Stock Code：2476

G-SHANK ENTERPRISE CO., LTD.

2021 Annual Report

Notice to readers
This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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五. Name of any exchanges where the company's securities are traded offshore, and the method by which to access information on said offshore securities; and: None

六. Company Website: www.gs.com.tw

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I. Letter to Shareholders

一、Letter to Shareholders

Dear shareholders:

First of all, I would like to thank everyone for attending this year's general meeting of shareholders. On behalf of G-SHANK ENTERPRISE CO., LTD., I thank you for your presence and support.

According to the financial statements for the year ended December 31, 2021, which have been audited by Diwan & Company, G-SHANK ENTERPRISE CO., LTD. reported consolidated revenue of NT$6.42 billion, a 34% increase from 2020, and operating income of NT$1 billion, up 86.7% from NT$0.54 billion in 2020 mainly due to an optimized product mix. Despite the increase in raw material costs and personnel costs, the optimization of internal processes and proper control of costs resulted in a better gross profit margin and operating profit margin than those in 2020. Consolidated earnings after tax were NT$0.75 billion, with earnings per share at NT$3.49.

In the face of emerging challenges in recent years, including the US-China trade war, COVID-19 pandemic, exchange rate fluctuations, and rises in labor costs and raw material prices, G-SHANK ENTERPRISE CO., LTD. has taken various protective measures for the economic wobbles with caution and fear. Committed to rigorous business management, G-SHANK ENTERPRISE CO., LTD. has been developing talents and technologies required for business transformation and ever-changing markets and adjusting business strategies precisely. We are also working with more and more leading companies across the globe to provide quality products based on integrated production and customer needs, thereby increasing revenue and profits in the interest of shareholders and employees. For a long time, G-SHANK ENTERPRISE CO., LTD. has received the support of all shareholders, customers, suppliers, and employees and truly appreciated their devotion of time.

Finally, I would like to thank all shareholders for your support and encouragement over the years. Wish you good health and success.

Sincerely,

Yu-Huang Lin
Chairman
G-SHANK ENTERPRISE CO., LTD.

二、The 2021 Business Report

（一）The results of the business plan

1.Operating income overview

The Company's consolidated operating income was NT$6,420,460 thousand in 2021, an increase of 34.33% from the NT$4,779,614 thousand in 2020, mainly due to the increase of sales in parts from an amount of NT$4,296,392 thousand in 2020 to NT$6,018,668 thousand in 2021, representing an increase of 40.09%, which resulted from the increasing purchase orders received by the Group. The relevant statistics of the product sales of the Company are illustrated as follows:

Product sales statistics

Unit: NT$ Thousand

Year / Item	Sales in 2021	Sales in 2020	Growth rate
Parts	6,018,668	4,296,392	40.09%
Tooling	208,400	260,569	-20.02%
Tools	101,720	81,596	24.66%
Instruments	91,672	141,057	-35.01%
Total	6,420,460	4,779,614	34.33%

2.Profit and loss overview

The Company's net income before tax was NT$1,038,684 thousand in 2021, representing an increase of 94.76% from the NT$533,314 thousand in 2020; also, the sales had gone up by 34.33% from the year before. The gross profit ratio and operating profit rate had grown by 1.4% and 4.4%, respectively, mainly due to the expansion of business scale, different product portfolios, and the effective control of internal process optimization costs and expenses, resulting in better gross profit and operating profit than the previous year. The non-operating income and expense was mainly due to the higher reinvestment profit than the previous year. In summary, the net income was increased by 110.91% from NT$356,967 thousand in 2020 to NT$752,865 thousand in 2021. The profit and loss overview, budget execution, financial income and expense overview, and profitability analysis are detailed as follows:

Profit and Loss Overview

Unit: NT$ Thousand

Item	Actual amount in 2021	Actual amount in 2020	Increase / Decrease ratio
Operating income	6,420,460	4,779,614	34.33%
Operating cost	4,524,682	3,434,436	31.74%
Gross profit	1,895,778	1,345,178	40.93%
Operating expense	894,052	809,389	10.46%
Other income, expense, and loss - net	1,285	1,479	-13.12%
Operating profit	1,003,011	537,268	86.69%
Non-operating income and expense	35,673	(3,954)	NM

Net income before tax	1,038,684	533,314	94.76%
Income tax expense	285,819	176,347	62.08%
Net income	752,865	356,967	110.91%
Net income attributable to			
Parent company's shareholders	648,364	287,441	125.56%
Non-controlling interests	104,501	69,526	50.30%
Earnings per share	3.49	1.55	125.16%

(二).Budget execution

The Group did not disclose the financial forecast to the public in 2021.

(三). Financial income and expense overview

Unit: NT$ Thousand

Item		2021	2020	Increase (Decrease) ratio
Non-operating income and expense	Interist income	92,719	90,713	2.21%
	Other income	35,500	33,721	5.28%
	Other profit and loss	(38,529)	(33,159)	16.19%
	Financial cost	14,684	14,253	3.02%
	Percentage of profit from the associates under the equity method	4,809	(18,307)	NM
	Foreign currency exchange loss – net	44,142	62,669	-29.56%
	Subtotal	35,673	(3,954)	NM

(四).Profitability analysis

Item			2021	2020
Financial structure	Ratio of Liability to Assets (%)		36.56	35.64
	Ratio of Long term fund to fixed assets (%)		531.52	502.70
Profitability	Ratio of Return on Total assets (%)		8.75	4.56
	Ratio of Return on Shareholders' Equity (%)		15.16	7.64
	Ratio to issued capital stock (%)	Operating income	53.40	29.05
		Net income before tax	55.30	28.83
	Profit Ratio (%)		11.73	7.47
	Earnings per share (NTD)		3.49	1.55

(五). Research and development status

1. Industry analysis

The Company has been engaging in the tooling development and production for computer/information/home appliance-related components for a long time, and is committed to industrial dispersion with the hope of increasing the sales ratio in automotive/industrial equipment/medical-related products. The Company had gradually achieved the set goal since the year of 2021, including 52% in 3C products, 32% in industrial equipment (including medical), and 16% in automotive products; also, the Company's ultimate goal is to achieve one third of sales from each category.

(1). 3C electronics industry:

The emerging of 5G communication has driven the development of three major trends, broadband/big link/low latency that not only help breakthrough the bottleneck of data transmission speed, but also further activate the unman vehicles real-time networking, efficient smart factory, telemedicine, virtual education, etc., as well as B2B and B2C application revolution, which then further drive the development of next-generation component technologies, such as, motion tracking, environmental ranging, tactile feedback, etc., added with the further integration of AI/edge computing and sensors that will enable future perception solutions to have excellent capability in awareness and judgment. Naturally, such development trend is not out of nothing, instead, it must be based on the improvement of the existing software and hardware. Therefore, it is an inevitable trend for the key components to be lighter, higher precision, and more functional.

(2). Vehicle related:

The traditional automotive industry supply chain has relied on the support of mass production with various types of molds in use to help reduce costs. In recent years, due to the rapid development of smart technology, various models of vehicles are equipped with massive electronic smart devices, which are inseparable from the traditional electronics industry. In addition, the environmental awareness has made the electric vehicle industry with clean fuel more attractive to major automakers to invest with productivity of 11.2 million cars expected in 5 years and 3.11 million cars in 2030, representing a compound annual growth rate (CAGR) of 29% expected in 10 years; therefore, the future is full of promises.

(3). Industrial equipment:

All manufacturers have made automatic assembly and production the first choice in reducing cost while facing the challenge of soaring labor costs; also, it helps eliminate the trouble of personnel management. Under the circumstance, the demand for components that are indispensable to automation equipment, such as, relays/PLCs/fuse-free switches/breakers will grow constantly.

The Company is at the upstream position of the aforementioned three major industrial supply chains. In terms of the Company's manufacturing process, in addition to the supply of electronic components, the electrical equipment/vehicle electronics/medical related...etc. can be transformed and supplied with the use of the existing technologies or equipment quickly, which is the Company's core competence.

2 Responsive strategies

(1).If the existing electronic component industry maintains the traditional processing mode with customer-supplied materials, there is no possibility of responding to the global massive/rapid changes. Therefore, the Company will focus on ODM operation and participating in customer design in the future.

(2).The Company is mainly engaged in stamping and metal/plastic injection business with Stage-I one-step manufacturing process completed and has the manufacturing process extended to finished product assembly, an electromechanical department established for the design and production of automatic assembly machines so to achieve the goal of becoming a one-stop full-process supplier.

(3).The inheritance of craftsmanship in a technology-intensive industry is the key to success. In addition to continuing the operation of the education and training center and the industry-university cooperation with three universities, the Company has introduced a mentor-disciple system and one-on-one in-depth teaching program to have the Company's core technology integrated and inherited effectively.

(4).Based on the existing 3C electronic components business to expand and enter the market of automotive-related and industrial equipment. The Company had achieved the set goal in sales since the year 2021, including 52% in 3C products, 16% in automotive products, and 32% in industrial equipment; also, the Company's mid-term and long-term goal is to achieve one-third of sales from each category in 2025.

(5).The Company has introduced TPS Toyota-style production management to improve corporate management per se, reduce mold-changing time, and enhance process linkage capabilities in response to the expansion of the automotive market. Also, the Company has initiated continuous, uninterrupted, and lean improvement of manpower, materials, and manufacturing processes to meet the high-standard requirements of the automotive market through visualized management, including purchasing, feeding, manufacturing, processing, quality assurance, shipping, etc.

(6).Reinforce customer relationship management, conduct research on new customers and new markets, and share relevant industry information with existing customers so to make it easier for us to communicate and interact with customers and maintain customer relationships. Comprehensively grasp the customer's product development schedule and synchronize with the customer's project schedule so as to have the customer's project completed before the deadline, to have the customers satisfied, and to prevent the customers from information or schedule gap.

3. Research & Development achievements

(1).Introduction of AU electroplating layer laser engraving and gold stripping technologyElectronic products are getting smaller and more precise. The soldering process of B2B and other board-side connectors are destined to fail due to the solder wicking (siphon principle) as a result of the sized down device; therefore, the laser engraving and gold stripping technology is applied to prevent the solder wicking from happening; therefore, the ultra-fine soldering as thin as 0.3mm has been achieved. There are currently two production lines in service since the year of 2019.

(2).6.0mm thick forging and stamping

The traditional thick metal forging and stamping is processed with hydraulic or servo press punching machines to make the material flow evenly; however, the equipment investment cost is high. The Company has invested in research and development with the use of the integrated existing crankshaft punching machine/continuous die + single-engineering die/robot arm to successfully develop the thick forging and stamping production line.

(3).Electronic monitoring wearable device

General electronic connectors are suitable for metal or plastic welding. In terms of electronic wearable technology development, in addition to the well-known electronic wristbands, the development of electronic monitoring functional clothing is underway. Physiological functions can be monitored with the cloth worn. The connector that can be welded onto the fabric is co-developed with the customers, through the existing Insert Molding technology to have metal terminal/plastic injected, and then welded on the functional fabric for having physiological signals transmitted to the mobile phone.

(4).Multiple invention patents

GUI detection software AI Master new (invention) patent, AIOT common gateway interface APIs platform technology new (invention) patent, and flat image precision dimension measurement new (invention) patent help reinforce the information technology and services of G-SHANK ENTERPRISE CO., LTD.

三、The 2022 business plan outline

(一)Operating strategy:

Uphold the corporate culture of kindness, integrity, courage, and responsibility. Extend and adjust the Company's internal physique with "energy," "action," "movement," "discipline," "art," "goodness," "ability," "integrity," "truth," "positiveness," "harmony," "sincerity," and "diligence." Form an attitude of practical, courageous execution, and uplifting team morale. Also, provide customers with professional, fast, ample, and massive service with a stable, healthy, simple, and practical business policy. Finally, achieve the management indicators of self-interest, altruism, and the greater good of the society taking as a whole; enhance management in the three aspects of quality, cost, and benefit.

1.Decentralized markets, diversified operations, and generated income.

2.Enhance product quality control.

3.Reduce costs and increase profitability.

4.Internal management requires fair and reasonable rewards for merits and good deeds.

5.6S continuous pursuit of excellence

6.Introduce TPS lean production system.

(二)Expected sales volume and the reference: The Group does not have to disclose the financial forecast for 2022.

(三)Important production and marketing policies:

1.Substantiate ISO system, introduce IATF 16949, and improve product quality.

2.Production and sales/production planning is responsible for internal and external production management to meet customer delivery requirements.

3.The sales team is divided into 8 teams by function to exercise individually and support mutually.

4.Exercise the advantages of the Group and actively expand global deployment.

5.Refine technology research and development and set up a "Technology Committee" to promote innovation and enhance competitiveness.

6.Design of a brand new globally applicable website of the Group for international marketing.

7.Substantiate education and training; actively train independent and internationalized talents.

8.Quality objectives:

(1)Customer complaints are less than 16 cases per month.

(2)Sales return rate due to quality issue is PPM 2500 per month or less.

(3)Manufacturing process loss rate is below 1.15% per month.

Automotive Products Business Division:

(1).Number of customer complaints per month≦ 1 complaint

(2).Delivery completion rate≧90%

四、Future development strategy of the Company

The Company focuses on the principle of "developing the main business," that is, the development and production of precision molds. That's how it is and will be for the Company. However, market information is constantly changing and technology is working progress; therefore, the Company's development strategy will be implemented in multiple aspects:

(1) Continue to develop international market and fulfill market demand, we will be at where we are needed.

(2) Vertical integration of upper and lower manufacturing processes and one-stop solution to meet customer needs;

(3) Diversify market risks and aim to reach one-third of revenues from 3C/vehicle/industrial equipment by 2025.

(4) Cooperate with Japanese industry and create a win-win situation with technology/market mutual-supplementation.

(5) Participate in customer research and development, provide key mold technology, and work jointly to shorten the development schedule.

In addition, the Company continues to promote innovation and enhance quality control internally. The delivery management platform and the price management platform have been established currently. A control and management of raw material, price, manufacturing process, and delivery is systemized so to make the real-time and visible information available to the management. G-SHANK ENTERPRISE CO., LTD. basing on the various needs of customers plans to build a manufacturing process integration platform and to continuously improve and optimize the operation process for the satisfaction of customers and for a better operation per se in response to future challenges.

五、The impact of external competitive environment, regulatory environment, and overall business environment

(一) Impact of external competitive environment

Stamping industry is with a low entry threshold. More than 80% of the domestic operations are by small-scale business entities (less than 30 employees) according to the statistics of Taiwan Mold & Die Association. While facing the demand for a low manufacturing cost, price competition is severe that is to the disadvantage of the Company.

Chinese government has forcefully supported the fundamental industries, including tooling industry, in recent years with various preferential measures offered continuously (tax relief / low-interest loans, etc.); also, Japan, South Korea, and Taiwan have invested in the tooling industry in China with many talents cultivated. The scale, technology, management, and other aspects of the current tooling industry in China have approached or even surpassed the tooling industry in Taiwan. The rise of tooling industry in mainland China is of disadvantage to the business operation of the Company.

Therefore, the Company expects to face more severe competitions externally and exchange rate risks continuously. Especially, electronic products are the most important exports of Taiwan. The Company will continue to rely on the profound mold technology capabilities, the continuous betterment of various manufacturing processes, and the integration of upstream and downstream processes to enhance quality control. The Company bases on the advanced automation production and peripheral equipment, integrated information management system, and self-developed visual inspection system (AI CCD vision system) to gradually realize unmanned and automation production. The Company has comprehensive mold design, processing, and assembly capabilities with more than 95% mold parts made in-house, and can quickly cooperate with customers to develop precision parts and to prepare samples. There are 15 factories and 2 offices globally with the mold R&D centers set up in Taiwan and Shanghai. The R&D budget accounts for 3% of the Company's annual revenue. While facing the challenges of the Sino-US trade war, the prevalence of COVID-19 pandemic, the exchange rate, and soaring labor and raw materials cost in 2021, the Company actively introduced manufacturing process optimization internally to control costs and expenses. The main product portfolio had helped the Company generated NT$6.42 billion in revenue and an 86.69% growth in operating profit.

In prospect, the Company is to work centralized on the mid-term and long-term transformation plan, and to focus on the development in the industrial machinery and smart automotives continuously with a hope to keep competitors in distance and to secure a long-term stable growth.

(二) Regulatory environment

In terms of regulatory environment, the Company has already taken countermeasures to respond to the RoHS EU environmental protection directives, including the formulation of norms and the purchase of XRF spectrum analyzers for in-house testing, which is currently

used in the 10 factories of the Group. In terms of corporate energy saving and carbon reduction measures, the Group has built solar panels at Xinwu factory in Taiwan and the factory in Malaysia. The Company values the importance of corporate responsibility and environmental protection, promotes energy saving and carbon reduction, improves energy efficiency, increase waste disposal performance, establishes a green supply chain, markets green products and services, maintains the ecological environment, etc. The Company strives to promote and introduce ISO14001 and execute the environmental policy propaganda "protecting the natural resources on the Earth, reducing environmental pollution, and complying with environmental protection laws and regulations" so to fulfill the Company's social responsibilities. At the same time, the Company actively cooperates with the competent authorities in the amendments to the Securities Exchange Act and the introduction of IFRS policy so to comply with the requirements of corporate governance and transparent financial information.

(三) Impact of overall business environment

We while facing the aforementioned external competition and domestic production cost increase base on the business philosophy of sustainable management, continuous technology innovation, manufacturing process integration from top to bottom, new project introduction, creation of an environment complying with regulations, etc. to be differentiated from the competitors in the sense of technology/delivery time/quality/environmental protection so to exercise our greatest advantage to give customers a peace of mind. We must secure an irreplaceable dominant position in the supply chain, adhere to a prudent and rigorous management attitude and concept, and continue to cultivate talents and develop specialized technologies at the 17 operation bases worldwide with a global supply network and sales system formed. The Company shall face up to the uncertain factors in the global economy calmly and respond to the challenges with a rigorous and responsible attitude for the pursuit of an optimized cost structure and the creation of better and finer quality products that are recognized by customers and will help generate more profits for the good of the shareholders and employees taking as a whole.

