assets-current			
Revenue from services	\$ 883,364	\$ 896,128	\$ 648,393
Less: Allowance for impairment loss	<u> -</u>	<u> -</u>	<u> -</u>
Contract assets-current	<u>\$ 883,364</u>	<u>\$ 896,128</u>	<u>\$ 648,393</u>
Contract liabilities- current			
Revenue from services	<u>\$ 200,206</u>	<u>\$ 164,824</u>	<u>\$ 56,676</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>	
	2022	2021
From the beginning contract liability		
Revenue from services	<u>\$ 142,135</u>	<u>\$ 45,090</u>

c. Disaggregation of revenue

	<u>For the Year Ended December 31</u>	
	2022	2021
<u>Primary geographical markets</u>		
Taiwan (The location of the Corporation)	\$ 9,761,936	\$ 14,269,954
Asia	2,373,867	1,525,037
America	2,348,108	2,174,305
Europe	1,464,754	1,491,789
Africa	<u> 298</u>	<u> 58</u>
	<u>\$ 15,948,963</u>	<u>\$ 19,461,143</u>

22. NET PROFIT

a. Interest income

	For the Year Ended December 31	
	2022	2021
Bank deposits	\$ 34,090	\$ 15,172
Financial assets measured at amortized cost	<u>2,377</u>	<u>6,235</u>
	<u>\$ 36,467</u>	<u>\$ 21,407</u>

b. Other income

	For the Year Ended December 31	
	2022	2021
Dividend income	\$ 75,888	\$ 39,445
Others	<u>66,698</u>	<u>50,272</u>
	<u>\$ 142,586</u>	<u>\$ 89,717</u>

c. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Net gain (loss) on foreign currency exchange	\$ 255,525	\$ (34,644)
Net (loss) gain arising on financial instruments classified as held for trading	(42,309)	26,270
Finance costs	(184)	(151)
Others	<u>(8,229)</u>	<u>(515)</u>
	<u>\$ 204,803</u>	<u>\$ (8,540)</u>

d. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
An analysis of depreciation by function		
Operating costs	\$ 3,042,632	\$ 2,870,650
Operating expenses	<u>34,566</u>	<u>28,452</u>
	<u>\$ 3,077,198</u>	<u>\$ 2,899,102</u>
An analysis of amortization by function		
Operating costs	\$ 18,142	\$ 20,212
Selling and marketing	-	-
General and administrative	1,484	2,474
Research and development	<u>5,967</u>	<u>5,651</u>
	<u>\$ 25,593</u>	<u>\$ 28,337</u>

e. Employee benefit expense

	For the Year Ended December 31	
	2022	2021
Post-employment benefits (Note 19)		
Defined contribution plans	\$ 119,791	\$ 116,012
Defined benefit plans	<u>2,588</u>	<u>1,904</u>
	122,379	117,916
Other employee benefits	<u>3,828,792</u>	<u>4,655,518</u>
Total employee benefit expense	<u>\$ 3,951,171</u>	<u>\$ 4,773,434</u>
An analysis of employee benefit expense by function		
Operating costs	\$ 3,500,327	\$ 4,220,515
Operating expenses	<u>450,844</u>	<u>552,919</u>
	<u>\$ 3,951,171</u>	<u>\$ 4,773,434</u>

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, 2022 and 2021 which have been approved by the Company's board of directors on February 24, 2023 and February 25, 2022, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2022	2021
Employees' compensation	10%	10%
Remuneration of directors	2%	2%

Amount

	For the Year Ended December 31			
	2022		2021	
	Cash	Share	Cash	Share
Employees' compensation	\$ 429,978	\$ -	\$ 634,106	\$ -
Remuneration of directors	80,711	-	124,335	-

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, 2021 and 2020.

