



超豐電子股份有限公司
GREATEK ELECTRONICS INC.

2023 Annual Shareholders' Meeting
Meeting Minutes
(Translation)

Type of Meeting : Physical Meeting

Time and date : 9:00 am on Tuesday, May 30, 2023

Venue : No. 136, Gongyi Rd., Zhunan Township, Miaoli County (The Company)

Total outstanding Greatek shares : 568,845,921 shares

Total shares represented by shareholders present in person or by proxy :
412,409,995 shares

Percentage of shares held by shareholders present in person or by proxy :
72.49%

Directors Present : Powertech Technology Inc. Representative: Mr. Boris Hsieh ,
Mr. D.K. Tsai , Mr. Louis Ning,
Mr. Chu-Chien Feng (Independent Director and Chairman
of the Audit Committee and Remuneration Committee)
Mr. Chi-Yung Wu (Independent Director),
Mr. M.J. Chuang (Independent Director)

Attendees : Mr. Cheng-Chih Lin (CPA of Deloitte and Touche),
Mr. Yu-His Chang (Attorney-at-Law of Lih Cheng Law Office)

Chairman : Mr. Boris Hsieh, Chairman of the Board of Directors

Recorder : Ms. Sheng Chen

The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chairman called the meeting to order.

I. Chairman's Address (Omitted)

II. Reporting Items

1. Ratification of the 2022 Business Report. (See Attachment 1)
2. The Audit Committee's Review Report. (See Attachment 2)
3. 2022 Employee Compensation and Director Remuneration Distribution Report.

Explanatory notes :

- (1) In regards to the employees' compensations and Directors' remunerations in 2022, on February 24, 2023, the Board of Directors has appropriated NT\$429,977,490 and NT\$80,711,070 as employee compensations and Directors' remuneration respectively in accordance with the Company Act and the Articles of Incorporation.
- (2) The aforementioned employee compensations and remuneration distributions are of no difference with the number recorded in 2022 financial statements. All distributions were paid in cash.

III. Ratification Items

1. Please ratify the 2022 Business Report and financial statements. (Proposed by the Board of Directors)

Explanatory notes :

- (1) The Board of Directors has approved the 2022 Business Report and financial statements in a Board Meeting convened on February 24, 2023. The financial statements, including Balance Sheet, Statement of Comprehensive Income, Statement of Changes in Equity, and Cash Flow Statement, have been audited by the CPA Cheng-Chih Lin and CPA Su-Li Fang of Deloitte Taiwan, and an Independent Auditor's Report has been issued accordingly.
- (2) The 2022 Business Report, Independent Auditor's Report and the aforementioned financial statements are attached hereto as Attachment 1,3 and 4.

Shareholder Speech Minutes : None.

Voting Results :

Shares represented at the time of voting : 412,409,995shares.

Voting Results
Votes in favor : 400,769,109 Votes, 97.17% of the total represented share present
Votes against : 351,809 Votes
Votes abstained : 11,289,077 Votes
Votes invalid : 0 Votes

RESOLVED : that the 2022 Business Report and Financial Statements were hereby accepted as submitted.

2. Please ratify the 2022 Earnings Distribution. (Proposed by the Board of Directors)

Explanatory notes:

- (1) The Board of Directors has proposed a Table of Earnings Distribution in accordance with the Company Act and the Articles of Incorporation in a Board Meeting convened on February 24, 2023.

- (2) The Board of Directors is authorized to adjust the distribution if the number of shares outstanding is affected by subsequent amendments from the competent authority, repurchase of the Company's shares, issuance of new common shares for cash, convertible bonds, transfer or requirement of treasury shares, or other factors, which lead to a change of shareholders' distribution rate.
- (3) Upon a 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 date and is rounded to the nearest NT dollar based on the distribution ratio. Any fractional amount will be aggregated and recognized as other income of the Company.
- (4) The 2022 Table of Earnings Distribution is attached hereto as Attachment 5.

Shareholder Speech Minutes : None.

Voting Results :

Shares represented at the time of voting : 412,409,995shares.