II. Company Profile

一、Date of Establishment: November 14, 1973

二、Company History:

1973:	Established, with a capital of NT$1.5 million.
1974:	Put into protection, developed molds, and produced precision metal stamped parts.
1975:	Increased capital to NT$3.55 million.
1977:	Increased capital to NT$4.5 million and recruited cadre members through stock options.
1979:	Increased capital to NT$6 million, purchased precision machinery and equipment, and introduced the CAD system.
1984:	Set up the R&D department, implemented the 5S system, and expanded the machining workshop by 650 square meters.
1986:	Increased capital to NT$10 million, expanded the organization, and introduced labor-saving, automated machine design, manufacturing, and sale services for customers.
1987:	Increased capital to NT$20 million, expanded the employee cafeteria and the machining workshop by 1,250 square meters, and developed CLIP.
1988:	Managed the organization by the department and developed strategies for international operations.
1989:	Increased capital to NT$50 million, expanded the office building and the stamping workshop by 1,870 square meters, and developed and produced variable resistor (VR) double-layer housing (16ψ).
1990:	Made a great stride in production technology, with the utilization of high-speed punch reaching 1,000 R.P.M.
1991:	Developed and produced VR double-layer housing (12ψ).
1992:	Increased capital to NT$65 million, expanded the stamping workshop II and the warehouse for finished goods by 1,800 square meters, introduced Japanese high-precision punch and 3D testing equipment, and developed and produced 200PIN computer REC SHELL.
1993:	Reelected directors and supervisors.
1994:	Increased capital to NT$170 million and invested in the construction of a branch in Malaysia.
1995:	Increased capital to NT$199 million, invested in the construction of a branch in Mexico, expanded the machining workshop and employee dorm by 2,400 square meters, and introduced PG, JG high-precision machinery and equipment; implemented on-the-job

training to improve the employees' quality and implemented ISO9001 Quality Assurance System; developed and produced VR SLIDER of PITCH 0.30 10IN.

1996: Increased capital to NT$250 million, invested in the construction of a branch in Shanghai, China, obtained ISO9001 certification, and forged technical cooperation with TEIKOKU TSUSHIN KOGYO CO., LTD.; reelected directors and supervisors; developed and produced computer connectors and terminals of PITCH 0.8.

1997: Increased capital to NT$327.5 million; obtained ISO9002 certification at the branch in Malaysia; went listed on the Taipei Exchange (TPEx) based on the TPEx Letter (86) Zheng-Gui-Shang-Zi No. 25130 dated December 4, 1997.

1998: Increased capital to NT$495.5 million, began stock trading on the TPEx on February 24, 1998, invested in the establishment of HONGYUE INVESTMENT CO., LTD. and plants in Thailand and Bade, Taoyuan; obtained ISO9002 certification at the branch in Shanghai and won Top Ten Outstanding Automation Companies from the Industrial Development Bureau, Ministry of Economic Affairs.

1999: Increased capital to NT$623.5 million, implemented the profit center system, reelected directors and supervisors, and invested in the incorporation of JINDE INVESTMENT CO., LTD.; obtained ISO9002 certification at the branch in Mexico, completed the phase 2 expansion at the branch in Malaysia, developed and produced 0.5PITCH terminal for communication, and worked with the Industrial Technology Research Institute to develop 0.5PITCH connectors for notebook computers.

2000: Increased capital to NT$823 million, reelected one director through a by-election, put into production at the branch in Thailand, changed into electronics stocks upon approval of TPEx, and reinvested in G-Shank Precision (M) Sdn. Bhd. through G-SHANK ENTERPRISE (M) SDN.BHD.; purchased 5,000 pings (about 16500 square meters) of land for plant expansion, added 1,200 pings (about 3,960 square meters) to the branch in Shanghai and 430 pings (about 1,419 square meters) to the branch in Mexico, and developed and produced motor stamped parts.

2001: Increased capital to NT$1,140 million, went listed on the Taiwan Stock Exchange (TWSE), issued the first domestic unsecured convertible bonds at NT$1 billion, issued new shares at NT$50 million for capital increase, reinvested in HONGJIN (SHANGHAI) ELECTRONICS CO., LTD., G-SHANK DONGGUAN 1ST

FACTORY (G-LONG), G-SHANK XIAMEN, G-SHANK SUZHOU, and G-SHANK QINGDAO; invested NT$37.69 million additionally in G-SHANK ENTERPRISE (M) SDN.BHD. and NT$163.3 million in HONGYUE INVESTMENT CO., LTD., obtained ISO9002 certification at the branch in Thailand, and commenced the construction of the 5th factory at the head office.

2002: Increased capital to NT$1,331 million, launched the enterprise resource planning (ERP) system, and completed the construction of the 5th factory at the head office; reinvested in the branch in Indonesia through G-SHANK ENTERPRISE (M) SDN.BHD., obtained QS-9000 certification by G-SHANK, INC., increased capital of HONGYUE INVESTMENT CO., LTD. by NT$149.5 million, reelected directors and supervisors, and developed 25PIN CF terminal, SMC terminal, fast charging connector shell, CD-ROM motor base, and aluminum alloy lithium battery cover.

2003: Increased capital to NT$1,409.75 million, introduced the ERP system to G-SHANK SHANGHAI, G-SHANK QINGDAO, and G-SHANK SUZHOU, invested in the incorporation of G-SHANK TIANJIN, and developed connector terminal of digital camera, battery holder shrapnel, mobile phone charger, connector terminal of hands-free handset, MMC holder, MP3 holder shell and connector terminal.

2004: Increased capital to NT$1,494.24 million and introduced the ERP system to Malaysia branches 1 and 2, G-SHANK DONGGUAN 1ST FACTORY (G-LONG), and Bade branch.

2005: Increased capital to NT$1,618.63 million, obtained ISO 14001 and ISO/TS 16949 certification, completed the construction of G-SHANK XIAMEN, and reelected directors and supervisors.

2006: Increased capital to NT$1,810.3 million, commenced the construction of a new plant in the head office, invested in the incorporation of G-SHANK SHENZHEN, and obtained ISO14001 and ISO9001 certification in Malaysia branches.

2007: Increased capital to NT$2,060.53 million, completed the construction of the sixth plant in the head office, invested in the incorporation of G-SHANK SHENZHEN G-BAO BRANCH, and merged with HONGYUE INVESTMENT CO., LTD. upon approval of the Ministry of Economic Affairs (MOEA).

2008: Received the MOEA's approval on January 17 regarding the conversion of employee stock option certificates into ordinary shares, increased capital to NT$2,079.62 million, increased capital from earnings to NT$2,362.18 million, invested in the incorporation

of G-SHANK DONGGUAN G-YUE, reelected directors and supervisors, and received the Evergreen Enterprise Excellence Award from the Taoyuan County Government.

2009: Increased capital from earnings to NT$2,433.04 million, received the MOEA's approval on October 20 regarding the conversion of employee stock option certificates into ordinary shares, increased capital to NT$2,443.04 million, and received a bronze in training quality evaluation from the Vocational Training Bureau, Council of Labor Affairs, Executive Yuan.

2010: Commenced the construction of Jingji Building in the head office and received a bronze in training quality evaluation from the Vocational Training Bureau, Council of Labor Affairs, Executive Yuan.

2011: Completed the construction of the 6th Factory Building in the head office, commenced the construction of office and warehouse buildings, and received a bronze in training quality evaluation from the Vocational Training Bureau, Council of Labor Affairs, Executive Yuan; reelected directors and supervisors, reinvested in the incorporation of SICHUAN JIN-YUE MOLD TECHNOLOGY CO., LTD. through G-SHANK SHANGHAI, revoked the investment in G-SHANK DONGGUAN G-YUE, established the Remuneration Committee, and developed Insert Molding.

2012: Invested in the incorporation of G-SHANK JAPAN, reinvested in the incorporation of HANZHE ELECTRONIC TECHNOLOGY (HUBEI) COMPANY through G-SHANK Hardware (SHANGHAI) CO., LTD., completed the construction of office and warehouse buildings, became SONY's certified partner, and completed the construction of Operation Building at G-SHANK QINGDAO.

2013: Won the best supplier (Crystal Award) of Eaton Corporation (G-SHANK MEXICO), won the outstanding partner of TE CONNECTIVITY LTD (G-SHANK QINGDAO), reduced capital of SICHUAN JIN-YUE MOLD TECHNOLOGY CO., LTD., attended the EuroMold in Frankfurt, Germany, and won the outstanding company in the Dual Training Flagship Program from the Taoyuan-Hsinchu-Miaoli Regional Branch of Workforce Development Agency.

2014: Won the best supplier award from SCHNEIDER JAKARTA (PT. INDONESIA G-SHANK PRECISION) and the J. I.T Award from CANON RA (GREATSHANK CO., LTD.), liquidated SICHUAN JIN-YUE MOLD TECHNOLOGY CO., LTD., and received a bronze in training quality evaluation from the Vocational Training

Bureau, Council of Labor Affairs, Executive Yuan; reelected directors and supervisors, attended the Taipei Int'l Smart Mold & Die Industry Fair, reduced capital to NT$1,800,523 thousand, and won the outstanding company in the Dual Training Flagship Program from the Taoyuan-Hsinchu-Miaoli Regional Branch of Workforce Development Agency.

2015: Attended the Electronica/Productronica in India, won the outstanding company in the Dual Training Flagship Program from the Taoyuan-Hsinchu-Miaoli Regional Branch of Workforce Development Agency, received the Total Evaluation Award from CANON (GREATSHANK CO., LTD.), attended the electronica in Shanghai (G-SHANK SHANGHAI), won the Outstanding Supplier Award from LOJACK (G-SHANK ENTERPRISE (M) SDN.BHD.), and won the Outstanding Quality Supplier Award from TE CONNECTIVITY LTD (G-SHANK SHENZHEN).

2016: Received the MOEA's approval on April 1 regarding the conversion of employee stock option certificates into ordinary shares, increased capital to NT$1,822.36 million, received the MOEA's approval on December 13 regarding the conversion of employee stock option certificates into ordinary shares, and increased capital to NT$1,823.76 million; attended the Electronica/Productronica in India, and Electronica, won the Outstanding Enterprise Award from Xinqiao Town People's Government and Excellent Quality Award and Sincere Cooperation Award from PANASONIC ECO SOLUTIONS INFORMATION EQUIPMENT (SHANGHAI) CO., LTD. (G-SHANK SHANGHAI), the Excellent Supplier Award from DECOMA, EATON and EATON Reynosa (G-SHANK MEXICO), and the Outstanding Partner Award from SMK ELECTRONICS (G-SHANK SHENZHEN G-BAO BRANCH).

2017: Obtained the ISO 14001:2015 transition certification, received a bronze in training quality evaluation from the Vocational Training Bureau, Council of Labor Affairs, Executive Yuan; won the 1st Outstanding Supplier Award from TE CONNECTIVITY LTD (Zhuhai) and received the National High-tech Enterprise certificate (G-SHANK SHENZHEN G-BAO BRANCH); won the Green Excellence Award from CANON (GREATSHANK CO., LTD.).

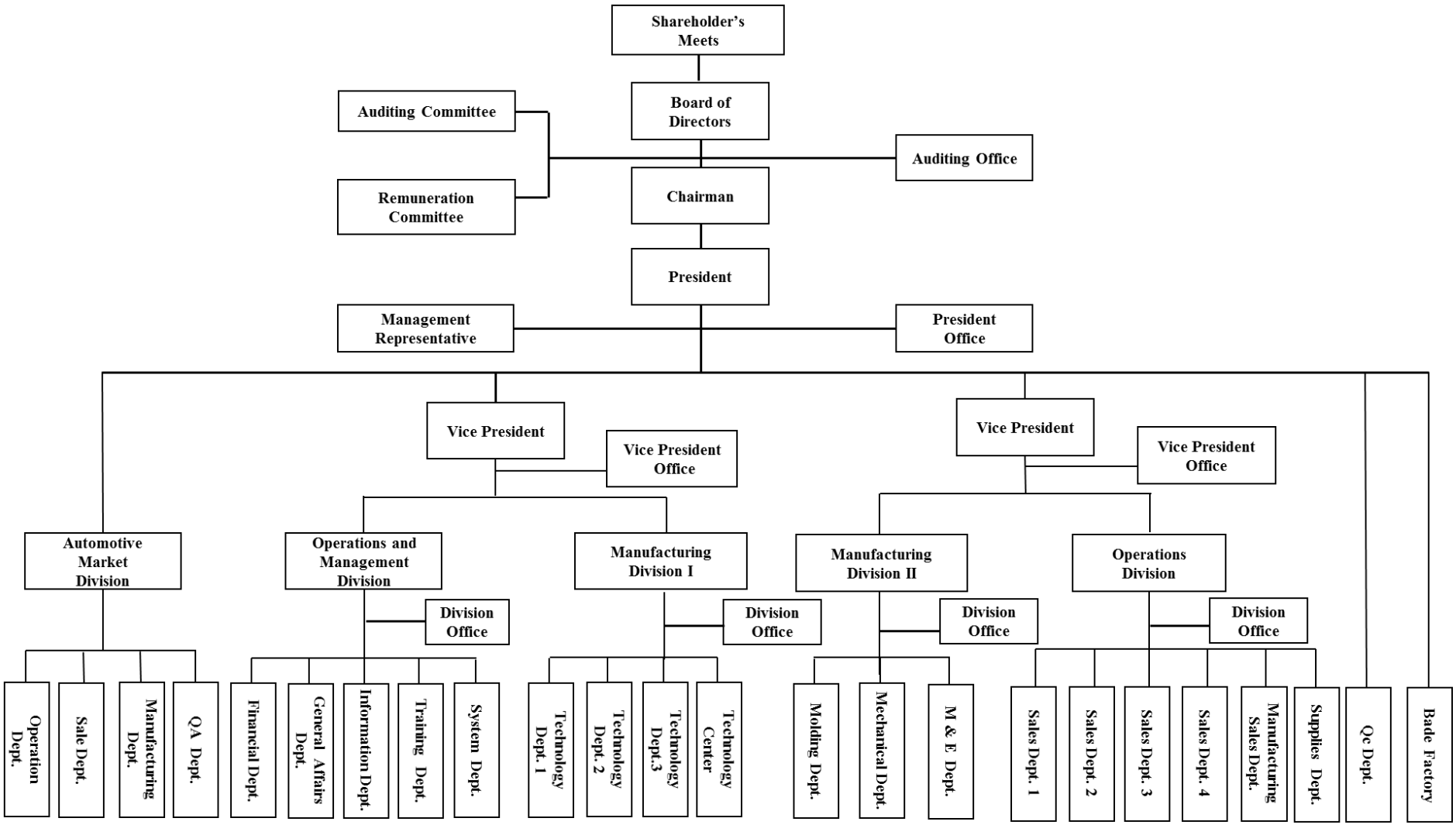
2018: Received the MOEA's approval on April 20 regarding the conversion of employee stock option certificates into ordinary shares, increased capital to NT$1,849.68 million, and won the outstanding company in the Dual Training Flagship Program from the Ministry of Labor; won the Service Excellence Award from

	LITTELFUSE (G-SHANK MEXICO), the Best Quality Award from ABB (PT. INDONESIA G-SHANK PRECISION), and the Excellent Supplier Award in Asia from SMK (G-SHANK SHENZHEN G-BAO BRANCH).
2019:	Won the 28th Model of Entrepreneurs Award (PT. INDONESIA G-SHANK PRECISION), obtained the New Product certification from the Qingdao Municipal Bureau of Industry and Information Technology (G-SHANK QINGDAO), and obtained the National High-tech Enterprise certificate (G-SHANK SHENZHEN).
2020:	Won the first place in the Machinery Industry Lean Management/TPS Incentive Program from the Industrial Development Bureau, MOEA; won the Outstanding Enterprise Award from Xinqiao Town People's Government (G-SHANK SHANGHAI), the Wujiang District Harmonious Labor Relations Award (G-SHANK SUZHOU), the Best Quality Supplier Award (Gold) of TE CONNECTIVITY LTD (G-SHANK SHENZHEN G-BAO BRANCH), and the Specialization/Refinement/Differentiation/Innovation (SRDI) Award from the Bureau of Economic Development (G-SHANK QINGDAO).
2021:	Acted as a model company for the implementation of TPS in Taiwan and won the 6th Taiwan Mittelstand Award from the Industrial Development Bureau, MOEA, invested in the incorporation of SHENZHEN JUBAO PRECISION MOLD CO., LTD. (G-SHANK SHENZHEN G-BAO BRANCH), obtained the National High-tech Enterprise certificate and the Outstanding Enterprise Award from Xinqiao Town People's Government (G-SHANK SHANGHAI), received the MOEA's approval on November 30 regarding the conversion of employee stock option certificates into ordinary shares, and increased capital to NT$1,878.32 million.
2022 Date of publication:	None.

III. Corporate Governance Report

一、Organization System:

(一) Organization Structure



(二) Operations of Primary Departments

Departments	Main Operations and Functions
President/Vice President Office	Responsible for the planning, formulation of group corporate articles of incorporation, evaluation of operating outcome of business divisions within the group, and acting as the consulting officer for the president in business promoting.
Audit Office	In control of company internal audit, audit and evaluate the accuracy, reliability, efficiency, and validity of company internal control, providing suggestions for improvement and effective execution of internal control system.
Management Representative	The management representative of the Company's ISO 9001, ISO 14001 and TS 16949 quality assurance system, representing the matters related to the execution of quality system on behalf of the president.
Operations and Management Division	In control of company general affairs, finance, information department and the operation, management, strategy formation and execution related matters of the training center. Coordinating the financial and accounting system of overseas group, establishing information system and providing support and assistance, and planning the operation and management strategies based on company needs to implement thoroughly in all departments.
Manufacturing Division I	Coordinating company development, manufacturing, suppliers management, administration, strategy formulation and execution related matters, and ruling over and supervising the matters reconciled between departments, and coordinating the production technology and support of oversea group.
Manufacturing Division II	Coordinating company machinery, molding, M&E operation, management, strategy formation and execution, and ruling over and supervising the matters reconciled between departments.
Automotive Market Division	In control of the R&D, manufacturing, sales, and market promotion and after-sales service for vehicle related products produced by the Company.
Operations Division	In control of the operation of Company's operation department, management strategy formation and execution related matters.
Marketing & Sales Division I, II, II and IV	In control of company product sales, market promotion, after-sales service and in control of management of finished-product warehousing, and promote the effective accomplishment of sales target.
Production and Sales Dept.	In control of the production status of manufacturing department and the integrated services of customer demand.
Supplies Department	In control of company materials, hardware material, equipment, office suppliers, product import/export customs, and contracting process as well as purchase related matters.
Financial Department	In control of company finance, taxation, cost accounting and other services, analysis of cost difference in manufacturing, taxation plan and financial operation analysis; gain/loss forecast, stock service management, budget review and deviation analysis, and responsibility in fund forecast, control, transfer, custody of securities, and banking transactions.
General Affairs Department	In control of Company's general affairs and administrative work, human resource management and development, ISO-14001 system establishment and maintenance, project outsourcing and supervision, and public safety and public relation maintenance.