Information on the employees' compensation and remuneration of directors resolved by the Corporation's board of directors in 2023 and 2022 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	
	2022	2021
Foreign exchange gains	\$ 438,053	\$ 83,437
Foreign exchange losses	<u>(182,528)</u>	<u>(118,081)</u>
Net gains (losses)	<u>\$ 255,525</u>	<u>\$ (34,644)</u>

23. 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	
	2022	2021
Current tax		
In respect of the current year	\$ 832,274	\$ 1,129,357
Adjustments for prior periods	22,294	3,077
Deferred tax		
In respect of the current year	<u>16,194</u>	<u>14,478</u>
Income tax expenses recognized in profit or loss	<u>\$ 870,762</u>	<u>\$ 1,146,912</u>

The income tax for the years ended December 31, 2022 and 2021 can be reconciled to the accounting profit as follows:

	For the Year Ended December 31	
	2022	2021
Profit before income tax	<u>\$ 4,028,932</u>	<u>\$ 5,749,674</u>
Income tax expense calculated at the statutory rate (20%)	\$ 805,787	\$ 1,149,935
Nondeductible expenses in determining taxable income	(16,000)	(11,987)
Temporary differences	58,681	5,887
Adjustments for prior years' tax	<u>22,294</u>	<u>3,077</u>
Income tax recognized in profit or loss	<u>\$ 870,762</u>	<u>\$ 1,146,912</u>

b. Current tax liabilities

	December 31	
	2022	2021
Current tax liabilities		
Tax payable	<u>\$ 248,310</u>	<u>\$ 802,962</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, 2022

	Balance, Beginning of Year	The Movements of Year	Balance, End of Year
<u>Deferred Tax Assets</u>			
Temporary difference			
Bonus	\$ 10,446	\$ (10,446)	\$ -
Provisions	12,909	(12,909)	-
Depreciation	25	(25)	-
Unrealized foreign exchange losses	<u>1,659</u>	<u>1,148</u>	<u>2,807</u>
	<u>\$ 25,039</u>	<u>\$ (22,232)</u>	<u>\$ 2,807</u>
<u>Deferred Tax Liabilities</u>			
Temporary difference			
Financial instruments classified as held for trading	<u>\$ 6,189</u>	<u>\$ (6,038)</u>	<u>\$ 151</u>

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>

d. Income tax assessments

Income tax returns through 2020 have been examined and cleared by the tax authorities.

24. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Basic earnings per share	\$ 5.55	\$ 8.09
Diluted earnings per share	\$ 5.44	\$ 7.97

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

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Net profit attributable to owners of the Corporation	\$ 3,158,170	\$ 4,602,762
Effect to dilutive potential ordinary shares:		
Employees' compensation	<u>-</u>	<u>-</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 3,158,170</u>	<u>\$ 4,602,762</u>

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

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</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>11,323</u>	<u>8,898</u>
Weighted average number of ordinary shares in outstanding computation of dilutive earnings per share	<u>580,169</u>	<u>577,744</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.

25. SUBSIDIARIES ACQUIRED

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Get-Team Tech Corporation	Metal plating on semiconductor lead frame	October 5, 2022	97.46	<u>\$ 171,523</u>

Get-Team Tech Corporation was acquired in order to continue the expansion of assembly service.

26. 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.

27. 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, 2022

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Financial assets at amortized cost					
Domestic corporate bonds	\$ 100,000	\$ -	\$ 100,082	\$ -	\$ 100,082

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

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, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 28,209	\$ -	\$ -	\$ 28,209
Forward exchange contracts	<u>-</u>	<u>1,009</u>	<u>-</u>	<u>1,009</u>
	<u>\$ 28,209</u>	<u>\$ 1,009</u>	<u>\$ -</u>	<u>\$ 29,218</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic Listed shares	<u>\$ 934,560</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 934,560</u>
Financial liabilities at FVTPL				
Forward exchange contracts	<u>\$ -</u>	<u>\$ 250</u>	<u>\$ -</u>	<u>\$ 250</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 79,200	\$ -	\$ -	\$ 79,200
Forward exchange contracts	<u>-</u>	<u>1,745</u>	<u>-</u>	<u>1,745</u>
	<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>