Voting Results
Votes in favor : 401,264,479 Votes, 97.29% of the total represented share present
Votes against : 262,859 Votes
Votes abstained : 10,882,657 Votes
Votes invalid : 0 Votes

RESOLVED, that the above proposal was hereby approved as proposed.

IV. Discussions

1. Proposal of Release the Prohibition on Directors from Participation in Competitive Business. (Proposed by the Board of Directors)

Explanatory notes:

- (1) Pursuant to Article 209 of the Company Act, a Director who does anything for himself/herself or on behalf of another person that is within the scope of the Company's business, shall explain to the Shareholders' Meeting the essential contents of such an act and secure its approval.
- (2) In accordance with applicable law, the Shareholders' Meeting is hereby asked to consent to release the prohibition on Directors from participation in competitive business.

Position	Name	Current Positions	Main business items
Representative of Powertech Technology Inc.	Boris Hsieh	Chairman of Get-Team Tech Corporation	Metal plating on semiconductor lead frame

Position	Name	Current Positions	Main business items
Independent Director	Chu-Chien Feng	Director of Neousys Technology Inc.	Computer and Peripheral Equipment

Shareholder Speech Minutes : None.

Voting Results :

Shares represented at the time of voting : 412,409,995shares.

Voting Results
Votes in favor : 395,728,223 Votes, 95.95% of the total represented share present
Votes against : 399,889 Votes
Votes abstained : 16,281,883 Votes
Votes invalid : 0 Votes

RESOLVED, that the above proposal was hereby approved as proposed.

- 2.To approve 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 "). (Proposed by the Board of Directors)

Explanatory notes:

- (1)Fund raising purpose and size:

In order to invest in the equipment of assembly and testing technology products, and the research & development of technologies, enrich working capital, provide the flexibility to engage in a IC backend technology cooperation or alliance with major companies, strengthen financial structure and/or support the Company's need of funding for long-term development, it is hereby proposed that the coming shareholders meeting to authorize the Board of Directors ("Board"), within the limit of 56,870,000 common shares or NTD5 billion Bonds(or oversea currency exchange equivalent), depending on the market conditions and the Company's capital needs, to choose appropriate timing and fund raising instrument(s), to issue new common shares for cash to sponsor DR Offering and/or issue new common shares for cash in public offering and/or issue Private Placement Shares and/or issue Private Placement overseas or domestic Bonds and/or issue overseas or domestic Bonds, in accordance with the applicable laws

and regulations and the following fund raising principles. For issuance of Private Placement overseas or domestic Bonds and/or issue overseas or domestic Bonds, the number of common shares to be converted within the limit of 56,870,000 common shares shall be calculated in accordance with the conversion price determined at the time of issuance of Private Placement overseas or domestic Bonds and/or issue overseas or domestic Bonds.

(2) Fund raising method(s) and handling principles :

A. Issuance of new common shares for cash to sponsor DR Offering :

a. The issue price of the new common shares will be decided with reference to (a) the closing price of the Company's common shares on the pricing date or (b) the average of the closing price of the Company's common shares for 1, 3 or 5 trading days prior to the pricing date (each of (a) and (b) is referred to hereinafter as the "reference price"). The Chairman of the Company is authorized to coordinate with the foreign lead-underwriter(s) of the DR Offering to determine the actual issue price in accordance with market conditions, provided that, the actual price shall not be less than 90% of the reference price after adjustment for shares issued as stock dividends, shares cancelled in connection with capital reduction and the cash dividends.