Information Office	In control of Company's various computer system designs, development, maintenance, and responsibility of establishing computer documents and information processing, management and maintenance of software/hardware, planning and managing information links among the subsidiaries of the group, hot system planning and establishment, and information security control and maintenance, so that the information exchange among the group becomes more convenience and fast.
Training Center	Responsible for the basic training for molding knowledge among new employees, design training and mold production, and training for new mold assembly.
System Department	Responsible for the introduction, maintenance, improvement, auxiliary system plan analysis and development of group CAD/CAM system, and conducting CAD/CAM application improvement and revision to upgrade the overall performance of CAD/CAM system.
Technology Department I~III and Technical Center	In control of the R&D design, assembly, production scheduling plan and stamping production of company's molding, responsible for solving process and quality issues, reducing costs and upgrading product competitiveness.
Molding Department	In control of company's injection molding technology and production by order, production scheduling plan and introduction of mass production, and responsible for solving the operation and quality issues related to injection mold production, thereby to upgrade the processing capacity.
Mechanical Department	In control of company's fixture and mold parts manufacturing, and with responsibility in the relevant production scheduling and planning management.
M&E Department	In control of the company's post-processing or automatic design manufacturing and subsequent mechanics, vehicle related model introduction, production scheduling plan and introduction of mass production, and responsibility in manufacturing operation and quality issues that will upgrade the manufacturing capacity.
QA Center	Supervising factory quality system operation and implementing quality policy objectives of the company, with responsibility in the quality inspection of raw materials and finished products, quality assurance of company products, and supporting the quality system of the subsidiaries.
Bade Taoyuan Factory	In control of the operation, purchase, and production related matters of products from Bade Taoyuan Factory of the Company.

二、Information on Directors, President, Vice Presidents, Assistant Managers, and Heads of Departments and Branches:

(一) Directors

1: Director Information

April 12, 2022; Unit: Shares

Title	Nationality / Country of Origin	Name	Sex Age	Date of Election (Taking Office)	Term	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Current Shareholding		Shareholding by Nominee Arrangement		Education and Work Experience	Current Position in the Company and/or Other Companies	Executives, Directors who Are Spouses or within Second Degree of Kinship			Remarks
							Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relation	
Chairman	Republic of China	Yu-Huang Lin	Male 71-80	2020.6.15	3	79.6.25	8,612,089	4.66%	8,612,089	4.54%	5,687,897	3.00%	0	0	Department of Administration, Takming University of Science and Technology	G-SHANK ENTERPRISE(M)SDN.BHD. Chairman SHANGHAI JUXIANG PRECISION MOULD LIMITED COMPANY-Chairman G-SHANK ENTERPRISE CO., LTD.-Chairman G-SHANK , INC.-Director RANKFIT INVESTMENT LIMITED -Chairman GRAND STAR ENTERPRISES L.L.C.-Chairman GLOBAL STAR INTERNATIONAL CO.,LTD in Cayman Islands.-Chairman JULONG MOULD (DONGGUAN) LIMITED COMPANY -Director Qingdao Juxiang Precision Mould Limited Company -Director G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD - Chairman Juxiang Precision Mould-Chairman TIANJIN JUXIANG PRECISION MOULD -Chairman	Director Director	J.R Zeng Ying-Shuo Lin	Affinity Father-Son	Note

Title	Nationality / Country of Origin	Name	Sex Age	Date of Election (Taking Office)	Term	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Current Shareholding		Shareholding by Nominee Arrangement		Education and Work Experience	Current Position in the Company and/or Other Companies	Executives, Directors who Are Spouses or within Second Degree of Kinship			Remarks
							Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relation	
																SHENZHEN JUXIANG PRECISION MOULD-chairman HONG-JING (SHANGHAI) ELECTRONICS-Director SHANGHAI JUXIANG PRECISION MOULD LIMITED-Chairman SHENZHEN JUBAO PRECISION MOULD CO., LTD. -Chairman G-SHANK JAPAN CO., LTD-Director HUBEI HANZHE ELECTRONIC SCIENCE & TECHNOLOGY COMPANY -Chairman HUAN-GUANG INVESTMENT CO., LTD.-Director				
Director	Republic of China	Xian-Kuo Lin	Male 71-80	2020.6.15	3	79.6.25	3,793,106	2.05%	3,793,106	2.00%	53,607	0.03%	0	0	Mechanical Engineering, Tatung University Vice President of Taiwan Hoside n Co., Ltd. And G-SHANK -Vice President	G-SHANK , INC.-Supervisor JULONG MOULD (DONGGUAN) LIMITED COMPANY -Chairman JUXIANG PRECISION MOULD-Director G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD-Director TIANJIN JUXIANG PRECISION MOULD -Director REEL MASK INDUSTRY CO., LTD.-Director	-	-	-	

Title	Nationality / Country of Origin	Name	Sex Age	Date of Election (Taking Office)	Term	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Current Shareholding		Shareholding by Nominee Arrangement		Education and Work Experience	Current Position in the Company and/or Other Companies	Executives, Directors who Are Spouses or within Second Degree of Kinship			Remarks
							Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relation	
Director	Republic of China	J.R Zeng	Male 61-70	2020.6.15	3	79.6.25	2,362,703	1.28%	2,362,703	1.25%	477,899	0.25%	0	0	Mechanical Engineering, Ching Hua High School	SHANGHAI JUXIANG PRECISION MOULD LIMITED COMPANY-Chairman and President JULONG MOULD (DONGGUAN) LIMITED COMPANY -Director G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD- Chairman and President Qingdao JUXIANG PRECISION MOULD Limited Company -Chairman and President HONG-JING (SHANGHAI) ELECTRONICS Chairman and President TIANJIN JUXIANG PRECISION MOULD -Director and President SHANGHAI JUXIANG PRECISION MOULD LIMITED -Director and President SHENZHEN JUXIANG PRECISION MOULD-Director and President SHENZHEN JUBAO PRECISION MOULD CO., LTD. Director and President G-SHANK JAPAN CO., LTD-Director HUBEI HANZHE ELECTRONIC SCIENCE & TECHNOLOGY COMPANY -President	Chairman	Yu-Huang Lin	Affinity	
Independent Director	Republic of China	Ying-Shuo Lin	Male 41-50	2020.6.15	3	106.6.16	3,395,643	1.84%	3,503,643	1.85%	349,827	0.19%	0	0	Bachelor in Physics, National Chung Hsing University	President of the Company SHANGHAI JUXIANG PRECISION MOULD LIMITED COMPANY-Director RANKFIT INVESTMENT LIMITED -Supervisor HONG-JING (SHANGHAI) ELECTRONICS Chairman JUXIANG PRECISION MOULD-Director Qingdao JUXIANG PRECISION MOULD Limited Company-Chairman SHENZHEN JUBAO PRECISION MOULD CO., LTD.-Director G-SHANK JAPAN CO., LTD-Director HUANLIN INVESTMENT CO.,	Chairman	Yu-Huang Lin	Father-Son	Note

Title	Nationality / Country of Origin	Name	Sex Age	Date of Election (Taking Office)	Term	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Current Shareholding		Shareholding by Nominee Arrangement		Education and Work Experience	Current Position in the Company and/or Other Companies	Executives, Directors who Are Spouses or within Second Degree of Kinship			Remarks
							Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relation	
																LTD.-Chairman JIHONG INVESTMENT CO., LTD.-Director HONGYUE INVESTMENT CO., LTD.-Director HUAN-GUANG INVESTMENT CO., LTD.-Supervisor HONG-LIN INVESTMENT CO., LTD. – CHAIRMAN				
Independent Director	Republic of China	Shuqin Ma	Female 51-60	2020.6.15	3	106.6.16	13,000	0.01%	30,000	0.02%	0	0.00%	0	0	Master in Accounting, Chinese Culture University Accountant	CPA At CHIALIN CPA Firm Agricultural Technology Research Institute-Supervisor	-	-	-	
Independent Director	Republic of China	Ya-Ling Liao	Female 41-50	2020.6.15	3	2020.6.15	168,112	0.09%	202,000	0.11%	43,000	0.02%	0	0	Master in Chemical Engineering, National Chung Cheng University Supplier Chain Manager, Apple Inc. Taiwan Branch	The QC manager of suppliers for Applied Materials, Inc.	-	-	-	

Title	Nationality / Country of Origin	Name	Sex Age	Date of Election (Taking Office)	Term	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Current Shareholding		Shareholding by Nominee Arrangement		Education and Work Experience	Current Position in the Company and/or Other Companies	Executives, Directors who Are Spouses or within Second Degree of Kinship			Remarks
							Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relation	
Independent Director	Republic of China	Hong-Yi Chen Hong-Yi Chen	Male 61-70	2021.7.16	2	2021.7.16	0	0	0	0	34,807	0.02%	0	0	B.S. in Civil Engineering, Chung Yuan Christian University Section Chief at National Property Administration, Ministry of Finance	None	-	-	-	-

Note: When the company chairman and president or person with equivalent position (Executive manager) is the same person, spouse to each other or relative by first degree kinship, explain the reason, rationality, necessity, and information related to the response actions:

(1) The Company has developed in the market for more than 40 years. The Chairman and founding managers led all professional leaders to expand overseas in China, Malaysia, Mexico, Thailand, and Indonesia with 15 production centers established. G-SHANK GROUP is a domestic professional progressive stamping factory that builds a strong group through excellent group and corporate system and regulations. Although the chairman and president are related by first degree kinship, the president has worked in the company for over 19 years and has been promoted to the president of the company due to the professional skills and the G-SHANK cooperate system and regulations. The personnel is placed on the right position with proper talents, who meets the qualification for G-SHANK Group manager.

(2) The Company has added one independent director and 3 sets of independent director during the re-election of board of directors on June 15, 2020. The Company also set up an Audit Committee on June 15, 2020, which not only explicitly defines the function but also the sound management function of Audit Committee and the supervision on Board of Directors can reduce the concerns over the centralization of family corporate power from the competent authority due to the first grade kinship with the Chairman and President.

2. Major shareholders who are juristic person shareholders: None

3. Major shareholders of juristic person shareholders who are juristic person representative: None

2. Information Disclosure of Directors' Professional Qualification and Independent Directors' Compliance with Independence:

May 10, 2022

Criteria / Director Name	Professional Qualification and Experience (Note 1)	Compliance with Independence (Note 2)	Number of Independent Directors of Other Public Offering Companies
Chairman Yu-Huang Lin	Over 40 years of work experience required for company operations. One of the first founders of the Company and is currently acting as the chairman of the company and the chairperson of the group. Not a person specified in any subparagraph of Article 30 of the Company Act.	N/A	0
Director Xian-Kuo Lin	Over 40 years of work experience required for company operations. Worked as the vice president of Taiwan Hosiden Co., Ltd. and the Company. Not a person specified in any subparagraph of Article 30 of the Company Act.	N/A	0
Director J.R Zeng	Over 40 years of work experience required for company operations. Currently working as the president of SHANGHAI JUXIANG PRECISION MOULD LIMITED COMPANY. Not a person specified in any subparagraph of Article 30 of the Company Act.	N/A	0
Director Ying-Shuo Lin	Over 20 years of work experience required for company operations. Currently working as the president of the Company. Not a person specified in any subparagraph of Article 30 of the Company Act.	N/A	0
Independent Director Shuqin Ma	Over 20 years of work experience required for company operations. Currently working as the CPA at CHIALIN CPA Firm. Not a person specified in any subparagraph of Article 30 of the Company Act.	(1) The independent director of the Company, in compliance with independence. (2) Not the independent director, the spouse or a	0

Independent Director Ya-Ling Liao	Over 20 years of work experience required for company operations. Currently working as the QC manager of supplier for Applied Materials, Inc. Not a person specified in any subparagraph of Article 30 of the Company Act.	relative within the second degree of kinship acts as the director, supervisor or employee of the Company or its affiliate enterprises; not the director, supervisor or employee of the company with specific relation to the Company. (3) Not a professional individual, company, or institution that provides commercial, legal, financial, or accounting services to the Company or to any affiliated company for the amount of compensation acquired from the latest two years.	0
Independent Director Hong-Yi Chen	Over 40 years of work experience required for company operations. Currently working as the section chief at National Property Administration, Ministry of Finance. Not a person specified in any subparagraph of Article 30 of the Company Act.		0

Note 1: Professional Qualification and Experience: Specify the professional qualification and experience of individual director and supervisor. If the director or supervisor is a member of the Audit Committee with expertise in accounting or finance, specify the accounting or financial background and work experience. Additionally, specify any circumstances specified in Article 30 of the Company Act.

Please refer to the information on directors for the relevant education and work experience for Company directors and independent directors.

Note 2: Specify the compliance of independence by independent directors, including but not limited to the independent director, spouse, relative by second degree kinship, and if they serve as the director, supervisor or employee of the Company or affiliated enterprise. The shareholding and ratio of Company shares by person, spouse, and relative by second degree kinship (or under other's name); serving as the director, supervisor or employee of companies with specific relation with the Company (refer to the provisions stated under subparagraph 5~8, paragraph 1 of Article 3 in Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies). The amount of remuneration acquired by offering the commercial, legal, financial, and accounting services to the Company or affiliated enterprise in the most recent two years.

3. Diversity and Independence of Board of the Directors:

The Company complies with Article 20 of Corporate Governance Best Practice and takes consideration of diversity in Board members by formulating applicable diverse guidelines based on the company operations, operation model and development needs.

(1) Background

Name of Director	Sex	Professional background	Professional Skills	Professional Experience
Yu-Huang Lin	M	V	V	V
Xian-Kuo Lin	M	V	V	V
J.R Zeng	M	V	V	V
Ying-Shuo Lin	M	V	V	V
Shuqin Ma (Intendent Director)	F	V	V	V

Ya-Ling Liao (Intendent Director)	F	V	V	V
Hong-Yi Chen (Intendent Director)	M	V	V	V

(2) Diverse Core Competences

Diverse Core / Name of Director	Sex	Age	Nationality	Year Elected Director	Operation Judgment Capacity	Accounting and Financial Analysis Capacity	Managerial Capacity	Crisis Response	Industry Knowledge	International Marketing Perspective	Leadership	Decision Making
Yu-Huang Lin	M	71-80	ROC		V	V	V	V	V	V	V	V
Xian-Kuo Lin	M	71-80	ROC		V	V	V	V	V	V	V	V
J.R Zeng	M	61-70	ROC		V	V	V	V	V	V	V	V
Ying-Shuo Lin	M	41-50	ROC		V	V	V	V	V	V	V	V
Shuqin Ma (Independent Director)	F	51-60	ROC	2nd	V	V	V	V	V	V	V	V
Ya-Ling Liao (Independent Director)	F	41-50	ROC	1st	V	V	V	V	V	V	V	V
Hong-Yi Chen (Independent Director)	M	61-70	ROC	1st	V	V	V	V	V	V	V	V

(二)President, Vice President, Assistant Manager, and Heads of Departments and Branches:

April 12, 2022: Unit: Shares

Title	Nationality	Name	Sex	Date Elected (Office)	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education and Work Experience	Current Position in the Company and/or Other Companies	Executives who Are Spouses or within Second Degree of Kinship			Remarks
					Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relation	
President	ROC	Ying-Shuo Lin	M	2017.08.01	3,503,643	1.85%	349,827	0.19%	0	0	Bachelor in Physics, National Chung Hsing University President of G-SHANK	Director of the Company SHANGHAI JUXIANG PRECISION MOULD LIMITED COMPANY -Director RANKFIT INVESTMENT LIMITED -Supervisor HONG-JING (SHANGHAI) ELECTRONICS Chairman JUXIANG PRECISION MOULD-Director Qingdao JUXIANG PRECISION MOULD Limited Company -Chairman SHENZHEN JUBAO PRECISION MOULD CO., LTD.-Director G-SHANK JAPAN CO., LTD-Director HUANLIN INVESTMENT CO., LTD.-Chairman JIHONG INVESTMENT CO., LTD.-Director HONGYUE INVESTMENT CO., LTD.-Director HUAN-GUANG INVESTMENT CO., LTD.-Supervisor HONG-LIN INVESTMENT CO., LTD.-Chairman	Vice President	Ying-Zhi Lin	Brother	Note
Vice President	ROC	Yong-Bao Lin	M	2017.08.01	153,788	0.08%	737	0.00%	0	0	Mechanical Engineering Department, Chung-Hsin High School Vice President of G-SHANK	SUNFLEX TECH CO., LTD.- Chairman Vice President of the Company GOLDEN IMPRESSION L.L.C.-Chairman	-	-	-	

Vice President	ROC	Ying-Zhi Lin	M	2022.04.01	3,468,439	1.83%	862,446	0.45%	0	0	Adelphi (Long Island in U.S.) Master in Financial Management Vice President of G-SHANK	RANKFIT INVESTMENT LIMITED -Director SHANGHAI JUXIANG PRECISION MOULD LIMITED-Director SHENZHEN JUXIANG PRECISION MOULD-Director HONGYUE INVESTMENT CO., LTD.-Chairman HUAN-GUANG INVESTMENT CO., LTD.-Chairman JIHONG INVESTMENT CO., LTD.-Director HONG-LIN INVESTMENT CO., LTD.-Director	President	Ying-Shuo Lin	Brother	
Production Division II Associate Manager (Factory Chief)	ROC	Rui-Dian Cheng	M	2018.07.01	98,869	0.05%	19,000	0.01%	0	0	Mechanic Engineering, Nanya Institute of Technology G-SHANK Production Division II Associate Manager (Director)	None	-	-	-	
Chief Financial Officer	ROC	Wen-Yin Liao	F	100.03.23	106,430	0.06%	481	0.00%	0	0	Department of Industrial Management, Vanung University. Nippon Paint Financial Department Section Chief G-SHANK Financial Departmental Manager	JIHONG INVESTMENT CO., LTD. - Supervisor WEN-LIN INVESTMENT -Chairman	-	-	-	
Chief Accounting Officer	ROC	Yu-Feng Liao	F	2011.03.23	115,034	0.06%	0	0.00%	0	0	Department of Accounting, Chung Yuan Christian University Hui-Zhong CPA Firm - Manager G-SHANK	None	-	-	-	

											Financial Department Assistant Manager					
Head of Audit Office	ROC	Shiu-Xian Giu	F	2013.10.15	80,828	0.04%	0	0.00%	0	0	Department of Electronic Data Processing, National Taipei University of Business Vice President of G-SHANK	None	-	-	-	

Note: When the company chairman and president or person with equivalent position (Executive manager) is the same person, spouse to each other or relative by first degree kinship, explain the reason, rationality, necessity, and information related to the response actions:

(1) The Company has developed in the market for more than 40 years. The Chairman and founding managers led all professional leaders to expand overseas in China, Malaysia, Mexico, Thailand, and Indonesia with 15 production centers established. G-SHANK GROUP is a domestic professional progressive stamping factory that builds a strong group through excellent group and corporate system and regulations. Although the chairman and president are related by first degree kinship, the president has worked in the company for over 19 years and has been promoted to the president of the company due to the professional skills and the G-SHANK cooperate system and regulations. The personnel is placed on the right position with proper talents, who meets the qualification for G-SHANK Group manager.