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

	December 31	
	2022	2021
<u>Financial assets</u>		
Fair value through profit or loss (FVTPL)		
Held for trading	\$ 29,218	\$ 80,945
Financial assets at amortized cost (Note 1)	6,243,575	9,037,601
Financial assets at FVTOCI		
Equity instruments	934,560	977,000
<u>Financial liabilities</u>		
Fair value through profit or loss (FVTPL)		
Held for trading	250	-
Amortized cost (Note 2)	1,119,921	2,481,193

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 65% and 55% of the Corporation's sales were denominated in currencies other than the functional currency of the Corporation entity making the sale, whilst almost 15% and 18% of costs were denominated in the Corporation entity's non-functional currency for the year ended December 31, 2022 and 2021. 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 31.

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, 2022 and 2021 would decrease/increase by \$15,296 thousand and \$19,202 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>	
	<u>2022</u>	<u>2021</u>
Fair value interest rate risk		
Financial assets	\$ 3,291,303	\$ 3,939,781
Cash flow interest rate risk		
Financial assets	614,158	216,048

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, 2022 and 2021 would increase/decrease by \$3,071 thousand and \$1,080 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, 2022 and 2021 would increase/decrease by \$282 thousand and \$792 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, 2022 and 2021 would increase/decrease by \$9,346 thousand and \$9,770 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, 2022

	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	\$ 435,704	\$ -	\$ -	\$ -	\$ -
Lease liability	465	465	930	5,640	6,545
Payables to equipment suppliers	161,826	-	-	-	-
Guarantee deposits	17,630	17,630	35,258	282,072	52,905
Other payables	<u>108,896</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 724,521</u>	<u>\$ 18,095</u>	<u>\$ 36,188</u>	<u>\$ 287,712</u>	<u>\$ 59,450</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
Guarantee deposits	\$ 70,518	\$ 282,072	\$ 52,889	\$ -	\$ -	\$ 16
Lease liabilities	<u>1,860</u>	<u>5,640</u>	<u>4,825</u>	<u>1,720</u>	<u>-</u>	<u>-</u>
	<u>\$ 72,378</u>	<u>\$ 287,712</u>	<u>\$ 57,714</u>	<u>\$ 1,720</u>	<u>\$ -</u>	<u>\$ 16</u>

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>

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, 2022

	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	\$ 153,827	\$ -	\$ -	\$ -	\$ -
Outflows	<u>(153,300)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 527</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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>

28. TRANSACTIONS WITH RELATED PARTIES

The Corporation's parent is PTI, which held 42.91% of common shares of the Corporation as of December 31, 2022 and 2021, 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
Get-Team Tech Corporation	Subsidiary (The related party of the Corporation since October 5, 2022.)
Realtek Semiconductor Corp.	Other related parties
Realtek Singapore Private Limited	Other related parties
Raymx Microelectronics Corp.	Other related parties
Powertech Technology (Suzhou) Pte Ltd.	Fellow subsidiaries
Tera Probe Inc.	Fellow subsidiaries
TeraPower Technology Inc.	Fellow subsidiaries

b. Revenue

Account Items	Related Parties Types	For the Year Ended December 31	
		2022	2021
Subcontract revenue	Other related parties	\$ 1,041,800	\$ 1,368,567
	Parent entity	<u>104,087</u>	<u>339,601</u>
		<u>\$ 1,145,887</u>	<u>\$ 1,708,168</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	December 31	
	2022	2021
Parent entity	\$ 22,932	\$ 31,964
Fellow subsidiaries	<u>4,547</u>	<u>-</u>
	<u>\$ 27,479</u>	<u>\$ 31,964</u>

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

d. Contract assets

Related Parties Types	December 31	
	2022	2021
Other related parties	\$ 36,209	\$ 74,474
Parent entity	<u>2,153</u>	<u>8,682</u>
	<u>\$ 38,362</u>	<u>\$ 83,156</u>