The reference price and the actual price will be decided in accordance with market practice and applicable law and regulations. In addition, assuming that the Company issues 56,870,000 common shares which is approximately 9.997% of the Company's total outstanding common shares on the record date for the Company's 2023 annual shareholders meeting, as the actual price shall be no less than 90% of the reference price after adjustment for shares issued as stock dividends, shares cancelled in connection with capital reduction and the cash dividends, it is unlikely that such issuance will have a material dilutive effect on the holding of the current existing shareholders. Thus, determination of the issue price of the new common shares to be issued in connection with the DR Offering should be reasonable and should not have a material adverse effect on the rights and benefits of the current existing shareholders.

b. Except for 10% to 15% of the new common shares shall be allocated for the employees' subscription in accordance with the applicable law, it is proposed for the shareholders meeting to approve the rights to subscribe to the remaining shares to be waived by the shareholders and such remaining shares should be offered to the public under Article 28-1 of the Securities and Exchange Act as the underlying shares of the global depositary shares to be sold in the DR Offering. Any new common shares not subscribed by employees of the Company shall be determined

by the Chairman of the Company, depending on the market needs, to be allocated as underlying shares of the global depositary shares or to be subscribed by the designated person(s).

B. Issuance of new common shares for cash in public offering :

a. The par value of the new common shares to be issued per share is NT\$10.

It is proposed to authorize the Chairman of the Company to coordinate with the underwriter(s) of the public offering to determine the actual issue price in accordance with the Taiwan Securities Association's Self-regulatory Rules Governing the Provision of Advisory Services by Underwriter Members to Issuing Companies for Offering and Issuing Securities and the market conditions and the issue price shall be reported to, and approved by the regulatory authority before issuance.

b. It is proposed to authorize the Board to choose either one of the following two methods to sell the new shares in the public offering through the underwriter(s):

(i) Except for 10% to 15% of the new shares must be offered to employees in accordance with Article 267, Paragraph I of the Company Act, it is proposed for the shareholders meeting to approve the pre-emptive rights to subscribe to the remaining shares to be waived by the shareholders in accordance with Article 28-1 of the Securities and Exchange Act and such remaining shares will be offered to the public via book building. It is proposed that any new common shares not subscribed by employees of the Company will be sold to the person(s) designated by the Chairman of the Company at the issue price.

(ii) Except for 10% to 15% of the new shares must be offered to employees in accordance with Article 267, Paragraph I of the Company Act, it is proposed that 10% of the new shares to be sold to the public through the underwriter(s) in accordance with Article 28-1, Paragraph 2 of the Securities and Exchange Act and the remaining shares will be subscribed to by the existing shareholders of the Company in accordance with their shareholding. It is proposed that any new common shares not subscribed by employees and shareholders of the Company will be sold to the person(s) designated by the Chairman of the Company at the issue price.

C. Issuance of Private Placement Shares and/or Private Placement Overseas or Domestic Bonds :

a. Basis and reasonableness for determination of the subscription price of the Private Placement Shares :

(i) The higher of (x) the simple average closing price of the Company's common shares for 1, 3 or 5 trading days prior to the pricing date, and (y) the simple average closing price of the Company's common

shares for 30 trading days prior to the pricing date, after adjustment for shares issued as stock dividends, shares cancelled in connection with capital reduction and the cash dividends, as the reference subscription price of the Private Placement Shares.

- (ii) The issue price of the Private Placement Shares shall be no less than 85% of the reference price. It is proposed to authorize the Board to decide the actual issue price within the range approved by the shareholders meeting, depending on the status of finding specific investor(s) and market conditions.

The issue price of the Private Placement CB shall be no less than 85% of the theoretical price.

Theoretical price: A securities price calculated based on an appropriate pricing model that is selected in consideration of the various rights under the terms of issuance. The pricing model shall as a whole encompass, and include the concurrent consideration of, the various rights included in the terms of issuance.

- (iii) As aforementioned, subscription price of the Private Placement Shares and issue price of Private Placement CB will be determined with reference to the price of the Company's common shares and the theoretical price in accordance with the Regulations Governing Public Companies Issuing Securities in Private Placement, thus, the price should be reasonable.

- b. The method, purpose, necessity and projected benefits to determine specific investor(s):

The investors to subscribe to the Private Placement Shares and/or Private Placement CB must meet the qualifications listed in Article 43-6 of the Securities and Exchange Act and are limited to strategic investor(s). Priority will be given to the investor(s) who could benefit the Company's long term development, competitiveness, and existing shareholders' rights. The Board is fully authorized to determine the specific investor(s). The purpose, necessity and projected benefits for choosing strategic investor(s) are to accommodate the Company's operation and development needs to have the strategic investor(s) to assist the Company, directly or indirectly, in its finance, business, manufacturing, technology, procurement, management, and strategy development, etc. so to strengthen the Company's competitiveness and enhance its operational efficiency and long term development.