(2) The Company has added one independent director and 3 sets of independent director during the re-election of board of directors on June 15, 2020. The Company also set up an Audit Committee on June 15, 2020, which not only explicitly defines the function but also the sound management function of Audit Committee and the supervision on Board of Directors can reduce the concerns over the centralization of family corporate power from the competent authority due to the first grade kinship with the Chairman and President.

三、Remuneration Paid to Directors, Supervisors, Presidents, and Vice Presidents in latest year:

(一) Remuneration to general directors and independent directors

2021: Unit: NTD Thousand

Title	Name	Remuneration to Directors								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)(Note 7)		Remunerations Paid to Concurrent Employees								Ratio of Total Remuneration (A, B, C, D, E, F, and G) to Net Income c (Note 7)		Remuneration Paid to Directors from an Invested Company Other than the Company's Subsidiary
		Remuneration (A) (Note 1)		Severance Pay (B)		Director Remuneration (C) (Note 2)		Business Execution Expenses (D) (Note 3)				Salary, Bonus and Allowances (E) (Note 4)		Severance Pay (F) (Note 5)		Employees' Remuneration (G) (Note 6)						
		G-SHANK	All Companies Listed in the Financial Statements	G-SHANK	All Companies Listed in the Financial Statements	G-SHANK	All Companies Listed in the Financial Statements	G-SHANK	All Companies Listed in the Financial Statements	G-SHANK	All Companies Listed in the Financial Statements	G-SHANK	All Companies Listed in the Financial Statements	G-SHANK	All Companies Listed in the Financial Statements	G-SHANK		All Companies Listed in the Financial Statements		G-SHANK	All Companies Listed in the Financial Statements	
																Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Chairman	Yu-Huang Lin	2,973	3,453	0	0	0	0	252	252	0.50%	0.49%	0	0	0	0	0	0	0	0	0.57%	0.49%	None
Director	Xian-Kuo Lin	0	0	0	0	0	0	270	270	0.04%	0.04%	0	0	0	0	0	0	0	0	0.04%	0.04%	None
Director	J.R Zeng	0	0	0	0	0	0	252	252	0.04%	0.03%	1,140	1,877	72	72	0	0	0	0	0.23%	0.29%	None
Director	Ying-Shuo Lin	0	0	0	0	0	0	252	252	0.04%	0.03%	2,645	2,645	139	139	0	0	0	0	0.47%	0.40%	None

Independent Director	Shuqin Ma	0	0	0	0	0	0	270	270	0.04%	0.04%	0	0	0	0	0	0	0	0	0.04%	0.04%	None
Independent Director	Ya-Ling Liao	0	0	0	0	0	0	270	270	0.04%	0.04%	0	0	0	0	0	0	0	0	0.04%	0.04%	None
Independent Director	Hong-Yi Chen (Note 8)	0	0	0	0	0	0	115	115	0.02%	0.02%	0	0	0	0	0	0	0	0	0.02%	0.02%	None

1. Describe the payment policy, system, standards and structure of payment to independent directors and the association with amount of payment according to the responsibility, risk, devotion of time and other factors:
   (1) Independent director transport allowance: It is resolved by the Board of Directors that the transport allowance for director services is NT$20,000 per month.
   (2) Director remuneration from earning distribution: It is stipulated by Article 17 of the Company's Articles of Incorporation, "The Company shall appropriate 1%~10% of the current pre-tax income as employee remuneration and no higher than 3% of pre-tax income as director remuneration prior to withholding the employee remuneration and director remuneration for the current year." The Company directors are currently not appropriated for director remuneration.
   (3) Independent director remuneration: Currently not paid.
2. Apart from the disclosure from previous table, the remuneration for the services provided by the Company directors to al companies listed on the financial statements in current year (e.g. consultant of non-employee based): None.

Note 1: 2021 remuneration to directors (including salary to directors, allowance, service pay, various bonuses, and incentives).

Note 2: The amount of remuneration paid to directors with the approval by Board of the Directors in 2021.

Note 3: Referring to the business execution expenses for 2021 (including transport allowance, special allowance, allowances, dormitory, company car, and other substantial objects).

Note 4: Referring to the requisition by director and employee concurrently in 2021, including salary, allowance, job bonus, bonuses, incentives, transport allowance, special allowance, allowances, dormitory, company car and other substantial provision. Additionally, the book value for automobile used by president provided is NT$1,770 thousand, which is not included in the aforementioned remuneration. Additionally, the salary expense recognized according to IFRS 2 Share-based Payment, including the acquisition of employee stock option, shall be included in the remuneration.

Note 5: Referring to the amount appropriated from pension expenses.

Note 6: Referring to the 2021 employee salary (including stocks and case) acquired by 2021 director and employee (including part-time president, vice president, other manager, and employees). The 2021 Board of Director meeting adopted the amount of remuneration to be distributed to employees.

Note 7: The ration to net income is the net income of the Company's 2021 separate financial statement and all companies in the financial statements shall be based on the net income stated in the 2021 consolidated financial statements.

Note 8: Independent director Hong-Yi Chen was newly appointed on July 16, 2021.

(二)Remuneration to Supervisors : N/A

(三)Remuneration to President and Vice President 2021: Unit: NTD Thousand

Title	Name	Salary (A) (note 1)		Severance Pay (B)		Bonus and Special Allowances (C) (Note 2)		Amount of Employee Remuneration (D) (Note 3)				Ratio of Total Remuneration (A, B, C, D) to Net income (%) (Note 4)		Remuneration Paid to Directors from an Invested Company Other than the Company's Subsidiary
								G-SHANK		All Companies Listed in the Financial Statements				
		G-SHANK	All Companies Listed in the Financial Statements	G-SHANK	All Companies Listed in the Financial Statements	G-SHANK	All Companies Listed in the Financial Statements	Cash Amount	Stock Amount	Cash Amount	Stock Amount	G-SHANK	All Companies Listed in the Financial Statements	
President	Ying-Shuo Lin	2,500	2,500	139	139	145	145	0	0	0	0	0.43%	0.37%	None
Vice President	Yong-Bao Lin	1,320	1,320	99	99	109	109	0	0	0	0	0.24%	0.20%	1,874

Note 1: Referring to the 2021 salary and allowance to president and vice president.

Note 2: Referring to the requisition of employee stock option for 2021 president and vice president according to the IFRS 2 Share-based Payment. Additionally the book value for the automobile used by the president is NT$1,770 thousand, which is excluded from the aforementioned remuneration.

Note 3: Referring to the amount of 2021 employee salary (including stocks and case) adopted by the 2021 Board of Director meeting to be distributed to the president and vice president.

Note 4: The ration to net income is the net income of the Company's 2021 separate financial statement and all companies in the financial statements shall be based on the net income stated in the 2021 consolidated financial statements.

(五) Analysis of ratio of total remunerations paid to directors, supervisors, the president and vice presidents by the Company and all companies listed in the consolidated financial statements to net income in the most recent two years; and explain the policies, standards, and portfolios of remunerations; procedures for determining remunerations; and correlation between business performance and future risks.

1. Analysis of Ratio of Total Remunerations Paid to Directors, Supervisors, the President and Vice Presidents by the Company and All Companies Listed in the Separate or Consolidated Financial Statements to Net Income in the Most Recent Two Years:

Title	2021				2020				Increase (Decrease)			
	Total Remuneration		Total Remuneration to Net Income Ratio % (Note 1)		Total Remuneration		Total Remuneration to Net Income Ratio % (Note 1)		Total Remuneration		G-SHANK	All Companies Listed in the Financial Statements
	G-SHANK	All Companies Listed in the Financial Statements	G-SHANK	All Companies Listed in the Financial Statements	G-SHANK	All Companies Listed in the Financial Statements	G-SHANK	All Companies Listed in the Financial Statements	G-SHANK	All Companies Listed in the Financial Statements		
Director	4,654	5,134	1.38%	1.25%	1,758	1,758	2.49%	2.01%	2,896	3,376	(1.11)%	(0.76)%
Supervisor	0	0			441	441			(441)	(441)		
President and Vice President	4,312	4,312			4,972	4,972			(660)	(660)		

Note 1: Net income described below: The net income from 2021 G-SHANK separate financial statements is NT$648,364 thousand. All companies from the consolidated financial statements generated net income of NT$752,865 thousand. The 2020 G-SHANK separate financial statements showed net income of NT$287,441 thousand, where all companies in the financial statements is NT356,967 thousand in net income from the consolidated financial statements.

2. Compare and describe the ratio between the amount of remuneration distributed to the Company directors, supervisors, president, and vice president from the Company and all companies in the consolidated financial statements in the most recent two years to the net income of individual or separate financial statement, in addition to explaining the policy of remuneration, standards and combination, procedure for formulating remuneration, and operating performance and association with future risk:

With regards to the remuneration to directors and managerial officers, according to Article 14-2 of the Company's Articles of Incorporation, “directors' remunerations

and transportation fees shall be determined by the Board of Directors based on the level of their involvement in operations and value of contribution with consideration of the average standards of other businesses in the same industry. According to Article 15, "The Company has set up president and vice presidents, whose appointment, dismissal and remuneration are subject to the provisions prescribed in Article 29 of Company Act." The remuneration distributed to the directors and managerial officers are describe below:

(1) Director service and transportation allowance: It is resolved by the Board of Directors that the transport allowance for director services is NT$20,000 per month.

(2) Director remuneration from earning distribution: It is stipulated by Article 17 of the Company's Articles of Incorporation, "The Company shall appropriate 1%~10% of the current pre-tax income as employee remuneration and no higher than 3% of pre-tax income as director remuneration prior to withholding the employee remuneration and director remuneration for the current year." The Company directors are currently not appropriated for director remuneration.

(3) Director remuneration: Except for some directors are paid with remuneration, the rest directors currently are not paid remunerations.

(4) Remuneration to managerial officers: including salary, bonus, and employee stock options, which shall be determined by the position and responsibility taken with consideration of the standard of the same position in peer industry. Moreover, the corporate management performance and personal performance shall be taken into account for determining the salary adjustment with submission to the Salary and Remuneration Committee for review and resolution by the Board of Directors.

The association and reasonableness of the content and amount of salary based on the evaluation results of the individual performance of directors and managerial officers have been reviewed by the Salary and Remuneration Committee and discussed by the Board of Directors on March 10, 2021, as within the reasonable range.

(5)Analysis of discretion in payment between two years after valuation: The two periods compare mostly the remigration paid to directors, the supervisors dismissed upon expiration of tenure on June 15, 2020, and the vice president appointed to serve as the juristic person director at affiliated company that reduced some remuneration.

四、Implementation of Corporate Governance

(1) The Board's Operations

1. A total of 6 meetings of the Board of Directors were held in most recent year, and the attendance of directors is as follows:

Title	Name	No. of actual Attendance	of actual Attendance by proxy	Rate of actual attendance (%)	Remarks
Chairman	Yu-Huang Lin	6	0	100%	
Director	Xian-Kuo Lin	6	0	100%	
Director	J.R Zeng	6	0	100%	
Director	Ying-Shuo Lin	6	0	100%	
Independent Director	Shuqin Ma	6	0	100%	
Independent Director	Ya-Ling Liao	6	0	100%	
Independent Director	Hong-Yi Chen	3	0	100%	2021.7.16 new appointment

Other matters to be recorded:

(1) Should any of the following takes place in a Board's meeting, the date, session, and proposals of the Board's meeting, opinions of all independent directors, and the Company's response to such opinions from the independent directors shall be specified:

A. Matters listed in Article 14-3 of Securities and Exchange: Please refer to the description in point 2.

B. Other than the matters mentioned above, other resolutions that are objected and reserved by the independent directors, recorded or stated in writing: None.

(2) Implementation of Conflict of Interest for Directors in proposition as stakeholders:

A. Board of Directors Meeting on August 6, 2021: Appointing the member of the Company's 4th Salary and Remuneration Committee, stakeholders: Hong-Yi Chen evaded while the rest Board of Directors attending reached full consent on the adoption of the proposition.

B. Board of Directors Meeting on December 30, 2021: Some directors and managers involving 2022 proposition for salary remuneration and stakeholders: Yu-Huang Lin, Ying-Shuo Lin and Wen-Yin Liao have evaded the conflict of interests while the rest Board of Directors attending reached full consent on the adoption of the proposition.

(3) Public trading companies should disclose the evaluation cycle and period of self (or peer) evaluation of Board of Directors, scope of evaluation, method and evaluation content. The implementation of Board of Directors evaluation is described in attached table.

(4) The objectives for strengthening the function of Board of Directors for current and the most recent year (e.g. set up the Audit Committee to promote information transparency) and the evaluation of implementation:

A. The Company's Board of Directors set up Audit Committee (founded in June 2021) and the

Salary and Remuneration Committee (set up two functional committees in December, 2021 to assist the Board of Directors with performing its supervisory responsibilities).

B. The Company has included the operation of Board of Directors meeting by law into the internal control system while the Audit Department shall conduct periodic audit.

C. The Company has complied with "Regulations Governing the Evaluation of Board of Directors Performance" and conduct individual director and Board of Director self-evaluation process. The 2021 self-evaluation results were reported to the Board of the Directors on March 10, 2022.

2. Independent director's opinion towards major agenda of Board of Directors and Company response to Independent Directors' Opinion in the most recent year is described below:

Board of Directors	Agenda and Subsequent Process	Matters listed under Article 14-3, Securities and Exchange Act	Opinion that are objected and reserved by the independent directors
2021.3.15	Amended Company's " Procedures for the Acquisition and Disposal of Assets."	V	None
	Independent Directors' Opinion: None.		
	Company Response to Independent Directors' Opinion: None.		
	Outcome of Resolution: All the directors present at the Meeting unanimously approve.		
2021.12.30	Amended company's "Internal Control Writing System" and "Internal Audit Writing System."	V	None
	Independence of Company's CPA and eligibility evaluation and appointment.	V	None
	Independent Directors' Opinion: none		
	Company Response to Independent Directors' Opinion:: None.		
	Outcome of resolution: the directors present at the Meeting unanimously approve		
2022.03.10	Amended Company's "Procedures for the Acquisition and Disposal of Assets."	V	None
	Amended company's "Internal Control Writing System" and "Internal Audit Writing System."	V	None
	Independent Directors' Opinion: None		
	Company Response to Independent Directors' Opinion:: None		
	Outcome of resolution: All the directors present at the Meeting unanimously approve		

3. Implementation of Board of Directors Evaluation

Evaluation Cycle	Evaluation Period	Scope of Evaluation	Evaluation Method	Content of Evaluation
Implemented once a year	2021.01.01~ 2021.12.31	1. Board of Director 2. Individual board member	Board self-evaluation and Board member self-evaluation	1. Evaluation of Board of Directors performance: Including the involvement in company operations, promotion of Board of Directors' decision-making quality, Board of Directors composition and structure, director election and continuous advanced study, and internal control, comprising 5 dimensions and 45 items. 2. Evaluation of individual director performance: Including the control of company objectives and mission, director's recognition of responsibility, involvement in company operation, internal relation management and communication, director's professionalism and continuous study, and internal control, comprising 6 dimensions and 23 items.

4. Succession plan and operation of important management

(1)The Company owns 15 production sites in Taiwan and overseas. The Company has been holding 2 senior managers from all factories of the group incessantly at the beginning of the year and mid-year, from 2005 to 2021. The meeting reviews the operation performance and not only reports the operation outcome but also shares the case reports of all factories, sot that the important officers can be trained for leadership experience by sharing the corporate organization culture and the leadership practice in management. For this reason, the retirement of transfer in senior manager at subsidiaries can always be taken over the proper senior manager any time, so that the subsidiaries will not interrupt the operation and management.

(2) To ensure the intermediate to long-term development and the long-term vision of the group headquarter, the Company has arranged for potential successors in control of the operations of group subsidiaries since May, 2015. This will strengthen the business management and operation capacity so that the successor will familiarize with the operation and management of G-SHANK group. In June, 2016, the potential successor has entered the Board of Directors to familiarize with the operation of Board of Directors and took over the group affairs officially as the group president in August, 2017.

(二) The operation of Audit Committee or Operation of Supervisors participating in Board of Directors operation:

1. The Audit Committee has held the meeting 5 times in most recent year. The attendance by independent directors is described below:

Title	Name	Actual No. of Attendance	Number of Attendance by Proxy	Actual Attendance Rate (%)	Remarks
Independent Director	Shuqin Ma	5	0	100%	
Independent Director	Ya-Ling Liao	5	0	100%	
Independent Director	Hong-Yi Chen	3	0	100%	2021.7.16 New appointment

Other matters to be recoded:

(1) Should any of the following takes place in a meeting of the Audit Committee, the date and session of the meeting, the proposal, the opinion opposed by independent director, reserved opinion or major suggestions, the outcome of Audit Committee's resolution and the Company's response to such a resolution shall be specified.

A. Matters listed in Article 14-5, Securities and Exchange Act: Please refer to item 3 for more information.

B. Apart from foregoing matters, other solution agreed by 2/3 or all directors without the approval by Audit Committee: None.

(2) The execution of evasion by independent directors towards agenda with conflict of interests, shall describe the name of independent director, agenda content, reason for evasion of conflict of interests and the participation in voting: None.

(3) Communication between directors, internal audit chief and CPA (including the major incidents, method and results of communication regarding company finance and operations): please refer to description in item 4.

2. Key annual work and operation of Audit Committee:

The Company has set up Audit Committee since June 15, 2020, which is responsible for executing the supervisor responsibility required by law. The Audit Committee aims to assist the Board of Directors with fulfilling their monitoring of Company in terms of quality and integrity in accounting, audit, financial report process, and financial control.

Matters of current review and key works for the Audit Committee include:

(1) Financial statements.

(2) Internal control system and relevant policy and procedure.

(3) Derivative financial instrument transaction.

(4) Capital loan.

(5) Independence and competence assessment and appointment remuneration to CPA.

3. Opinion or resolution of Audit Committee on major agenda:

Board of Directors	Agenda and Subsequent Handling	Matters listed in Article 14-5, Secures and Exchange Act	Adoption without Audit Committee but with 2/3 of consent from all directors for the resolutions
2022.03.15	(1). Report on derivative financial instrument transaction	V	None
	(2). Internal audit report by internal audit chief	V	None
	(3)Amended the Company's proposition on "Procedures for the Acquisition and Disposal of Assets."	V	None
	(4) The Company's 2020 independent preparation of separate financial statements and consolidated financial statements.	V	None
	(5) Company's 2020 business report, separate and consolidated financial statements.	V	None
	(6) The Company issued the 2020 Statement of Internal Control System	V	None
	(7). Reviewed the different forms of financing for all enterprises under the Group in Q4 according to the competent authority.	V	None
	Outcome of Audit Committee Resolution (2021.03.15): All the member present at the meeting unanimously approve.		
	Company response to opinion from Audit Committee: All the directors present at the Meeting unanimously approve.		
2021.05.06	(1). Report on derivative financial instrument transaction	V	None
	(2). Internal audit report by internal audit chief	V	None
	(3) Company's 2021 Q1 consolidated financial statements	V	None
	(4). Reviewed the different forms of financing for all enterprises under the Group in Q1 according to the competent authority.	V	None
	Outcome of Audit Committee Resolution (2021.05.06)): All the member present at the meeting unanimously approve.		
	Company response to opinion from Audit Committee: All the directors present at the Meeting unanimously approve.		
2021.08.06	(1). Report on derivative financial instrument transaction	V	None
	(2). Internal audit report by internal audit chief		
	(3).Company's 2021 Q2 consolidated financial statements	V	None
	(4).Reviewed the different forms of financing for all enterprises under the Group in Q2 according to the competent authority.	V	None
	Outcome of Audit Committee Resolution (2021.08.06)): All the member present at the meeting unanimously approve.		
	Company response to opinion from Audit Committee: All the directors present at the Meeting unanimously approve.		