For the year ended December 31, 2022 and 2021, no impairment loss was recognized for contract assets from related parties.

e. Manufacturing expenses

Related Parties Types	For the Year Ended December 31	
	2022	2021
Subsidiary	\$ 23,742	\$ -
Parent entity	15,006	21,873
Fellow subsidiaries	<u>-</u>	<u>147</u>
	<u>\$ 38,748</u>	<u>\$ 22,020</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	
		2022	2021
Trade receivables from related parties	Other related parties	\$ 143,852	\$ 279,087
	Parent entity	<u>25,478</u>	<u>156,711</u>
		<u>\$ 169,330</u>	<u>\$ 435,798</u>

g. Other receivables

Account Items	Related Parties Types	December 31	
		2022	2021
Prepaid expenses and other current assets	Parent entity	\$ 1,149	\$ 10,348
	Other related parties	<u>328</u>	<u>534</u>
		<u>\$ 1,477</u>	<u>\$ 10,882</u>

h. Payables to related parties

Account Items	Related Parties Types	December 31	
		2022	2021
Trade payables	Subsidiary	\$ 34,600	\$ -
	Parent entity	<u>-</u>	<u>2,268</u>
		<u>\$ 34,600</u>	<u>\$ 2,268</u>
Payables to equipment suppliers	Parent entity	<u>\$ -</u>	<u>\$ 309</u>

i. Accrued expenses and other current liabilities

Account Items	Related Parties Types	December 31	
		2022	2021
Accrued expenses and other current liabilities	Parent entity	<u>\$ 1,589</u>	<u>\$ 4,732</u>

j. Acquisitions of property, plant and equipment

Related Parties Types	For the Year Ended December 31	
	2022	2021
Fellow subsidiaries	\$ -	\$ 11,617
Parent entity	<u>-</u>	<u>2,083</u>
	<u>\$ -</u>	<u>\$ 13,700</u>

k. Compensation of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term benefits	\$ 120,256	\$ 168,082
Post-employment benefits	<u>211</u>	<u>281</u>
	<u>\$ 120,467</u>	<u>\$ 168,363</u>

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

29. 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	
	2022	2021
Pledge deposits (classified as other asset - noncurrent)	<u>\$ 108,700</u>	<u>\$ 108,700</u>

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant contingencie of the Corporation at December 31,2022 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 31,2022, the Corporation has paid a total of \$510,000 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 31,2022, the Corporation has paid a total of \$882,000 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 31,2022, the Corporation has paid a total of \$324,000 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 31,2022, the Corporation has paid a total of \$340,200 thousand.
- 5) In April 2022, the Corporation signed a contract worth \$414,000 thousand with Jian Ming Contractor Co., Ltd. to set up a dormitory. As of December 31,2022, the Corporation has paid a total of \$248,400 thousand.
- 6) In July 2022, the Corporation signed a contract worth \$418,000 thousand with Jiu Han System Technology Co., Ltd. to set up MEP systems of the dormitory. As of December 31,2022, the Corporation has paid a total of \$125,400 thousand.

31. 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, 2022		
	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 68,766	30.660 (USD:NTD)	<u>\$ 2,108,361</u>
Non-monetary items			
Derivative instruments			
USD	2,500	30.613 (USD:NTD)	<u>\$ 1,009</u>
<u>Financial liabilities</u>			
Monetary items			
USD	18,859	30.690 (USD:NTD)	578,784
JPY	171,765	0.2344 (JPY:NTD)	40,262
EUR	34	32.920 (EUR:NTD)	<u>1,103</u>
			<u>\$ 620,149</u>
Non-monetary items			
Derivative instruments			
USD	2,500	30.613 (USD:NTD)	<u>\$ 250</u>
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>

For the years ended December 31, 2022 and 2021, realized and unrealized net foreign exchange (gains) losses were \$255,525 thousand and \$(34,644) 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.