- c. The necessity of issuance of Private Placement Shares and/or Private Placement overseas or domestic Bonds:

Considering the effectiveness and convenience for issuance of the Private Placement Shares/Private Placement overseas or domestic Bonds and accommodating the Company's development planning, including

inviting the strategic investor(s), it would be necessary to issue the Private Placement Shares and/or Private Placement overseas or domestic Bonds.

- d. For the Private Placement Shares and/or the new common shares to be issued upon conversion of Private Placement overseas or domestic Bonds, after expiration of three years following delivery date of the Private Placement Shares/Private Placement overseas or domestic Bonds, the Board is authorized to apply for approval from the Taiwan Stock Exchange ("TWSE") acknowledging that the Private Placement Shares /new common shares to be issued upon conversion of Private Placement overseas or domestic Bonds meet the requirements for TWSE listing before the Company submitting application with the Financial Supervisory Commission for retroactive handling of public issuance of such shares and submitting application with TWSE for listing such shares on TWSE.
- e. Supplementary Note for Issuance of Overseas or Domestic Corporate Bonds in Private Placement is attached hereto as Attachment 6.

D. Issuance of overseas or domestic Corporate Bonds :

Basis and reasonableness for determination of the subscription price of the Shares:

- a. The overseas or domestic Corporate Bonds will be issued in registered form in denomination of US\$10,000 or multiples thereof or NT\$100,000 or multiples thereof and the issue price shall be no less than 85% of the theoretical price.
- b. It is proposed for the Shareholders Meeting to authorize the Board to determine and amend, at the Board's sole discretion, the terms and condition of the Corporate Bonds, the conversion methods, the plan for the use of proceeds, the schedule and projected benefits and all matters in connection therewith, in accordance with the Company's actual needs, market conditions and relevant regulations.

(3) Use of proceeds, the schedule and the projected benefits:

The Company plans to use the funds raised from the DR Offering and/or issuance of the new common shares in public offering and/or at one time or several times (no more than 3 times) issuance of the Private Placement Shares and/or Private Placement overseas or domestic Bonds and/or overseas or domestic Bonds to invest in the equipment of assembly and testing technology products, and the research & development of technologies, enrich working capital, provide the flexibility to engage in a IC backend technology cooperation or alliance with major companies, strengthen financial structure and/or support the Company's needs of funding for long- term development and plans to use such funds within three years after completing the fund raising and it is expected that use of

such funds will strengthen the Company's competition and improve operational efficiency.

- (4) The new common shares to be issued to sponsor the DR Offering, the new common shares to be issued in public offering, Private Placement Shares and the new common shares to be issued upon conversion of overseas and domestic CB in Private Placement will be issued in the dematerialized form. Except that the Private Placement Shares and the new common shares to be issued upon conversion of Private Placement CB are subject to the selling restrictions within three years after the delivery date of the Private Placement Shares/Private Placement CB under Article 43-8 of the Securities and Exchange Act, the new common shares to be issued to sponsor the DR Offering, the new common shares to be issued in public offering, the Private Placement Shares and the new common shares to be issued upon conversion of CB will have the same rights and obligations as the Company's existing issued and outstanding common shares.
- (5) The reason for the situation where the issue price of the new common shares to be issued to sponsor the DR Offering, the new common shares to be issued in public offering, Private Placement Shares and the conversion price for the issuance of overseas and domestic CB in Private Placement is set as a price less than the par value due to change of the market change and the reason for the Company not adopt other fund raising method and the reasonableness for such determination:

This is mainly based on considerations of the sound operation of the Company and the security of its financial structure and issuing equity related securities for fund raising is more appropriate than pure debt financing. If the Company decides to use the fund raising methods, such as issuing new shares for cash to sponsor the DR Offering, issuing new shares for cash in public offering, and issuing Private Placement Shares, etc. the Company would not incur any interest of the debt in such case not only the Company's financial risk could be reduced, the Company's financial structure could be improved and the flexibility of the Company's treasury management would also be increased. For issuance of overseas and domestic CB in Private Placement, if investor converts CB into the common shares, would improve the Company's financial structure and benefit the Company's long term development. It should then be reasonable for the Company to issue the equity related securities. If the issue price and the conversion price is less than the par value, such would be expected to cause decrease of the Company's capital surplus and retained earnings in which case the Company will, depending on the actual operating conditions in the future, make up for the losses. As the issue price and the conversion price will be determined in accordance with the relevant regulations, thus, after realization of the benefits of the capital increase, the Company's

financial structure will be effectively improved which would be favorable to the Company's long-term development and would not have adverse impact on the rights and benefits of the shareholders.

- (6) After the shareholders meeting approves issuance of new common shares to sponsor the DR Offering, new common shares in public offering, the Private Placement Shares, issuance of overseas and domestic CB and issuance of overseas and domestic CB in Private Placement, it is proposed for the shareholders meeting to authorize the Board to determine and amend, at the Board's sole discretion, the terms and condition of the new common shares to be issued for the DR Offering and/or in public offering and/or terms and condition of the Private Placement Shares and/or Offering Plan of the Private Placement overseas or domestic Bonds and/or issuance of overseas or domestic bonds, the plan for the use of proceeds, the schedule and projected benefits and all matters in connection therewith, in accordance with the Company's actual needs, market conditions and relevant regulations and if any amendment thereto is required due to any change of the regulations or as requested by the regulator's order or based on the Company's operation evaluation or change of the market conditions, the Board is authorized to make the required amendments at the Board's sole discretion.
- (7) To complete the fund raising, the Chairman or the Chairman's designee is authorized, on behalf of the Company, to handle all matters relating to, and sign all agreements and documents in connection with, issuance of the new common shares to sponsor the DR Offering, issuance of new common shares in public offering, issuance of the Private Placement Shares, issuance of overseas and domestic CB and issuance of overseas and domestic CB in Private Placement.
- (8) The Board is authorized to handle all matters at the Board's sole discretion which are not addressed herein in accordance with the applicable laws and regulations.
- (9) Please discuss and resolve.

Shareholder Speech Minutes : None.

Voting Results :

Shares represented at the time of voting : 412,409,995shares.

Voting Results
Votes in favor : 395,253,996 Votes, 95.84% of the total represented share present
Votes against : 898,743 Votes
Votes abstained : 16,257,256 Votes
Votes invalid : 0 Votes

RESOLVED, that the above proposal was hereby approved as proposed.

V.Extempore Motions

None.

VI.Adjournment

(AM 9:55)

Attachment 1

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 sharp 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% less 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