2021.11.04	(1). Report on derivative financial instrument transaction	V	None
	(2). Internal audit report by internal audit chief	V	None
	(3).Company's 2021 Q3 consolidated financial statements	V	None
	(4). Adopted the base date for new shares capital increase through employee stock options for the Company.		
	(5).Reviewed the different forms of financing for all enterprises under the Group in Q3 according to the competent authority.	V	None
	Outcome of Audit Committee Resolution (2021.11.04)): All the member present at the meeting unanimously approve.		
	Company response to opinion from Audit Committee: All the directors present at the Meeting unanimously approve.		
2021.12.30	(1). Report on derivative financial instrument transaction	V	None
	(2). Internal audit report by internal audit chief	V	None
	(3). Amended Company's "Internal Control System in Writing" and "Internal Audit System in Writing."	V	None
	(4) Company's 2022 Audit Plan Schedule.	V	None
	(5). The Company's 2022 Annual Business plan	V	None
	(6). The Company's capital increase for GLOBAL STAR INTERNATIONAL CO., LTD. in Cayman Islands		
	(7) Applying for capital loan through affiliated company, G-SHANK JAPAN CO., LTD from the Company.	V	None
	(8). The independence and competence assessment and appointment of CPA.	V	None
	Outcome of Audit Committee Resolution (2021.12.30)): All the member present at the meeting unanimously approve.		
	Company response to opinion from Audit Committee: All the directors present at the Meeting unanimously approve.		
2022.03.10	(1). Report on derivative financial instrument transaction	V	None
	(2). Internal audit report by internal audit chief	V	None
	(3) Amended Company's proposition on "Procedures for the Acquisition and Disposal of Assets."	V	None
	(4) The Company's 2021 independent preparation of separate financial statements and consolidated financial statements.	V	None
	(5)Company's 2021 business report, separate and consolidated financial statements.	V	None
	(6). The Company issued the 2021 "Internal Control System Validity Assessment" and "Statement of Internal Control System"	V	None

	(7). Reviewed the different forms of financing for all enterprises under the Group in Q4 according to the competent authority.	V	None
	Outcome of Audit Committee Resolution (2022.03.10) : All the member present at the meeting unanimously approve.		
	Company response to opinion from Audit Committee: All the directors present at the Meeting unanimously approve.		
2022.05.06	(1). Report on derivative financial instrument transaction	V	None
	(2). Internal audit report by internal audit chief	V	None
	(3) Company's 2022 Q1 consolidated financial statements	V	None
	(4). Adopted the base date for new shares capital increase through employee stock options for the Company.		
	(5).the Company issued employee stock option through 2,000,000 shares.		
	(6). Reviewed the different forms of financing for all enterprises under the Group in Q1 according to the competent authority.	V	None
	Outcome of Audit Committee Resolution (2022.05.06)：All the member present at the meeting unanimously approve.		
	Company response to opinion from Audit Committee: All the directors present at the Meeting unanimously approve.		

4. Communication between independent directors, internal audit supervisor and CPA:

The Company's independent director communicate with audit chief and CPA: The Company independent directors directly contact with audit chief and CPA; according to the provisions of competent authority, the company finance and operations shall be periodically reviewed and directly communicated with the management.

(1) Independent directors maintain excellent communication with audit chief, while independent directors do not express other opinion. The matters of 2021 main communication are summarized below:

Audit Committee	Subjects of Communication	Communication Outcome
2021.03.15	(1) Internal audit report of the Company.	Review adopted, reported to Board of Directors for resolution.
	(2)The Company issued the 2020 Statement of Internal Control System	Review adopted, reported to Board of Directors for resolution.
2021.05.06	(1)Internal audit report of the Company.	Review adopted, reported to Board of Directors for resolution.
2021.08.06	(1) Internal audit report of the Company.	Review adopted, reported to Board of Directors for resolution.

2021.11.04	(1) Internal audit report of the Company.	Review adopted, reported to Board of Directors for resolution.
2021.12.30	(1) Internal audit report of the Company.	Review adopted, reported to Board of Directors for resolution.
	(2). Amended Company's "Internal Control System in Writing" and "Internal Audit System in Writing."	Review adopted, reported to Board of Directors for resolution.
2022.03.10	(1) Internal audit report of the Company.	Review adopted, reported to Board of Directors for resolution.
	(2). Amended the Company's "Internal Control System Validity Assessment" and "Statement of Internal Control System"	Review adopted, reported to Board of Directors for resolution.
2022.05.06	(1) Internal audit report of the Company.	Review adopted, reported to Board of Directors for resolution.

(2) The independent directors maintain excellent communication with the CPA and does not hold other opinion. The matters of main communication for 2021 are summarized below:

Audit Committee	Subjects of Communication	Communication outcome
2021.03.15	Company's 2020 business report, separate and consolidated financial statements.	Review adopted, reported to Board of Directors for resolution
2021.05.06	Company's 2021 Q1 Consolidated Financial Statements	Review adopted, reported to Board of Directors for resolution
2021.08.06	Company's 2021 Q2 Consolidated Financial Statements	Review adopted, reported to Board of Directors for resolution
2021.11.04	Company's 2021 Q3 Consolidated Financial Statements	Review adopted, reported to Board of Directors for resolution
2022.03.10	Company's 2021 business report, separate and consolidated financial statements.	Review adopted, reported to Board of Directors for resolution
2022.05.06	Company's 2022 Q1 Consolidated Financial Statements	Review adopted, reported to Board of Directors for resolution

(3) Implementation of corporate governance, discrepancies in the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies

Evaluation Item	Implementation Status			Discrepancies in the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies
	Y	N	Summary	
1. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	V		The Company has developed the "Corporate Governance Best Practice Principles" based on "the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" to ensure the actual implementation of corporate governance philosophy, and thereby pursue shareholder equity maximization and corporate sustainable management. The operation does not discrete from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies." Currently the "Corporate Governance Best Practice Principles" is listed on the investor zone on company website and uploaded to the Market Observation Post System (MOPS) for public reading.	Compliance with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
2. Shareholding structure & shareholders' rights (1) Does the Company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure? (2) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares? (3) Does the Company establish and execute the risk management and firewall system within its conglomerate structure?	V V V		The Company sets up "Internal Material Information Processing Procedure" to handle suggestions or doubts for shareholders. The Company also offers spokesperson and deputy spokesperson, 」stock transfer agent with dedicated service staff, and "Investor Consulting Service" zone on the company website in order to handle shareholder's suggestions or disputes. The Company keeps close contact with major shareholders while major shareholders directly participate in company management. The Company discloses the shareholding of major shareholders and the final controller of major shareholders by law.	Compliance with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies..

Evaluation Item	Implementation Status			Discrepancies in the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies
	Y	N	Summary	
(4) Does the Company establish internal rules against insiders trading with undisclosed information?	V		The Company independently operate from the operation and finance of affiliate enterprises by developing relevant management operations to specify the financial transactions between the Company and the affiliated enterprises with due monitoring matters. The "Internal Material Information Processing Procedure" developed by the Company prohibits insiders from buying/selling securities based on the information unleased to the market, in addition to education the insiders at all time.	
3. Composition and responsibilities of the Board of Directors (1) Does the Board develop and implement a diversified policy for the composition of its members?	V		1. The Company adopted the formulation of "Corporate Governance Best Practice Principles" at the Board meeting on December 29, 2015. The Company develops diversification guidelines under Chapter 3 "Strengthening Board of Directors Function." The Board of Director members follow articles of incorporation for the nomination and election of board members, based on candidate nomination system. Apart from evaluating the education and work experience of all candidates but also complying with "Director Election Guidelines" and ""Corporate Governance Best Practice Principles" to ensure the diversity and independent of board directors. 2. The Company directors were re-elected on June 15, 2020, with a total of 7 seats (including 2 seats of female independent	Compliance with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. Depending on other requirement, other types of functional committees will be set up later.

Evaluation Item	Implementation Status			Discrepancies in the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies
	Y	N	Summary	
(2) Does the Company voluntarily establish other functional committees in addition to the Salary and Remuneration Committee and the Audit Committee? (3) Does the Company establish a guidelines for evaluating the Board of Director performance and the method of evaluation? Does the Company conduct annual performance evaluation and submit the outcome of performance evaluation to the Board of Directors in addition to applying such evaluation on the consideration for the remuneration of individual director and the renewal of nomination? (4) Does the Company regularly evaluate the independence of CPAs?	V V V	V	directors). In particular, one seat of independent director was resigned on August 28, 2020 for personal reasons and the re-election took place at the 2021 shareholder's meeting. The percentage of directors with employee identification is 29% while female independent directors account for 29% and external directors account for 57%. The service seniority for two independent directors is under 3 years, the seniority for one independent director is 3~6 years, and three directors are aged over 70 years and older, 1 aged between 60~69 years old, one aged between 50~59 years old, and two aged under 50 years old. The Company has drawn attention to the diverse composition of Board of Director members, with implementation and execution. 3. The Company has disclosed information on individual director on the Company website: Corporate Governance →Information on Board of Director Members with reference on "Board of Directors Operation" for more information. Apart from Salary and Remuneration Committee and Audit Committee, no other functional committees have been set up. Currently other departments are in charge of the remaining corporate governance operations. The Company has set up the BOD performance evaluation system,	Compliance with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. Compliance with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. Compliance with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Evaluation Item	Implementation Status			Discrepancies in the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies
	Y	N	Summary	
			where the BOD passed the "Board of Directors Performance Assessment Regulations" on December 30, 2019. Starting from 2020, the Board of Directors conduct internal self-evaluation each and the peer evaluation by board members each year. Please refer ot the "Board of Directors Operation Status" for the outcome of this self-evaluation. The Financial Department conducts self-evaluation of the independence and competence of CPA once a year. The Company shall validate the attestation and taxation case expenses with the CPA and will not involve in other financial interests and business relation with the CPA. The member of CPA's family may not violate the requirement of independence, which will be reported to the Board of Directors. The Company BOD will discuss the independence and competence of CPA while enclosing the CV of CPA, the statement of independence made by each CPA to the BOD for the discussion of independence. The Company has submitted the results to the Audit Committee and BOD review for approval on December 30, 2021.	

Evaluation Item	Implementation Status			Discrepancies in the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies
	Y	N	Summary	
4. Does the Company allocate a corporate governance unit or personnel to be in charge of corporate governance affairs (including but not limited to furnish information required for business execution by directors, handle matters relating to Board's meetings and shareholders' meetings according to laws, handle corporate registration and amendment registration, produce minutes of the Board's meetings and shareholders meetings…etc.)?	V		The Company's operation and management office is responsible for handling all corporate governance related affairs, including providing information needs for Board execution of services, applying for Board and Shareholders' meeting by law, and apply for company registration and change registration, and prepare BOD and shareholders' meeting agenda.	Compliance with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
5. Does the Company establish communication channel of the stakeholders (including but not limited to shareholders, employees, customers, supplier, etc.), and establish an exclusive zone of the stakeholders in the Company's website, and properly respond the important issues of corporate social responsibility concerned by the stakeholders?	V		The company sets up spokesperson system and utilize the public information system to help shareholders and stakeholders fully understand the corporate financial situations and implementation of corporate governance. For other debtor with frequent banking, The Company holds to the principle of integrity and transparency, providing the necessary financial and sales information for their needs, according to the financial. Provide financial and sales information needed to make judgement and decision based on the corporate operation status. The Company website is established with stakeholder zone that offers response window to stakeholders' window, and has established the complete information on all concerned important corporate social responsibility issues.	Compliance with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
6. Does the Company appoint a professional shareholder service agency to deal with shareholder	V		The Company has commissioned professional stock transfer agent," Capital Securities Corp." to handle	Compliance with Corporate Governance

Evaluation Item	Implementation Status			Discrepancies in the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies
	Y	N	Summary	
affairs?			the shareholders' meeting and stock affairs related matters.	Best Practice Principles for TWSE/TPEx Listed Companies.
7. Information disclosure (1) Does the Company have a corporate website to disclose both financial standings and the status of corporate governance? (2) Does the Company have other information disclosure channels (e.g., building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)? (3) Does the Company announce and declare the annual financial report in 2 months after the accounting year, in addition to making early announcement prior to the period required and report the quarter financial statements for the first, second and third quarters, and the monthly operations?	V V

Evaluation Item	Implementation Status			Discrepancies in the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies
	Y	N	Summary	
stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?			normal attendance while the directors may not cast votes if the propositions from the directors to the Board of the Directors involve stakeholder relation and damage the interests of the Company. The continuous education for directors are described below: 3. The Company has purchased liability insurance for the directors and managerial officers.	

9. The Company has explained the corporate governance assessment results recently released by Taiwan Securities and Exchange Corp, and improvement and the proposal of matters and measures with priority reinforcement before making the improvement.

Improvement projects completed by the Company in 2021:

1.08-Doe the Company upload the annual report 16 days before the shareholders' general meeting.

2.09-Does the Company develop the succession plan for the member of Board of the Directors and key managerial officers, in addition to disclosing the operation on the company website or annual report.

2.13-have members of Salary and Remuneration Committee attend the meeting at least twice a year with disclosure of periodic review on the performance evaluation by directors, supervisor and managerial officers, as well as the policy, system, standards, and structure information of the salary and remuneration.

3.10- Are the Company's financial statements adopted the Board of Directors or reported to the Board of Directors 7 days before the bulletin deadline, in addition to publishing the financial statements in one days after the adoption date or report date.

Improvement projects for the Company in 2022:

1.10- Does the Company upload the meeting agenda and meeting supplements in English 30 days before the shareholder's general meeting.

1.11-Does the Company upload annual report in English 7 days before the shareholder's general meeting is hold.

2.07-The number of independent director seats exceed one third of total director seats?

2021 Continuous Education for Directors:

Title	Name	Date	Sponsor	Course Title	Duration
Chairman	Yu-Huang Lin	2021.07.16	Securities & Futures Institute	2021 Economic	6 Hours
Director	Xian-Kuo				

	Lin			Prospectus and Industry Trends A look on the protection of intellectual property through a case study	
Director	J.R Zeng				
Director	Ying-Shuo Lin				
Independent Director	Shuqin Ma				
Independent Director	Ya-Ling Liao				
Independent Director	Hong-Yi Chen				
Independent Director	Hong-Yi Chen	2021.09.01	Financial Supervisory Committee	The 13th Taipei Corporate Governance Forum	6 Hours

2021 Continuous Education for Managerial Officers:

Title	Name	Date	Sponsor	Course Title	Duration
President	Ying-Shuo Lin	2021.07.16	Securities & Futures Institute	2021 Economic Prospectus and Industry Trends A look on the protection of intellectual property through a case study	6 Hours
Vice President	Yong-Bao Lin				
Vice President (Note 1)	Ying-Zhi Lin				
Production Division II Associate Manager (Factory Chief)	Rui-Dian Cheng				
Manager	Wen-Yin Liao				
Assistant Manager	Yu-Feng Liao				
Manager	Wen-Yin Liao	2021.11.18 2021.11.19	Accounting Research and Development Foundation	Continuous education for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges	12 Hours
Assistant Manager	Yu-Feng Liao				

Note 1: Newly appointed as vice president on April 1, 2022.

(4) If the Company sets up Salary and Remuneration Committee, disclose the composition and operation:

1. Information on Members of Salary and Remuneration Committee

Criteria / Identification Name	Professional Qualification and Experience (Note1)	Compliance with Independence (Note 2)	Number of Members of Salary and Remuneration Committee of Other Public Offering Companies
Independent Director (Convener)	Over 20 years of work experience required for company operations. Currently working as the CPA at CHIALIN CPA Firm. Not a person specified in any subparagraph of Article 30 of the Company Act.	(1) The independent director of the Company, in compliance with independence. (2) Not the independent director, the spouse or a relative within the second degree of kinship acts as the director, supervisor or employee of the Company or its affiliate enterprises; not the director, supervisor or employee of the company with specific relation to the Company. (3) Not a professional individual, company, or institution that provides commercial, legal, financial, or accounting services to the Company or to any affiliated company for the amount of compensation acquired from the latest two years.	0
Independent Director Ya-Ling Liao	Over 20 years of work experience required for company operations. Currently working as the QC manager of suppliers for Applied Materials, Inc. Not a person specified in any subparagraph of Article 30 of the Company Act.		0
Independent Director Hong-Yi Chen	Over 40 years of work experience required for company operations. Currently working as the section chief at National Property Administration, Ministry of Finance. Not a person specified in any subparagraph of Article 30 of the Company Act.		0

Note 1: Professional Qualification and Experience: Description of the professional qualification and experience for individual members of Salary and Remuneration Committee.

Note 2: The compliance of independence for independent directors includes but not limited to the natural-person, spouse or relative within second degree of kinship is a director, supervisor, or employee of the Company or affiliated enterprise. Not the natural-person, spouse and relative of second degree kinship (or under other's name) who holds the shares of the Company and with certain weight; Not a director, supervisor or employee of the company with specific relation to the Company (refer to Refer to Article 3, Item 1, Paragraph 5~8 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies). Not a professional that provides commercial, legal, financial, accounting, or consultation services to the Company or to any affiliated company for any remuneration in recent 2 years.

2. Operation of Salary and Remuneration Committee

(1) The Company's salary and remuneration committee comprises of 3 people.

(2) Tenue for this committee: Commences form August 7, 2020 and ends on June 14, 2023. The Salary and Remuneration Committee has called two meetings (A) for the most recent year and the qualification member and attendance are described below:

Title	Name	Actual No. of Attendance (B)	No. of Attendance by Proxy	Rate of actual attendance (%)(B/A)	Remarks
Convener	Shuqin Ma	2	-	100%	
Member	Ya-Ling Liao	2	-	100%	
Member	Gao-yuan Zhong	1	-	100%	2020.11.11 New appointment 2021.08.06 Dismissal
Member	Hong-Yi Chen	1	-	100%	2021.08.06 New appointment

Other matters to be recorded:

(1) Should the Board of the Directors refuse to adopt or revise the suggestions given by the Salary and Remuneration Committee, the date and session of the Board of the Directors meeting, the proposal, the resolution reached by the Board of Director s and the Company's response to such an opinion from the Salary and Remuneration Committee shall be specified: None.