32. 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: None.
- e. Acquisition of individual real estate at costs of at least \$300 million or 20% of the paid-in capital: None: Table 2 (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 3 (attached).
- h. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- i. Derivative transactions: Note 7.
- j. Names, locations, and related information of investees over which the Corporation exercises significant influence: Table 4 (attached).
- k. Information on investment in mainland China: None.
- l. Information of major shareholders: Table 5 (attached).

33. 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, 2022 and 2021 are shown in the income statements for the years ended December 31, 2022 and 2021. The segment assets as of December 31, 2022 and 2021 are shown in the balance sheets as of December 31, 2022 and 2021.

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	
	2022	2021
Assembly services	\$ 13,460,044	\$ 16,492,522
Testing services	<u>2,488,919</u>	<u>2,968,621</u>
	<u>\$ 15,948,963</u>	<u>\$ 19,461,143</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	
	2022	2021	2022	2021
Taiwan	\$ 9,761,936	\$ 14,269,954	\$ 14,528,874	\$ 13,941,475
Asia	2,373,867	1,525,037	-	-
America	2,348,108	2,174,305	-	-
Europe	1,464,754	1,491,789	-	-
Africa	<u>298</u>	<u>58</u>	<u>-</u>	<u>-</u>
	<u>\$ 15,948,963</u>	<u>\$ 19,461,143</u>	<u>\$ 14,528,874</u>	<u>\$ 13,941,475</u>

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

d. Major customers

For the years ended December 31, 2022 and 2021, sales to customers amounting were less than 10% of total gross sales.

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	2021	2022	Changes	
			Amount	%
Current Assets	11,353,869	8,657,344	(2,696,525)	(23.75)
Property, Plant and Equipment	13,872,740	14,516,540	643,800	4.64
Other Assets	1,279,474	1,258,351	(21,123)	(1.65)
Total Asset	26,506,083	24,432,235	(2,073,848)	(7.82)
Current Liabilities	5,411,464	2,927,106	(2,484,358)	(45.91)
Total Liabilities	5,676,178	3,523,341	(2,152,837)	(37.93)
Capital	5,688,459	5,688,459	-	-
Capital Surplus	2,282	2,282	-	-
Retained Earnings	15,094,680	15,372,992	278,312	1.84
Total equity attributable to shareholders of the Parent	20,829,905	20,905,749	75,844	0.36
Non-controlling interests	-	3,145	3,145	100
Total Shareholders' Equity	20,829,905	20,908,894	78,989	0.38
Analysis and description of increase/decrease:				
1. The decrease in current assets was mainly due to the economic slowdown and customers reducing their inventory levels, resulting in a decrease in accounts receivable.				
2. The decrease in current liabilities and total liabilities were mainly due to the slowdown in the semiconductor industry, leading to a reduction in capital expenditure and accounts payable and equipment purchases.				

Note: Source of financial information comes from consolidated 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	2021	2022	Increase/decrease	
			Amount	%
Operating Revenue	19,461,143	15,950,309	(3,510,834)	(18.04)
Operating Costs	13,191,441	11,720,008	(1,471,433)	(11.15)
Gross Profit	6,269,702	4,230,301	(2,039,401)	(32.53)
Operating Expenses	622,612	587,621	(34,991)	(5.62)
Income from Operations	5,647,090	3,642,680	(2,004,410)	(35.49)
Other Income	111,124	180,117	68,993	62.09
Other Gains (Losses)	(8,540)	204,258	212,798	2,491.78
Net Income Before Tax	5,749,674	4,027,055	(1,722,619)	(29.96)
Income Tax Expenses	1,146,912	869,071	(277,841)	(24.23)
Net Income	4,602,762	3,157,984	(1,444,778)	(31.39)

Analysis and description of increase/decrease:

1. The decrease in net revenue, gross profit, operating profit, pre-tax profit, income tax, and net profit were mainly due to the slowdown in the semiconductor industry and customers reducing their inventory levels, resulting in a decline in capacity utilization.
2. The increase in other income was mainly due to the increase in dividend income.
3. The increase in other gains was mainly due to the increase in foreign exchange gains.