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 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)	\$ 3,835,529	16	\$ 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	3	896,128	3	Accounts payable (Note 28)	406,546	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)	1,999,706	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)	1,425,007	6	1,363,541	5	Lease liabilities - current (Notes 4 and 14)	8,487	-	1,250	-
Prepaid expenses and other current assets (Notes 4, 16 and 28)	220,611	1	219,755	1	Accrued expenses and other current liabilities (Notes 4, 17 and 28)	1,313,711	5	1,419,439	5
					Guarantee deposits - current (Note 18)	70,518	-	-	-
Total current assets	8,657,344	35	11,353,869	43	Total current liabilities	2,927,106	12	5,411,464	20
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)	11,522	-	6,189	-
Financial assets at amortized cost - noncurrent (Notes 4, 5 and 9)	50,000	-	100,000	-	Lease liabilities - noncurrent (Notes 4 and 14)	39,108	-	7,061	-
Property, plant and equipment (Notes 4, 13 and 28)	14,516,540	60	13,872,740	52	Guarantee deposits - noncurrent (Note 18)	334,977	1	16	-
Right-of-use assets (Notes 4 and 14)	45,712	-	8,109	-	Net defined benefit liability - noncurrent (Notes 4 and 19)	210,628	1	251,448	1
Intangible assets (Notes 4 and 15)	97,619	-	53,473	-	Total non-current liabilities	596,235	2	264,714	1
Deferred income tax assets (Notes 4 and 23)	2,807	-	25,039	-	Total liabilities	3,523,341	14	5,676,178	21
Other noncurrent assets (Notes 4, 16 and 29)	127,653	1	115,853	1	EQUITY (Notes 4, 20 and 26)				
Total non-current assets	15,774,891	65	15,152,214	57	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT				
					Capital stock				
					Common stock	5,688,459	23	5,688,459	22
					Capital surplus	2,282	-	2,282	-
					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 attributable to shareholders of the Parent	20,905,749	86	20,829,905	79
					NON-CONTROLLING INTERESTS				
						3,145	-	-	-
					Total equity	20,908,894	86	20,829,905	79
TOTAL	<u>\$ 24,432,235</u>	<u>100</u>	<u>\$ 26,506,083</u>	<u>100</u>	TOTAL	<u>\$ 24,432,235</u>	<u>100</u>	<u>\$ 26,506,083</u>	<u>100</u>

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

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)

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.**Table of Earnings Distribution**

Year 2022

Unit: NT\$

Beginning undistributed profits	\$	8,265,524,703	
Actuarial gains and (losses) included in retained earnings) (Description 1)	(35,628,079)	
Reversal of special reserve		0	
Add: net income for this period		<u>3,158,169,915</u>	
Distributable earnings for this period			\$ 11,388,066,539
Earnings distributions:			
Appropriation of legal reserve (Description 2)	(312,254,184)	
Appropriation of Special reserve	(157,983,926)	
Shareholders' dividends (NT\$3.7 per share)	(<u>2,104,729,908)</u>	(2,574,968,018)
Ending retained earnings			<u>\$ 8,813,098,521</u>

Note 1: Pursuant to the Directive Letter No. 871941343 issued by the Ministry of Finance dated on April 30, 1998, the earnings distribution shall be calculated by using the specific identification method. The distribution principle of Greatek's earnings is to distribute the distributable earnings in 2022 first. If there are deficiencies, the undistributed earnings accumulated in previous years will be distributed in the order of last-in-first-out (LIFO) according to the year in which the earnings are generated.

Description 1. Remeasurement of defined benefits plan arising from adoption of IAS 19 (recognized in other comprehensive income or losses).

Description 2. Pursuant to the Explanatory Letter No. 10802432410 dated January 9, 2020 from the Ministry of Economic Affairs, for those using "net income after tax" as the basis for appropriating legal reserve, since preparing the earnings distribution for 2019 financial statements, the Company shall appropriate legal reserve based on the "net income after tax for the period, plus the amount of items other than net income after tax included in the undistributed earnings of the year".

Supplementary Note for Issuance of overseas or domestic Corporate bonds in private placement

1. Issuer

Greatek Electronics Inc. (“Issuer” or “GTK”).

2. Issuance Size

The Board of Directors (“Board”) is authorized, within the limit of 56,870,000 common shares or NTD5 billion Bonds(or oversea currency exchange equivalent), to issue new common shares for cash to sponsor issuance of the overseas depositary shares (“DRs”) and/or issue new common shares for cash in public offering and/or issue new common shares in private placement and/or issue overseas or domestic bonds in private placement (“Private Placement Ordinary corporate bonds or convertible bonds”) and/or issue overseas or domestic bonds(“Ordinary corporate bonds or convertible bonds”). For issuance of overseas or domestic convertible bonds in private placement (“private placement corporate Bonds”), the number of common shares to be converted within the limit of 56,870,000 common shares shall be calculated in accordance with the conversion price determined at the time of issuance of Private Placement corporate Bonds.

3. Issuance Date

The Private Placement corporate Bonds will be issued within one year after the 2023 annual general shareholders’ meeting, provided that the Private Placement corporate Bonds should be issued by the Company at one time or several times (no more than 3 times).