(2) Should any member opposes or expresses conservative opinion towards the matters resolved by the Salary and Remuneration Committee with records or statement in writing, the data and session of the Salary and Remuneration meeting, proposal, opinions from all members and response to members' opinions shall be specified: None.

2021 Salary and Remuneration Committee Meeting:

Salary and Remuneration Committee	Agenda and Subsequent Process	Outcome of Resolution	Compose response to opinion from Salary and Remuneration Committee
First 2021.3.15	1. Adopted the 2020 employee remuneration and distribution remuneration. . 2.Aodpted the 2020 employee remigration amount for managerial officers.	All the members of the committee unanimously approve	All the directors present at the Board of Directors Meeting unanimously approve.
Second 2021.12.30	1. Adopted the 2022 salary and remuneration to some directors and managerial officers 2. Adopted the Company's 2022 Director Reimbursement of Transport Allowance.	All the members of the committee unanimously approve	All the directors present at the Board of Directors Meeting unanimously approve.

3. Nomination Committee member information and peration information：None.

（五）Implementation of sustainable development, and discrepancies in the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies, and reasons for such discrepancies:

Promotion Item	Implementation			Discrepancies in the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Y	N	Summary	
1. Does the Company establish the governance framework for promoting sustainable development and an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development, which is authorized by the Board of the Directors for handling and supervised by the Board of the Directors?	V		The Company sets up general affairs department as the concurrent department for promoting sustainable development activities. The relevant4 development measures will be reported by the general affairs department through the management meeting to the senior management. The report will be proposed to the Board of the Directors according to the importance of agenda.	No discrepancies
2. Does the Company conduct risk assessment on the environmental, social and corporate governance agenda related to corporate operation according to the principles of materiality (Note), in addition to establishing relevant risk management policies or strategies? (Note 2)	V		The Company establishes “Procedures for the Prevention of Insider Trading,” “Ethical Management and Operation Conducts” and “Procedure for Evaluation Internal Operatons” to assist with acquiring the IATF 16949, ISO 9001 and ISO-14001 management systems. Each management system is formulated with risk control and management objectives as well as strategies.	No discrepancies
3. Environmental issues (1) Does the Company establish applicable environmental management system according to the industry characteristics? (2) Does the Company commit to upgrading the utilization of resources and use of recycled materials with low environmental impact?	V V		(1)The Company establishes a complete environmental management system according to the stamping industry. Apart from holding two management review meetings, the Company also accepts TUV external audit each year by passing the certificate. (2)The Company is committed to green purchase solution, buying green package materials and complying with	No discrepancies

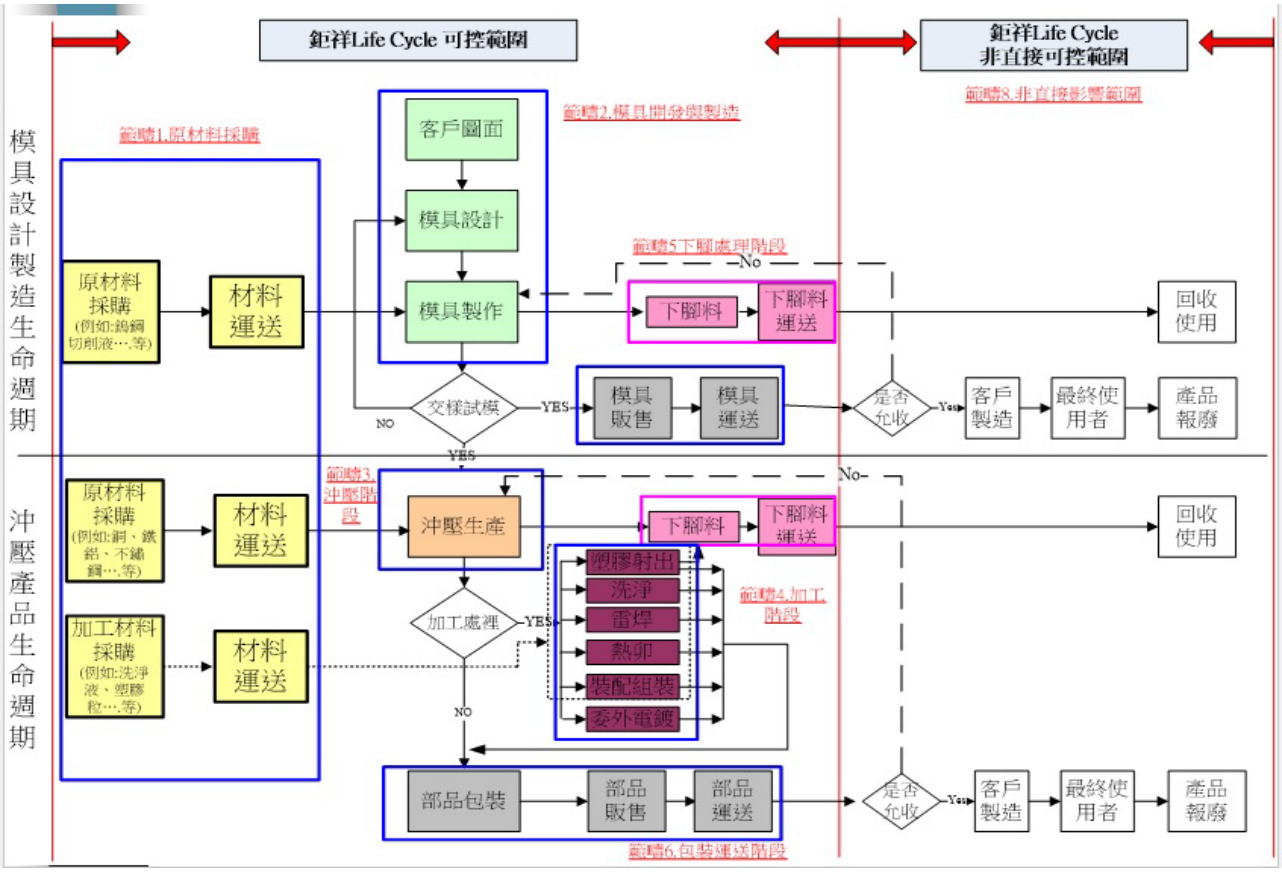
Promotion Item	Implementation			Discrepancies in the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Y	N	Summary	
(3) Does the Company evaluate the potential risk and opportunities of climate change on enterprises now and in the future, in addition to taking response actions to climate related issues? (4) Has the Company compiled the greenhouse gas emission, water consumption and total waste weight in the last two years, in addition to formulating policies on energy-saving, carbon reduction, greenhouse gas emission, reduction of water consumption, or other waste management?	V V		international RoHS, Reach, and WEEE related regulations. (3) The product life cycle (PLC) is defined to analyze the impact of all processing on the environment by customizing relevant "management solution" that will reduce burden on the environment. (4) 1. The Company follows the overall processing to establish product life cycle (PLC) evaluation scheme. Each year, all units will follow the assessment guidelines for "Environmental Consideration" to commit ni the comprehensive waste reduction and hereby reduce carbon emission from the factory. The Evalaution for product lfie cycle is shown below (Figure 1). 2. The Company compiles monthly statistics on power consumption and total wastes. Each year the Company projects to reduce power consumption by 1% and waste reduction by 1% as the amendment goal.	
4. Social Issues (1) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights? (2) Does the Company develop and implement reasonable employee welfare measures (including salary, leave, and	V V		(1)The Company follows the Labor Standard Act to formulate the work conducts of the Company. The work codes are also reported to the Department of Labor and Human Resource Bureau, Taoyuan City, for completion. (2) The company offer leaves according to the Standard Labor Act and develops salary and remuneration guidelines as incentives to employees.	No discrepancies

Promotion Item	Implementation			Discrepancies in the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Y	N	Summary	
other benefits) in addition to reflecting the managerial performance or outcome appropriately on employee salary?			Namely, if there is surplus by the end of year, the Company will distribute the surplus as incentive remuneration. Additionally, the Employee and Occupational Welfare Committee is established to coordinate welfare related matters and employee activities.	
(3) Does the Company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		(3) 1.Employees will be scheduled for general physical examination each year. Special operators will also experience the special operation. The Company also sets up factory doctor and factory nurses for promotion of employee health. 2. Employee health promotion activities are held every year (e.g. BMI reduction activity...etc.). 3. The Company sets up a gymnasium for all clubs to organize annual competitions periodically at the factory. Currently the factory clubs include basketball club, badminton club, yoga club, and jogging club.	
(4) Does the Company provide its employees with career development and training sessions?	V		(4) 1. The Company offers mentorship management guidelines. All employees have mentors who will lead and help them develop professional competence and adapt to the organization culture as soon as possible.	
(5) Does the Company establish any consumer protection policies and appealing procedures for the health and safety of	V		2. The Company offers “Technical Certificate Specification” and “Training Center” to establish the complete career development system	

Promotion Item	Implementation			Discrepancies in the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Y	N	Summary	
customers, in accordance with the laws and international standards governing products, services, customer privacy, marketing, and labeling?			for employees. (5)Since the Company does not directly sell products to consumers, the Company does not offer complaint channel to consumers in terms of R&D, purchase, production, operation, and service procedure. Nonetheless, the Company offers complete complaint procedure for customers.	
(6) Does the Company establish supplier management policy to request suppliers for the relevant regulations in environmental production, occupational safety and health or human rights for labor, as well as the implementation status?	V		(6) The Company conducts quality system assessment on major suppliers, which items tested include the organization quality and environmental system of the supplier, quality and environment records, occupational safety and health and works' rights under social responsibility. The audited suppliers have all complied with the requirement.	
5. Does the Company refer to the standards or guidelines for preparing international standard reports for the preparation of sustainable development report and other reports disclosing non-financial information of the Company? Has the aforementioned report acquired validation or opinion of guarantee from third certification body?	V		The Cmpany has not prepared sustainable development report but has disclosed the execution of social corporate responsibility at the annual report for sharholders' meeting.	No discrepancies
6. If the Company has established its own corporate social responsibility best practice principles according to the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, please state the difference: The Company upholds to the business philosophy of "Savors in self, people and society" to implement according to "the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies," with al operations executed by fulfilling the mission of corporate social responsibility.				
7. Other important information helpful in understanding corporate sustainable development and social responsibilities operation: 1.The Company has acquired ISO-9001 quality certificate in 1996, IATF-16949 quality certificate in 2004, ISO-14001 quality certificate in 2005, passed ISO 14001:2015 environmental management				

Promotion Item	Implementation			Discrepancies in the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Y	N	Summary	
system transition certificate in 2017, and passed IATF-16949 transition certificate in 2018. In 2013, the group acquired the green partner certificate from SONY, its Shanghai representative group passed the ecovadis CSR certificate in 2016, while the Thailand factory was awarded by CANON with green outstanding award in 2017. 2. In response to government policy on green energy, the Company deployed solar panel on the roof to reduce CO2 emission. 3. The Company purchased power-saving air pressure system and variant-frequency air conditioner in the factory to reduce power consumption, in response to government policy on energy saving.				

Figure 1



(六) Implementation of Ethical Corporate Management, Discrepancies in the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and Reasons for Such Discrepancies

Evaluation Item	Implementation			Discrepancies in the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Y	N	Summary	
1. Formulate policies and plans for ethical corporate management				No major discrepancies
(1) Has the Company clearly indicated policies and activities related to ethical corporate management in its bylaws and external documents, and are the Company's directors and management actively fulfilling their commitment to corporate policies?	V		To establish the foundation of corporate culture and sound organization development of the integrity management of the company, in addition to establishing the framework of excellent commercial operation, the Company has established the "Code of Ethical Conduct" according to the "Ethical Corporate Management Best Practice Principles," as compliance of implementing ethical management. The relevant internal operation specification and internal control system are developed to review the different operations. Any major violations will be reported at the Board of Directors Meeting.	
(2) Has the Company established an evaluation mechanism for risks associated with unethical conducts and regularly analyzes and evaluates business activities subject to higher risk of unethical conducts within the scope of business? Has the Company developed measures for preventing unethical conducts, which at least covers the preventive measures under the items prescribed in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?"	V		The company analysis on business scope shows that "purchase" and associate supplier" have relatively higher management risks and hence the Company develops treaty with associate suppliers as preventive measures.	
(3) Has the Company stipulates operation procedures, conduct guide, disciplinary and grievance system for violation for preventing unethical concocts, in addition to implementing execution and regularly review and revise the aforementioned solution?	V		The Company develops the "Code of Ethical Management" according to the "Ethical Corporate Management Best Practice Principles" and provides training for new employees during education and training with implementation of execution.	

Evaluation Item	Implementation			Discrepancies in the Ethical Corporate Management Best Practice Principles for TWSE/GTS M Listed Companies and Reasons
	Y	N	Summary	
2. Implement ethical corporate management				No major discrepancies
(1) Has the Company evaluated ethical records of its counterpart? Does the contract signed by the Company and its trading counterpart clearly provide terms on ethical conduct?	V		The Company develops "Treaty with Purchase and Associate Suppliers" to prohibit all employees and their relatives/friends with direct or indirect contact to the associate suppliers, within the scope of personal work, to proceed with the non-business related loans, lease, investment, and any other non-direct and non-business activities.	
(2) Has the Company established a full-time unit directly under the supervision of the Board, which is devoted to promoting corporate ethical business, and routinely (at least once a year) reporting the ethical management policies and solutions for preventing unethical conducts as well as the implementation to the Board?	V		The Company will assign the operation management department-general affairs office as the current unit for corporate integrity management. The factor-wide monthly meeting allows the Company to advocate and explain the launch of corporate integrity management. Additionally, the Board of Directors meeting will explain and report the corporate integrity management, if necessary.	
(3) Has the Company established policies preventing conflict of interest, provided proper channels of appeal, and enforced these policies and opened channels accordingly?	V		The Company establishes internal "Treaty with Purchase and Associate Supplier." Any violation will lead to the general affairs office or audit office to collect relevant data and requesting the related party for statement and explanation.	
(4) Has the Company established effective accounting systems and internal control systems for enforcing ethical corporate management? Are regular audits carried out by the Company's internal audit unit or commissioned to a CPA?	V		To ensure the implementation of integrity management, the Company establishes valid accounting system and internal control system, conducting the internal audit periodically and verifying the compliance of aforementioned system at all subsidiaries of the group.	
(5) Does the Company regularly organize internal and external training on ethical corporate management?	V		The Company not only offers training to new employees but conduct experience based instruction activities by groups so that the employees will understand the importance of integrity.	

Evaluation Item	Implementation			Discrepancies in the Ethical Corporate Management Best Practice Principles for TWSE/GTS M Listed Companies and Reasons
	Y	N	Summary	
3. Operation of whistle-blowing mechanisms in the Company (1) Has the Company established concrete whistle-blowing and rewarding systems and accessible whistle-blowing channels? Does the Company assign a suitable and dedicated individual for the case being exposed by the whistle-blower? (2) Has the Company stipulated standard operating procedures (SOP) and relevant systems of confidentiality for investigating the case being exposed by the whistle-blower? (3) Has the Company adopted protection against inappropriate disciplinary action for the whistle-blower?	V V V		The Company sets up the whistle-blowing channel below: 1.Compliant Hotline: （03）4775141 EXT 100 2. Complaint Email: HR@mail.gs.com.tw The Company sets up standard operating procedures (SOP) for whistle-blowing. If the case exposed by whistle-blower is investigated with truth, the Company will distribute bonus as incentive. The Standard Operating Procedures (SOP) has explained the member of investigation team and the related parties shall keep confidentiality over the investigation process and relevant data, and may not disclose such information without authorization.	No major discrepancies
4. Strengthening information disclosure (1) Has the Company disclosed the content of its best practices on ethical corporate management and the effectiveness of its activities on its official website or the Market Observation Post System (MOPS)?	V		The Company sets up group promotional website to disclose the corporate culture. Each month the Company holds factory-wide meeting to promote company operation and philosophy. The Company establishes headquarter to collect relevant data and may advocate to employees and stakeholders, if necessary.	No major discrepancies
5. Where the Company has stipulated its own best practices on ethical corporate management according to the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies," please describe any discrepancy between the prescribed best practices and actual activities taken by the Company: To establish the foundation of corporate culture and sound organization development of the integrity management of the company, in addition to establishing the framework of excellent commercial operation, the Company has established the "Code of Ethical Conduct" according to the "Ethical Corporate Management Best Practice Principles," and incorporated the "Codes of Ethical Conduct"				

Evaluation Item	Implementation			Discrepancies in the Ethical Corporate Management Best Practice Principles for TWSE/GTS M Listed Companies and Reasons
	Y	N	Summary	
in corporate management and operations. The Company also periodically comply with the code and review the implementation to make improvement. There has not been any major discrepancy since the implementation.				
6. Any important information useful for understanding the state of ethical corporate management (e.g. Company review and amendment on the formulated ethical management best practice): The Company complies with Compact Act, Securities and Exchange Act, and other commercial conduct related decrees as the implementation of basic philosophy in integrity management.				

(七) The method of query in case the Company formulated corporate governance principles and related regulations is describe below:

The Company has developed corporate governance principles and relevant rules, in addition to publishing the principles and rules on the company website (http://www.gs.com.tw), in the "Key Company Regulations" under the "Corporate Governance" of investor relations, thereby providing the public, investors and shareholders with access for query.

(八) Other Important information for better understanding of the implementation of corporate governance: None.

(九)The implementation of Internal Control System should disclose the follows:

1. Statement of Internal Control System

G-SHANK ENTEPRISE

Statement of Internal Control System

Date: March 10, 2022

The 2021 Statement of Internal Control System is issued based on the self-assessment of the Company:

一.The Company acknowledges that the establishment, implementation and conservation of the internal control system are the responsibilities of the Board of Directors and the managers of the Company. The Company has constructed such system. The objectives of the internal control system include achieving various objectives in business benefits and efficiency (including profitability, performance, and protection of assets and safety); ensuring the reliability, timeliness, transparency, and regulatory compliance of reporting; and providing reasonable assurance.

二.The internal control system has inherent constraints, and no matter how comprehensive its design may be, an effective internal control system is only capable of providing adequate assurance for achieving the above-mentioned objectives. Moreover, the effectiveness of the internal control system may be altered from changes in the environment and under different situations. Nevertheless, the Company's internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.

三. The Company assesses for the effectiveness of the internal control system's design and practices through the effectiveness of internal control system, as stated in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as "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. Each constituent element includes a number of categories. Please refer to "the Regulations" for the aforementioned categories.

四.The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid items of determination for internal control system.