Note: Source of financial information comes from consolidated 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 2023, 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 2023 output value is expected to reach NT\$663 billion, a 3.2% decline of 2022 output value of NT\$684.7 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 9.3 billion units
W/T testing	Approximately 680,000 units
F/T testing	Approximately 5.8 billion units
WLP	Approximately 180,000 units
WLCSP	Approximately 400 million units

Chapter 3 Cash Flow

- I. Analysis and Description of Changes in Cash Flow for the Current Year:

Item	Year		
	2021	2022	Ratio of increase (decrease) (%)
Cash Flow Ratio	137.02	218.22	59.26
Cash Flow Adequacy Ratio	0.98	0.96	(2.04)
Cash Flow Reinvestment Ratio	15.60	9.45	(39.42)

Analysis and description of increase/decrease:

1. The increase in cash flow ratio was mainly due to the slowdown in the semiconductor industry in 2022, leading to a reduction in capital expenditure and accounts payable and equipment purchases.
2. The decrease in cash reinvestment ratio was mainly due to the slowdown in the semiconductor industry in 2022, leading to a reduction in capital expenditure.

- 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
3,835,529	3,838,962	4,726,192	2,948,299	-	-
<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 the dormitory building.</p> <p>(3) Financing activities: mostly from distribution of cash dividends.</p> <p>2. Remedial measures and analysis of liquidity deficit:</p> <p>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		
				2021	2022	2023
Plant	Greatek's own funds	2021	560,535	560,535	-	-
Building, Construction in Progress	Greatek's own funds	2021	1,544,412	1,544,412	-	-
Equipment and others	Greatek's own funds	2021	3,284,542	3,284,542	-	-
Land	Greatek's own funds	2022	94,973	-	94,973	-
Building, Construction in Progress	Greatek's own funds	2022	1,325,186	-	1,325,186	-
Equipment	Greatek's own funds	2022	1,884,061	-	1,884,061	-
Building, Construction in Progress	Greatek's own funds	2023	757,432	-	-	757,432
Equipment	Greatek's own funds	2023	1,841,324	-	-	1,841,324

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
2023	IC packaging and testing	229,640	229,640	305,421	73,668
	Wafer level packaging	0	0	0	0

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: The Company invested in Get-Team Tech Corp. in October 2022 mainly to expand the plating process capacity to stabilize and expand the packaging capacity. Please refer to Related Businesses in Special Disclosure for the operations of the Company's investees in 2022. After the outbreak of the Russo-Ukrainian War, global inflation soared and central banks around the world aggressively raised interest rates to curb inflation. In addition, the COVID-19 lockdown in China severely impacted the economy, causing a global economic slowdown and a freeze in end market demand. The semiconductor industry experienced a sharp decline in the second half of 2022, resulting in a utilization rate of less than 50% for the Company's packaging and testing capacity, and its profits were greatly affected. Taiwanese and international institutions predict that the global economy will begin to recover at the fastest in the second half of 2023. After the recovery of the semiconductor industry, Get-Team is expected to start generating profits. Get-Team's investment plan for the next year is to replace old equipment to expand plating capacity.

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

	2021	2022
Interest Income (A)	21,407	36,592
Net Operating Revenue (B)	19,461,143	15,950,309
(A)/(B)	0.11%	0.23%
Interest Expenses (C)	151	775
Net Operating Revenue (D)	19,461,143	15,950,309
(C)/(D)	-	-

Greatek's interest income in 2021 and 2022 were NT\$21,407 thousand and NT\$36,592 thousand, respectively; accounting for 0.11% and 0.23% of the net operating revenues. The interest rates in 2021 and 2022 were 0.05% to .765% and 0.31% to 4.35%, 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 2021 and 2022; 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

	2021	2022
Revenues denominated in foreign currencies	10,690,985	10,411,769
Net operating revenue (B)	19,461,143	15,950,309
(A)/(B)	54.94%	65.28%
Purchases made in foreign currencies	3,055,035	2,113,913
Net purchases (D)	5,893,767	4,399,413
(C)/(D)	51.84%	48.05%