4. Issuance Method

The Private Placement corporate Bonds will be issued in accordance with Article 43-6 of the Securities and Exchange Act and the regulations of the jurisdiction where the Private Placement corporate Bonds is issued.

The investors subscribing to the Private Placement corporate Bonds must

meet the qualifications listed in Article 43-6 of the Securities and Exchange Act and are limited to strategic investor(s). Priority will be given to the investor(s) who could benefit the Company's long term development, competitiveness, and existing shareholders' rights. The Board is fully authorized to determine the specific investor(s). The purpose, necessity and projected benefits for having strategic investor(s) are to accommodate the Company's operation and development needs to have the strategic investor(s) to assist the Company, directly or indirectly, in its finance, business, manufacturing, technology, procurement, management, and strategy development, etc. so to strengthen the Company's competitiveness and enhance its operational efficiency and long term development.

5. Form, Denomination and Issuance Price

The Private Placement corporate Bonds will be issued in registered form in denomination of US\$10,000 or multiples thereof or NT\$100,000 or multiples thereof and the issue price shall be no less than 85% of the theoretical price.

6. Coupon Rate

To be determined by the Board, depending on the market conditions.

7. Term

The term of the Private Placement corporate Bonds shall not be more than seven years.

8. Redemption

Unless previously redeemed, converted, or purchased and cancelled, the Private Placement corporate Bonds will be redeemed by the Issuer at the maturity date in cash at a price equal to the par value or the par value plus the interest.

9. Conversion Securities

The Private Placement corporate Bonds will be convertible into GTK's common shares or the DRs representing GTK's common shares.

10. Private Placement CB Conversion

(1) Conversion Period:

Unless previously redeemed, purchased, cancelled or converted, except during the closed period the holders are not permitted to convert under the Indenture, a holder of the Private Placement CB may request the Issuer to convert the Private Placement CB into PTI's common shares or DRs at any time after a designated period of time following the issuance date of the Private Placement CB and until certain days prior to the maturity date in accordance with applicable rules and regulations and terms of the Indenture.

(2) Conversion Procedure:

To exercise the relevant conversion rights attached to the Private Placement CB, the holder thereof must deposit with the Issuer a notice of conversion together with the Private Placement CB and any other documents or certificates required by ROC laws.

(3) Conversion Price Determination:

The conversion price of the Private Placement CB shall be no less than 80% of (x) the simple average closing price of the Issuer's common shares for 1, 3 or 5 trading days prior to the pricing date, after adjustment for shares issued as stock dividends, shares cancelled in connection with capital reduction and the cash dividends, or (y) the simple average closing price of the Issuer's common shares for 30 trading days prior to the pricing date, after adjustment for shares issued as stock dividends, shares cancelled in connection with capital reduction and the cash dividends. It is proposed for the shareholders meeting to authorize the Board to determine the actual conversion price in accordance with applicable rules and regulations.

(4) Dividend Entitlement at Conversion

Prior to conversion of the Private Placement CB, holders are not entitled to receive any dividend distribution. Following the conversion of the Private Placement CB, the rights to receive dividend payments

will be the same as the other common shareholders of the Issuer.

(5) Rights and Obligations after Conversion

Except that the Private Placement CB is subject to the selling restrictions within three years after the delivery date of the Private Placement CB under Article 43-8 of the Securities and Exchange Act, the new common shares to be issued upon conversion of Private Placement CB will have the same rights and obligations as the Company's existing issued and outstanding common shares.

11. Early Redemption at the Option of the Issuer

Authorize the Board to determine according to the conditions of private placement.

12. Holders' Put Option

The Issuer may choose not to grant holders' put option, or after expiry of a designated period following issuance of the Private Placement corporate Bonds, holders may require the Issuer to redeem all or part of the Private Placement corporate Bonds at a price that would result in certain annual yield on the Private Placement corporate Bonds.

13. Others

The Board is authorized to determine and amend, at its sole discretion, the terms and conditions of the Private Placement corporate Bonds and other matters which are not addressed herein.