五. Based on the above assessment results, the Company determined that the Company's internal control system on December 31, 2021 (covering monitoring and management of its subsidiaries) has been effectively designed and implemented and sufficient to ensure that the objectives below are achieved, including understanding the degree of achievement of operational effectiveness and efficiency objectives, reliable, timely and transparent reporting and compliance of applicable rules, laws, regulations and bylaws.

六. This Statement will form an integral part of the Annual Report and the Prospectus of the Company. If the aforementioned content contains illegal matters such as any fraudulent or hidden information, the Company will be in question of breaching Articles

20, 32, 171, and 174 in the Securities and Exchange Act and face legal consequences.

七. The Statement has been approved by the Board of Directors on March 10, 2022. Among seven directors (including independent directors) present, no director raised any objection. All of them agreed with the contents of this statement and made this statement.

G-SHANK ENTERPRISE CO., LTD.

Chairman: Yu-Huang Lin

President: Ying-Shuo Lin

2. Any CPA commissioned to conduct a project review of the internal control system shall disclose the CPA's evaluation report: N/A.

(十) The Company and internal personnel are penalized by law or if the company penalize internal personnel for violation of internal control system, which consequence of penalty could have great influence on shareholder equity or stock prices, in the most current fiscal year up to the date of publication of the annual report, which shall be listed for the content of penalty, major defect and improvement: None.

(十一) Important resolutions of shareholders' meeting and board of directors meeting in the most current fiscal year up to the date of publication of the annual report：

1. Content and implementation of important resolutions of shareholders' meeting:

Meeting date	Important resolutions	Implementation
2021.07.16	1. Adopted the 2020 business report, separate and consolidated finical statements.	The proposition was adopted by voting.
	2. Adopted the proposition for 2020 earning distribution.	The proposition was adopted by voting and approved by the chairman for ex-dividend date as 2021.8.9, with the dividend payout date on 2021.9.3. All cash dividends (NT11.2 EPS) has all been distributed.
	3. Adopted the amendment of "Procedures for the Acquisition and Disposal of Assets."	The proposition was adopted by voting and implemented after the amendment to procedure..
	4. Adopted the amendment to "Directors' Election Regulations."	The proposition was adopted by voting and implemented after the amendment to procedure.
	5. Adopted reelection of one seat of independent director.	List of elected independent director: Hong-Yi Chen .

2. Important Resolutions of Board of Directors

Session of Board of Directors	Date	Important Resolutions
2021 First	2021.03.15	1. Reported the purchase of insurance policy to director and managerial officers. 2. Reported 2020 Board of Directors Performance Evaluation outcome. 3. Reported the investment progress of establishing Huizhou Jubao Precision Mould Company. 4. Adopted the amendment of "Procedures for the Acquisition and Disposal of Assets." 5. Adopted the amendment to "Director Election Regulations." 6. Adopted the proposition for 2020 employee remuneration and director remuneration distribution. 7. Adopted the proposition for 2020 remuneration amount for managerial officers and employees. 8. Adopted the 2020 independent preparation of separate financial statements and consolidated financial statements. 9. Adopted 2020 business report, separate and consolidated financial statements. 10. Adopted the issuance of 2020 Statement of Internal Control System. 11. Adopted the proposition for 2020 earning distribution. 12. Adopted the reelection of one seat of independent director. 13. Adopted the reelection of one seat of candidate for independent director list. 14.Adopted the proposal for shareholders with 1% of more shareholding and the nomination, acceptance venue and acceptance period of candidate for independent directors. 15.Adopted proposition for 2021 shareholders' general meeting date and venue. 16. Reviewed the different forms of financing for all enterprises under the Group in Q4.
2021 Second	2021.05.06	1. Proposition of 2021 Q1 consolidated financial statements. 2. Reported the investment progress of establishing Huizhou Jubao Precision Mould Company. 3. Reviewed the different forms of financing for all enterprises under the Group in Q1.
2021 Third	2021.06.25	1. Reported response actions for COVID-19 pandemic in factory. 2. Adopted the reassignment of 2021 shareholders' general meeting data and venue.
2021 Fourth	2021.08.06	1. Proposition of 2021 Q2 consolidated financial statements 2. Reported the investment progress of establishing Huizhou Jubao Precision Mould Company. 3. Reported the proposition for cash dividend payout schedule for 2021. 4. Reported the price for employee stock option issued in 2014 and 2018. 5.Adopted the re-appointment of a member for the 4th Salary and Remuneration Committee 6. Adopted credit loans from Bank of Taiwan. 7. Adopted corporate loans from Mega International Commercial Bank. 8. Adopted corporate loans from Union Bank of Taiwan. 9. Adopted the corporate loans from Cathay United Bank. 10. Adopted the corporate loans from Taipei Fubon Bank. 11. Adopted the corporate loans from E.SUN Commercial Bank. 12. Reviewed the different forms of financing for all enterprises under the Group in Q2.
2021 Fifth	2021.11.04	1. Proposition of 2021 Q3 consolidated financial statements 2. Reported the investment progress of establishing Huizhou Jubao

Session of Board of Directors	Date	Important Resolutions
		Precision Mould Company. 3. Reported the participation of online cooperate shareholder meeting held by Capital Securities Corp. on November 11, 2021. 4. Adopted the base date for new shares capital increase through employee stock options. 5. Adopted corporate loans from CTBC Bank. 6. Adopted corporate loans from Far Eastern International Bank. 7. Reviewed the different forms of financing for all enterprises under the Group in Q3.
2021 Sixth	2021.12.30	1. Corporate governance report. 2. Reported the investment progress of establishing Huizhou Jubao Precision Mould Company. 3. Adopted the 2022 salary and remuneration to some directors and managerial officers. 5. Adopted the amendment to Company's "Internal Control System in Writing" and "Internal Audit System in Writing." 6. Adopted proposition for 2022 audit plan. 7. Adopted proposition for 2022 business plan. 8. Adopted the Company's capital increase for GLOBAL STAR INTERNATIONAL CO., LTD.. 9. Applying for capital loan through affiliated company, G-SHANK JAPAN CO., LTD from the Company. 10.Adopted corporate loans from Bank SinoPac. 11. Adopted the amendment to "Internal Material Information Processing Procedure" 12. Adopted the independence and competence assessment and appointment of CPA. 13. Adopted the amendment to "Board of Directors Performance Assessment Regulations."
2022 First	2022.03.10	1. Reported the insurance purchase for directors and managerial officers. 2. Repotted 2021 Board of Directors Performance Assessment outcome. 3. Reported the progress of Company's capital increase for GLOBAL STAR INTERNATIONAL CO., LTD.. 4. Reported the investment progress of establishing Huizhou Jubao Precision Mould Company. 5. Adopted the amendment to "Articles of Incorporation." 6. Adopted the amendment of "Procedures for the Acquisition and Disposal of Assets." 7. Adopted the amendment to "Corporate Social Responsibility Best Practice Principles." 8. adopted the amendment to "Corporate Governance Best Practice Principles." 9. Adopted the proposition for 2020 employee remuneration and director remuneration distribution. 10. Adopted the proposition for 2020 remuneration amount for managerial officers and employees. 11. Adopted the 2021 independent preparation of separate financial statements and consolidated financial statements. 12. Adopted 2021 business report, separate and consolidated financial statements. 13. Adopted the issuance of 2021 "Internal Control System Validity Assessment" and "Statement of Internal Control System" 14. Adopted the proposition for 2021 earning distribution 15. Adopted the proposal for shareholders with 1% of more shareholding and the nomination, acceptance venue and acceptance period. 16. Adopted proposition for 2022 shareholders' general meeting date and venue. 17. Adopted proposition for vice president promotion.

Session of Board of Directors	Date	Important Resolutions
		18. Adopted remuneration and salary to new president. 19. Reviewed the different forms of financing for all enterprises under the Group in Q4.
2022 Second	2022.05.06	1. Proposition of 2022 Q1 consolidated financial statements 2. Reported the investment progress of establishing Huizhou Jubao Precision Mould Company. 3. Adopted the base date for new shares capital increase through employee stock options. 4. Adopted the issuance of employee stock options through 2,000,000 shares. 5. Reviewed the different forms of financing for all enterprises under the Group in Q1

(十二) Main content of different opinion with records or statement in writing from the directors or supervisors towards the adoption of important resolutions, in the most current fiscal year up to the date of publication of the annual report: None.

(十三) Summary of resignations by company chairman, president, chief accountant, Chief Financial Officer, internal audit officer, corporate governance supervisor, and R&D supervisor in the most current fiscal year up to the date of publication of the annual report: None.

五、Information on Certified Public Accountant Fees:

(一) Information on Certified Public Accountant Fees

Unit Amount: NTD Thousand

Name of CPA Firm	Name of CPA	CPA Audit Period	Audit Fees	Non-Audit Fees (note)	Total	Remarks
Diwan & Company	Qiong-Hui Zeng Rui-Yan Zeng	2021.01.1~ 2021.12.31	1,805	45	1,850	

Note: Non-Audit Fees include: Business registration NT25,000 and business tax with direct deduct method of NT20,000.

(二) The audit fees paid to CPA firm and for the year of replacement is reduced compared with the audit fee from previous year: None.

(三)Audit fees reduced by 10% or more, compared with previous year: none.

六、Information on Replacement of Certified Public Accountants:None.

七、The chairman, president, managerial officer responsible for finance or accounting services of the Company having worked at the CPA firm or affiliated enterprise: None.

八、Any transfer of equity interests and/or pledge of or change in equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most current fiscal year up to the date of publication of the annual report:

(一) Change in Equity Among Directors, Supervisor, Managerial Officers, and Major Shareholders:

Title	Name	2021		2022, as of April 12	
		Shares held increase(decrease)	Pledged shares increase (decrease)	Shares held increase(decrease)	Pledged shares increase (decrease)
Chairman	Yu-Huang Lin	0	0	0	0
Director	Xian-Kuo Lin	0	0	0	0
Director	J.R Zeng	0	0	0	0
Director and President	Ying-Shuo Lin	72,000	0	36,000	0
Independent Director	Shuqin Ma	(1,000)	0	0	0
Independent Director	Ya-Ling Liao	40,888	0	(6,000)	0
Independent Director (Note 1)	Hong-Yi Chen	0	0	0	0
Vice President	Yong-Bao Lin	18,000	0	0	0
Vice President (Note 2)	Ying-Zhi Lin	100,000	0	80,000	0
Production Division II Associate Manager (Factory Chief)	Rui-Dian Cheng	32,000	0	16,000	0
Manager	Wen-Yin Liao	10,000	0	5,000	0
Assistant Manager	Yu-Feng Liao	20,000	0	10,000	0

Note 1.Hong-Yi Chen was elected new independent director on July 16, 2021.
Note 2. Ying-Zhi Lin was promoted to vice president on April 1, 2022.

(二) Information on stakeholder as related party to equity transfer: None.

(三) Information of stakeholder as related party to pledged equity: None.

九、Information on the relationship between any of the top ten shareholders (related party, spouse, or kinship within the second degree):

Relationship between Top Ten Shareholders

Name	Shares held personally		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		TITLE OR NAME AND RELATIONSHIP OF TOP TEN SHAREHOLDERS WHO ARE RELATED PARTIES, SPOUSES, OR RELATIVES WITHIN THE SECOND DEGREE OF KINSHIP		Remarks
	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Name	Relation	
JIHONG INVESTMENT CO., LTD.	16,089,465	8.48%	0	0.00%	0	0	None	None	
JIHONG INVESTMENT CO., LTD. Representative: Ying-Tsz Lin	335,990	0.18%	0	0.00%	0	0	Yu-Huang Lin	Father-daughter	
							Mei-Zhu Zhan	Mother-Daughter	
							Ying-Shuo Lin	Brother - Sister	
							Ying-Zhi Lin	Brother-Sister	
HUANLIN INVESTMENT CO., LTD.	10,140,790	5.34%	0	0.00%	0	0	None	None	
HUANLIN INVESTMENT CO., LTD. Representative: Ying-Shuo Lin	3,503,643	1.85%	349,827	0.19%	0	0	Yu-Huang Lin	Father-Son	
							Mei-Zhu Zhan	Mother-Son	
							Ying-Zhi Lin	Brother	
							Ying-Tsz Lin	Brother-Sister	

Name	Shares held personally		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		TITLE OR NAME AND RELATIONSHIP OF TOP TEN SHAREHOLDERS WHO ARE RELATED PARTIES, SPOUSES, OR RELATIVES WITHIN THE SECOND DEGREE OF KINSHIP		Remarks
	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Name	Relation	
Yu-Huang Lin	8,612,089	4.54%	5,687,897	3.00%	0	0	Mei-Zhu Zhan	Spouse	
							Ying-Shuo Lin	Father-Son	
							Ying-Zhi Lin	Father-Son	
							Ying-Tsz Lin	Mother-Daughter	
HONGYUE INVESTMENT CO., LTD.	7,150,650	3.77%	0	0.00%	0	0	None	None	
HONGYUE INVESTMENT CO., LTD. Representative: Ying-Zhi Lin	3,468,439	1.83%	862,446	0.45%	0	0	Yu-Huang Lin	Father-Son	
							Mei-Zhu Zhan	Mother-Son	
							Ying-Shuo Lin	Brother	
							Ying-Tsz Lin	Brother-Sister	
Mei-Zhu Zhan	5,687,897	3.00%	8,612,089	4.54%	0	0	Yu-Huang Lin	Spouse	
							Ying-Shuo Lin	Mother-Son	
							Ying-Zhi Lin	Mother-Son	
							Ying-Tsz Lin	Mother-Daughter	
WEIFONG INVESTMENT CO., LTD.	5,000,000	2.64%	0	0.00%	0	0	None	None	
WEIFONG INVESTMENT CO., LTD. Representative: Zi-Wen Lin	25,000	0.01%	0	0.00%	0	0	Xian-Kuo Lin	Father-Son	

Name	Shares held personally		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		TITLE OR NAME AND RELATIONSHIP OF TOP TEN SHAREHOLDERS WHO ARE RELATED PARTIES, SPOUSES, OR RELATIVES WITHIN THE SECOND DEGREE OF KINSHIP		Remarks
	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Name	Relation	
HUAN-GUANG INVESTMENT CO., LTD.	4,850,000	2.56%	0	0.00%	0	0	None	None	
HUAN-GUANG INVESTMENT CO., LTD. Representative: Ying-Zhi Lin	3,468,439	1.83%	862,446	0.45%	0	0	Yu-Huang Lin	Father-Son	
							Mei-Zhu Zhan	Mother-Son	
							Ying-Shuo Lin	Brother	
							Ying-Tsz Lin	Brother-Sister	
Xian-Kuo Lin	3,793,106	2.00%	53,607	0.03%	0	0	Zi-Wen Lin	Father-Son	
Ying-Shuo Lin	3,503,643	1.85%	349,827	0.18%	0	0	Yu-Huang Lin	Father-Son	
							Mei-Zhu Zhan	Mother-Son	
							Ying-Zhi Lin	Brother	
							Ying-Tsz Lin	Brother-Sister	
Ying-Zhi Lin	3,468,439	1.83%	862,446	0.45%	0	0	Yu-Huang Lin	Father-Son	
							Mei-Zhu Zhan	Mother-Son	
							Ying-Zhi Lin	Brother	
							Ying-Tsz Lin	Brother-Sister	

十、Shareholding of the same reinvestment business through the Company, Company Directors, managerial officers, and the directly or indirectly business controlled by the Company, with the consolidated calculation of comprehensive shareholding ratio:

April 12, 2022; Unit: Share; %

Reinvestment Business	G-SHANK Investment		Business investment directly or indirectly controlled by director and managerial officers		Comprehensive Investment	
	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio
G-SHANK ENTERPRISE(M)SDN. BHD.(Note 1.)	6,924,750	92.33%	75,000	1.00%	6,999,750	93.33%
G-SHANK,INC.	1,000	100.00%	-	-	1,000	100.00%
SHANGHAI JUXIANG PRECISION MOULD LIMITED COMPANY (Note 1.)	-	85.00%	-	15.00%	-	100.00%
G-SHANK ENTERPRISE CO., LTD. (Note 1.)	7,968,750	85.00%	-	-	7,968,750	85.00%
RANKFIT INVESTMENT LIMITED(Note 1.)	5,000,000	100.00%	-	-	5,000,000	100.00%
GRAND STAR ENTERPRISES L.L.C. (Note 1.)	-	100.00%	-	-	-	100.00%
SUNFLEX TECH CO., LTD. (Note 1.)	9,940,956	14.73%	12,801	0.02%	9,963,757	14.76%
G-SHANK JAPAN CO., LTD(Note 1.)	1,060	58.89%	360	20.00%	1,420	78.89%
G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD (Note 1.)	-	5.86%	-	94.14%	-	100.00%
REEL MASK INDUSTRY CO., LTD. (Note 2.)	3,392,713	9.98%	-	-	3,392,713	9.98%

Note 1: The long-term equity investment of the Company using equity method.
Note 2: The company's accounts is at Financial assets at fair value through profit or loss – noncurrent.