Greatek's foreign currency revenues in the most recent two years accounted for 54.94% and 65.28% of the net operating revenues in 2021 and 2022, 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 2021 and 2022 accounted for 51.84% and 48.05% 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 Directorate-General of Budget, Accounting and Statistics released the estimated national income statistics for the fourth quarter, showing that the Taiwan's real GDP decreased by 0.86% compared to the same period in 2022, without seasonal adjustment. This figure was 2.38 percentage points lower than the 1.52% estimated in November 2022, and "far lower than expected." This data ended the 26 consecutive quarters of positive growth and marked the largest decline since the financial crisis (fourth quarter of 2009). Continued inflation and pressure to raise interest rates have suppressed global end demand, and the industry chain continues to adjust inventory. The COVID-19 outbreak in Mainland China has further disrupted consumer and production activities, weakening Taiwan's foreign trade momentum. The estimated economic growth rate for the entire year of 2022 is 2.43%, 0.63 percentage points lower than the original prediction of 3.06%. This is not only unable to achieve the target to "maintain a 3% growth," but also sets a record low in nearly 6 years, only slightly higher than the economic growth rate of 2.17% in 2016.

As purchasing prices have increased from inflation, 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 2022 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 / MIS Package products.
- (4) Third generation semiconductor products.
- (5) PMIC products.
- (6) 12" FOW products.
- (7) To enhance Dual Row/Wettable product manufacturing capability.
- (8) To enhance WB QFN power IC multi-chip and thick wire product manufacturing capability.
- (9) FCCSP/BGA automotive products.
- (10) FCCSP products that use 5nm wafer.
- (11) Micro-Electromechanical Systems (MEMS) products. R&D expenses in 2022 amounted to NT\$252 million, accounting for 1.6% of the annual revenues. The 2023 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 5.49% 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:

1. Has the Company evaluated the risks or opportunities to the community and taken corresponding measures? Please describe the specific measures taken and their effectiveness.

Analyses of internal and external risks point out an opportunity to identify and maintain the noise level in the neighborhood. Perimeter noise testing is conducted every year to ensure that residents are not disturbed by the noise.

2. Has the Company invested resources to support cultural development in Taiwan? Please describe the ways of support and the results achieved.

The Company supports local cultural development with occasional financial sponsorship to nearby temples and community events.

Please Refer Performance in Communicating with Stakeholders over Their Topics of Concern ◦

3. Has the Company invested in energy-saving or green energy-related sustainable equipment and machinery, or in Taiwan's green energy industry, such as renewable energy power plants? Has the Company issued or invested funds in sustainable development financial products for green or socially beneficial investment projects that have tangible benefits while disclosing the investment and specific benefits?

The Company is currently installing solar power systems on the rooftops of its factory and dormitory buildings, as well as on ground-level parking spaces, with an investment of approximately NT\$70 million. It is expected to be completed by 2023 Q3. Once completed, the solar power systems are expected to generate 1336.44 KW, with an annual output of approximately 1,260,000 KWH.

Chapter 7 Other Important Matters:

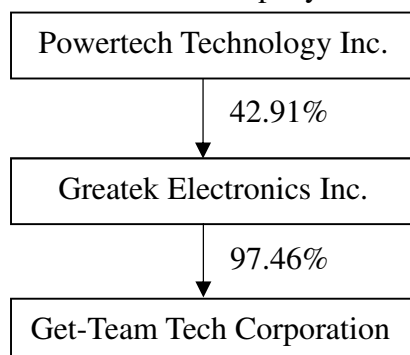
None

Special Disclosure

Chapter 1. Information Related to the Company's Affiliates:

I. Affiliated companies' consolidated business report

1. Organizational chart of the company's affiliated companies



2. Profiles of the Company's affiliated companies

December 31, 2022 , Unit: NT\$ thousands;

Name of enterprise	Date of establishment	Address	Paid-in Capital	Main business or production items
Powertech Technology Inc.	1997/5/15	No. 10, Datong Rd., Hsinchu Industrial Park, HuKou Shiang, Hsinchu, Taiwan, R.O.C.	NT\$7,591,466	PTI is mainly engaged in the manufacturing, packaging, testing, researching and developing, designing, assembling and sale of various integrated circuit products. PTI also provides semiconductor testing and assembly services on a turnkey basis, in which PTI buys fabricated wafers and sells tested and assembled semiconductors.
Get-Team Tech Corporation	1994/12/5	No. 122-8, Zhonghua Rd., Hukou Township, Hsinchu County	NTD 80,000	Metal plating on semiconductor lead frame

II. Shareholders in Common of Greatek with Deemed Control and Subordination:

None.

III. The industries covered by the overall related businesses include :

The Company, along with its related businesses, is engaged in the packaging, testing, and other related services for various types of integrated circuits.

V. Information on Directors, Supervisors, and Presidents of Affiliates:

December 31, 2022

Name of enterprise	Title	Name	Shares held	
			Number of Shares	Shareholding %
Powertech Technology Inc.	Chairman	D.K. Tsai	4,400,000	0.58%
	Director	Representative of Kingston Technology Corporation Daphne Wu	29,875,000	3.94%

Name of enterprise	Title	Name	Shares held	
			Number of Shares	Shareholding %
	Director	Representative of Kingston Technology Corporation Shigeo Koguchi	29,875,000	3.94%
	Director	J.Y. Hung	207,379	0.03%
	Director	Representative of Greatek Electronics Inc. Boris Hsieh	11,800,000	1.55%
	Director	Representative of KIOXIA Semiconductor Taiwan Corporation Kenjiro Hara	3,655,309	0.48%
	Director	J.S. Leu	62,356	0.01%
	Independent Director	Ray Chen	0	0%
	Independent Director	Wan-Lai Cheng	191,614	0.03%
	Independent Director	Morgan Chang	0	0
	Independent Director	Pei-Ing Lee	0	0
	President	J.S. Leu	62,356	0.01%
	Get-Team Tech Corporation	Chairman	Boris Hsieh	0
Supervisor		Representative of Greatek Electronics Inc. He, Zuo-Siang	7,796,498	97.46%
President		Li, Chuan-Shu	0	0%

V. Overview of Affiliate Operations:

Unit: Shares; %

Name of enterprise	Paid-in Capital	Total Assets	Total Liabilities	Net worth	Net sales	Operating Income	Net Income (after tax)	EPS(NT\$) (after tax)
Powertech Technology Inc.	NT\$7,591,466	118,969,138	52,646,100	66,323,038	83,926,735	12,448,017	10,751,849	11.60
Get-Team Tech Corporation	NTD80,000	127,063	26,413	100,650	135,688	(1,965)	(367)	(0.05)

VI. 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 Representative Director Representative Director and President Representative Director Representative Director	Boris Hsieh D.K. Tsai Louis Ning J.S. Leu Yu-Chin Chen

VII. Purchases/Sales with Controlling Company:

Please refer to the disclosures on related party transactions and notes in the Company's consolidated and Parent Company Only financial statements.

VIII. Asset Transactions with the Controlling Company:

Please refer to the disclosures on related party transactions and notes in the Company's consolidated and Parent Company Only financial statements.

IX. Implementation of Capital Financing:

None.

X. Asset Leasing Status:

None.

XI. Status of Provision of Endorsement/Guarantees:

None.

XII. Declaration Of Consolidation Of Consolidated Financial Statements Of Affiliates

Declaration Of Consolidation Of Consolidated Financial Statements Of Affiliates

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated financial statements of Affiliated Enterprises” for the year ended December 31, 2022 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard 10 “Consolidated financial statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

Greatek Electronics Inc.

Chairman : BORIS HSIEH

February 24, 2023

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:

None.

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