IV. Capital Raising Activities

一、Capital and Shares

(一) Source of capital stock

1. Capital formation

May 8, 2022 Unit: NT$/share

Year/Month	Issue Price	Authorized Capital		Paid-in Capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Others
1973.11	10	600,000	6,000,000	150,000	1,500,000	Establishement	None	None
1975.01	10	600,000	6,000,000	355,000	3,550,000	Capital increase out of earnings: 2,050,000	None	None
1977.06	10	600,000	6,000,000	450,000	4,500,000	Capital increase out of earnings: 950,000	None	None
1979.07	10	600,000	6,000,000	600,000	6,000,000	Capital increase in cash: 1,500,000	None	None
1986.06	10	1,000,000	10,000,000	1,000,000	10,000,000	Capital increase in cash: 4,000,000	None	None
1987.11	10	2,000,000	20,000,000	2,000,000	20,000,000	Capital increase in cash: 10,000,000	None	None
1989.06	10	5,000,000	50,000,000	5,000,000	50,000,000	Capital increase in cash: 30,000,000	None	None
1992.05	10	6,500,000	65,000,000	6,500,000	65,000,000	Capital increase in cash: 15,000,000	None	None
1994.08	10	17,000,000	170,000,000	17,000,000	170,000,000	Capital increase in cash: 92,000,000 Capital increase out of earnings: 13,000,000	None	None
1995.06	10	19,900,000	199,000,000	19,900,000	199,000,000	Capital increase out of earnings: 29,000,000	None	None
1996.08	10	25,000,000	250,000,000	25,000,000	250,000,000	Capital increase in cash: 22,145,000 Capital increase out of earnings: 28,855,000	None	85.6.19(85) Tai-Cai-Zheng (1) No. 38719
1997.06	10	56,000,000	560,000,000	32,750,000	327,500,000	Capital increase out of earnings: 67,500,000 Capital increase out of capital reserve: 10,000,000	None	86.6.2(86) Tai-Cai-Zheng (1) No. 44046
1998.06	10	56,000,000	560,000,000	49,550,000	495,500,000	Capital increase out of earnings: 68,000,000 Capital increase in cash: 100,000,000	None	87.5.25(87) Tai-Cai-Zheng (1) No. 43765
1999.06	10	100,000,000	1,000,000,000	62,350,000	623,500,000	Capital increase out of earnings: 78,450,000	None	88.6.2(88) Tai-Cai-Zheng (1) No. 51525

Year/Month	Issue Price	Authorized Capital		Paid-in Capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Others
						Capital increase out of capital reserve: 49,550,000		
2000.06	10	140,000,000	1,400,000,000	82,300,000	823,000,000	Capital increase out of earnings: 199,500,000	None	89.5.12(89) Tai-Cai-Zheng (1) No. 41691
2001.06	10	210,000,000	2,100,000,000	109,000,000	1,090,000,000	Capital increase out of earnings: 267,000,000	None	90.5.4(90) Tai-Cai-Zheng (1) No. 123128
2001.07	10	210,000,000	2,100,000,000	114,000,000	1,140,000,000	Capital increase in cash: 50,000,000	None	90.4.19(90) Tai-Cai-Zheng (1) No. 117998
2002.07	10	210,000,000	2,100,000,000	133,100,000	1,331,000,000	Capital increase out of earnings: 134,000,000 Capital increase out of capital reserve: 57,000,000	None	Tai-Cai-Zheng (1) No. 0910136403
2003.06	10	210,000,000	2,100,000,000	140,975,000	1,409,750,000	Capital increase out of earnings: 78,750,000	None	Tai-Cai-Zheng (1) No. 0920127377
2004.07	10	210,000,000	2,100,000,000	149,423,750	1,494,237,500	Capital increase out of earnings: 84,487,500	None	Zheng-Qi-Yi-Zi No. 0930129549
2005.07	10	240,000,000	2,400,000,000	161,863,413	1,618,634,130	Capital increase out of earnings: 124,396,630	None	Jin-Guan-Zheng-Yi-Zi No. 0940127305
2006.07	10	240,000,000	2,400,000,000	181,029,754	1,810,297,540	Capital increase out of earnings: 191,663,410	None	Jin-Guan-Zheng-Yi-Zi No. 0950128412
2007.07	10	240,000,000	2,400,000,000	206,053,325	2,060,533,250	Capital increase out of earnings: 250,235,710	None	Jin-Guan-Zheng-Yi-Zi No. 0960033674
2008.01	10	240,000,000	2,400,000,000	207,962,325	2,079,623,250	Conversion of stock warrants into shares: 19,090,000	None	(91) Tai-Cai-Zheng (1)-Zi No. 109832 Tai-Zheng-Shang-Zi No. 09700024721
2008.07	10	300,000,000	3,000,000,000	236,217,804	2,362,178,040	Capital increase out of earnings: 282,554,790	None	Jin-Guan-Zheng-Yi-Zi No. 0970036343
2009.07	10	300,000,000	3,000,000,000	243,304,339	2,433,043,390	Capital increase out of earnings: 70,865,350	None	Jin-Guan-Zheng-Fa-Zi No. 0980032992
2009.10	10	300,000,000	3,000,000,000	244,304,339	2,443,043,390	Conversion of stock warrants into shares: 10,000,000	None	(91) Tai-Cai-Zheng (1)-Zi No. 109832 Tai-Zheng-Shang-Zi No. 09800271381
2014.7	10	300,000,000	3,000,000,000	180,052,298	1,800,522,980	Capital reduction: 642,520,410	None	Jin-Guan-Zheng-Fa-Zi No. 1030026111
2016.1	10	300,000,000	3,000,000,000	182,236,298	1,822,362,980	Conversion of stock warrants into shares: 21,840,000	None	Jin-Guan-Zheng-Fa-Zi No. 1010025192 Tai-Zheng-Shang-Yi-Zi No. 1050001873

Year/ Month	Issue Price	Authorized Capital		Paid-in Capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Others
2016.12	10	300,000,000	3,000,000,000	182,376,298	1,823,762,980	Conversion of stock warrants into shares: 1,400,000	None	Jin-Guan-Zheng-Fa-Zi No. 1010025192
2018.4	10	300,000,000	3,000,000,000	184,968,298	1,849,682,980	Conversion of stock warrants into shares: 25,920,000	None	Jin-Guan-Zheng-Fa-Zi No. 1010025192
2021.11	10	350,000,000	3,500,000,000	187,832,298	1,878,322,980	Conversion of stock warrants into shares: 28,640,000	None	Jin-Guan-Zheng-Fa-Zi No. 1030053808 & 1070330196
2022.03	10	350,000,000	3,500,000,000	189,768,298	1,897, 682,980	Conversion of stock warrants into shares: 19,360,000 (Note 1)	None	Jin-Guan-Zheng-Fa-Zi No. 1030053808 & 1070330196

Note 1: The change registration was yet to be approved by the Ministry of Economic Affairs as of May 10, 2022.

2. Type of shares

May 10, 2022 Unit: Share

Type of Share	Authorized Capital			Remark
	Outstanding Shares (TWSE Listed)	Unissued Shares	Total	
Ordinary share	189,768,298	160,231,702	350,000,000	Including warrants (20 million shares) reserved for issuance

3. Shelf registration: Not applicable.

(二) Shareholder structure

April 12, 2022

Shareholder Structure / Quantity	Government Agencies	Financial Institutions	Other Institutional Shareholders	Individuals	Foreign Institutions and Natural Persons	Total
Number of people	2	3	67	23,394	70	23,536
Number of shares held	152	1,064,000	49,967,625	132,434,340	6,302,181	189,768,298
Shareholding ratio	0.00%	0.56%	26.33%	69.79%	3.32%	100.00%

(三) Diffusion of ownership

Face value: NT$10/share April 12, 2022

Diffusion of Ownership			Number of Shareholders	Number of Shares Held	Shareholding Ratio
1	~	999	4,341	1,163,337	0.61%
1,000	~	5,000	15,736	31,419,599	16.57%
5,001	~	10,000	1,905	15,006,744	7.91%
10,001	~	15,000	513	6,587,927	3.47%
15,001	~	20,000	325	6,022,678	3.17%
20,001	~	30,000	258	6,571,646	3.46%
30,001	~	40,000	123	4,351,507	2.29%
40,001	~	50,000	86	3,987,455	2.10%
50,001	~	100,000	135	9,274,336	4.89%
100,001	~	200,000	56	7,764,536	4.09%
200,001	~	400,000	27	7,554,239	3.98%
400,001	~	600,000	8	3,944,950	2.08%

Diffusion of Ownership	Number of Shareholders	Number of Shares Held	Shareholding Ratio
600,001 ~ 800,000	3	2,150,000	1.13%
800,001 ~ 1,000,000	3	2,904,361	1.53%
1,000,001 or more	17	81,064,983	42.72%
Total	23,536	189,768,298	100.00%

Note: No preferred shares were issued.

(四) List of major shareholders

April 12, 2022

Share / Major Shareholder	Number of Shares Held	Shareholding Ratio
JIHONG INVESTMENT CO., LTD.	16,089,465	8.48%
CHENLIN INVESTMENT CO., LTD.	10,140,790	5.34%
Yu-Huang Lin	8,612,089	4.54%
HONGYUE INVESTMENT CO., LTD.	7,150,650	3.77%
Mei-Chu Chan	5,687,897	3.00%
WEIFENG INVESTMENT CO., LTD.	5,000,000	2.64%
CHENGUANG INVESTMENT CO., LTD.	4,850,000	2.56%
Hsien-Kuo Lin	3,793,106	2.00%
Ying-Shou Lin	3,503,643	1.85%
Ying-Chi Lin	3,468,439	1.83%

(五) Share prices for the past two fiscal years, together with the Company's net worth per share, earnings per share, dividends per share

Unit: NT$; share

Item / Year			2020	2021	As of March 31, 2022
Share price	Highest	Before retrospective adjustment	23.95	81.80	77.40
		After retrospective adjustment	23.95	81.80	-
	Lowest	Before retrospective adjustment	16.05	20.55	53.10
		After retrospective adjustment	16.05	20.55	-
	Average	Before retrospective adjustment	20.07	45.92	64.11

Item \ Year			2020	2021	As of March 31, 2022
		After retrospective adjustment	20.07	45.92	-
Net worth per share	Before distribution (Note 2)		25.50	27.78	29.23
	After distribution (Note 2)		24.30	(Note 1)	(Note 1)
Earnings per share	Weighted average shares		184,968,298	186,034,589	188,023,842
	Earnings per share	Before retrospective adjustment	1.55	3.49	1.04
		After retrospective adjustment	1.55	-	-
Dividends per share	Cash dividends	Before retrospective adjustment	1.20	(Note 1)	-
		After retrospective adjustment	1.20	-	-
	Stock dividends	From retained earnings	-	-	-
		From capital reserve	-	-	-
	Accumulated undistributed dividends		-	-	-
Return on investment	Price/earnings ratio (Note 3)		12.95	13.16	-
	Price/dividend ratio (Note 4)		16.73	(Note 1)	-
	Cash dividend yield (Note 5)		5.98%	(Note 1)	-

Note 1: To be resolved.

Note 2: Calculated based on the number of issued and outstanding shares.

Note 3: Price/earnings ratio = Average closing price per share / Earnings per share for the year.

Note 4: Price/dividend ratio = Average closing price per share / Cash dividends per share for the year.

Note 5: Cash dividend yield = Cash dividends per share / Average closing price per share for the year.

(六) Dividend policy and its implementation

1. Dividend policy under the Articles of Incorporation

According to the Company's Articles of Incorporation, if the Company has earnings in a year, after paying income tax according to law and making up for the losses of previous years, it shall set aside 10% of earnings as legal reserve; the Company shall also side aside or reverse a certain amount of special reserve according to the competent authority's requirements and then add the undistributed earnings of

previous years to the balance. Based on the remaining earnings except for the reserved amount, the Board of Directors shall submit the propose for earnings distribution to the shareholders' meeting for a resolution.

Dividend policy: The Company's is currently in the growth phase. In the future, the Company will distribute earnings based on its business expansion and in accordance with the Articles of Incorporation. However, dividends distributed in stock shall not exceed 50% of total dividends distributed for a year, and the rest shall be distributed in the form of cash.

2. Implementation

The distribution of earnings proposed in the 2022 general meeting of shareholders is as follows:

Unit: NT$

Item	Amount
Undistributed earnings, beginning of year	$1,279,232,767
Plus: Net income in 2021	648,363,968
Plus: Actuarial benefits of defined benefit plan in 2021	9,034,153
Plus: Disposal of equity instruments at fair value through other comprehensive income by associates accounted for using equity method	762,419
Plus: Share of other comprehensive income of associates accounted for using equity method - undistributed earnings adjusted for items not reclassified to profit or loss	39,665
Less: Legal reserve	(65,820,021)
Distributable earnings	1,871,612,951
Less: Shareholder dividends – cash (NT$2.1/share)	(394,447,826)
Undistributed earnings, end of year	$ 1,477,165,125

The Board of Directors resolved on March 10, 2022 to distribute 66% of the distributable earnings in 2021 in the form of cash dividends at the amount of NT$394,447,826 (NT$2.1/share).

(七) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the shareholders' meeting: Not applicable.

(八) Compensation of employees, directors, and supervisors

1. The percentages or ranges with respect to an employee, director, and supervisor compensation, as set forth in the Articles of Incorporation

According to the Articles of Incorporation, the Company shall set aside 1% to 10% and no more than 3% of pre-tax net income for the year before deducting employee and director compensation as employee compensation and director remuneration respectively. However, the Company shall reserve the amount to make up for accumulated losses, if any.

Employee compensation referred to in the preceding paragraph shall be distributed in the form of shares or in cash. Employees entitled to receive shares or cash may include employees of the Company's subsidiaries who meet certain specific requirements set by the Board of Directors. Director compensation may only be distributed in cash.

The provision in the preceding paragraph shall be implemented by a resolution of the Board of Directors and reported to the shareholders' meeting.

If the Company has earnings in a year, after paying income tax according to law and making up for the losses of previous years, it shall set aside 10% of earnings as legal reserve; the Company shall also side aside or reverse a certain amount of special reserve according to the competent authority's requirements and then add the undistributed earnings of previous years to the balance. Based on the remaining earnings except for the reserved amount, the Board of Directors shall submit the propose for earnings distribution to the shareholders' meeting for a resolution.

2. The basis for estimating the amount of employee and director compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period

(1) The basis for estimating the amount of employee and director compensation

The Remuneration Committee shall report the basis for estimating the amount of employee compensation to the Board of Directors for approval and then set aside 2.55% of pre-tax net income before deducting employee and director compensation. Except for some directors, directors receive no compensation currently, and no director compensation is set aside.

(2) The basis for calculating the number of shares to be distributed as employee compensation: None.

(3) The accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure: None.

4. Any approval by the Board of Directors of distribution of compensation

(1) The amount of any employee compensation distributed in cash or stocks and compensation for directors and supervisors

Unit: NT$1,000

Compensation Distributed	Amount Proposed by the Board of Directors to Be Distributed (A)	Estimated Amount of Compensation (B)	Difference (A-B)	Cause of Difference and Treatment
Employee compensation	21,000	21,000	0	No difference
Director compensation	0	0	0	

(2) The amount of any employee compensation distributed in stocks, 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 statements or individual financial statements for the current period and total employee compensation: Not applicable.

4. The actual distribution of employee, director, and supervisor compensation for the previous fiscal year

(1) The actual distribution of employee compensation for 2020 totaled NT$21,000 thousand in cash and NT$0 in the form of stocks, and directors and supervisors were paid NT$0.

(2) The amounts of employee compensation and director compensation for 2020 distributed by the Company were the same as the estimated amounts in 2020.

(九) Repurchase of shares: None.

二、Issuance of Corporate Bonds: None.

三、Issuance of Preferred Shares: None.

四、Issuance of Global Depository Receipts: None.

五、Issuance of Employee Stock Warrants

(一) Unexpired employee stock warrants issued by the Company in existence as of the date of publication of the annual report and their effect on shareholders' equity

May 10, 2022

Type of Employee Stock Warrant	2014 Employee Stock Warrant		2018 Employee Stock Warrant	
	1st Issuance	2nd Issuance	1st Issuance	2nd Issuance
Effective date	2015.1.13		2018.8.22	
Date of issuance	2015.7.27	2016.1.8	2018.9.12	2019.8.12
Number of units (10 shares/unit)	300,000 units	200,000 units	290,000 units	210,000 units
The ratio of shares allowed for subscription to the total shares issued	1.67%	1.11%	1.57%	1.14%
Exercise period	7 years	7 years	7 years	7 years
Way of performance	Issuance of new shares by the Company			
Vesting period and ratio (%)	40% of the shares exercisable after two years 60% of the shares exercisable after three years 80% of the shares exercisable after four years 100% of the shares exercisable after five years			
Number of shares exercised	2,984,000	920,000	686,000	210,000
Amount of shares exercised	39,985,600	14,076,000	14,543,200	4,473,000
Number of shares not exercised	1,600 units (16,000 shares)	87,000 units (Note 1) (870,000 shares)	209,400 units (Note 2) (2,094,000 shares)	179,000 units (Note 3) (1,790,000 shares)
Subscription price/share for unexercised subscribers	NT$13.40	NT$15.30	NT$21.20	NT$21.30
Ratio of outstanding subscriptions to the total shares issued (%)	0.01%	0.46%	1.10%	0.94%
Effect on shareholders' equity	The main purpose of the issuance of employee stock warrants is to increase employees' willingness to serve the Company for a long period of time and strengthen cohesion among employees, so as to maximize the interests of the Company and its shareholders. It is beneficial to shareholders' equity.			

Note 1: 21,000 units (210,000 shares) became void as employees left office.

Note 2: 12,000 units (120,000 shares) became void as employees left office.

Note 3: 10,000 units (100,000 shares) became void as employees left office.

(二) Privately placed employee stock warrants as of the date of publication of the annual report: None.

(三) The names of c-suite executives holding employee stock warrants and top ten employees holding employee stock warrants authorizing the purchase of the most shares, as well as the cumulative number of such warrants exercised by said executives and employees as of the date of publication of the annual report

	Title	Name	Number of Shares Acquired	Ratio of Shares Acquired to Total Shares Issued	Exercised				Unexercised			
					Number of Shares Subscribed	Subscription Price	Amount of Shares Subscribed	Ratio of Shares Subscribed to Total Shares Issued	Number of Shares Subscribed	Subscription Price	Amount of Shares Subscribed	Ratio of Shares Subscribed to Total Shares Issued
C-suite executives	President	Ying-Shou Lin	940,000	0.50%	399,000	13.4~21.2	6,742,800	0.21%	541,000	21.2	11,469,200	0.29%
	Vice President	Yong-Bao Lin										
	Vice President	Ying-Chi Lin										
	Assistant Vice President (Director) of Production Division II	Rui-Dian Cheng										
	Manager	Wen-Ying Liao										
	Assistant Manager	Yu-Fen Liao										
Employees	Note 1		4,433,000	2.34%	2,001,000	13.4-21.3	15,204,000	1.05%	2,432,000	15.3~21.3	49,454,800	1.28%

Note 1: Assistant Manager Ming-Shan Lin, Vice President of G-SHANK QINGDAO Chun-Hsiang Lee, Manager Hsin-Yu Chen, Section Chief Hsuan-Shang Lee, Deputy Directors Te-Chih Liao and Shu-Ying Lee, Assistant Manager Chih-Hsiung Wan, Vice President of EST. G-BAO BRANCH Chun-Kai Peng, Vice President of GREATSHANK CO., LTD. Hao-Fan Chiu, Manager Ming-Lung Lan, Specialist You-Liang An, Manager Chien-Fu Chiang, Assistant Manager Chi-Hsien He, Section Chief Yi-Kuo Chiang, Deputy Section Chief Chih-Ming Lin, Manager Chih-Chien Wang, Assistant Manager Chieh Huang, Section Chief Min-Chun Hsu, Assistant Manager Hsiao-Yen Chiang, Assistant Manager Hsiu-Hsiang Chiu, Engineering Consultant Ming-Lu Lin, Technical Consultant Rui-Ling Lu, Manager Ching-Fang Hsieh, Assistant Manager of G-SHANK TIANJIN Chun-Hao Peng, Manager Chung-Yi Kuo, Senior Specialist Yi-Fen Chuang, Manager Rui-Feng Hsieh, Manager Meng-Wen Tu, Vice President of G-SHANK SUZHOU Yong-Wang Lin, Section Chief Cheng-Hao Tseng, Assistant Manager Chung-Hsin Chuang, Manager You-Cheng Chen, and Assistant Manager Ming-Che Lin.

六、Issuance of New Restricted Employee Shares: None.

七、Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies: None.

八、Implementation of Capital Allocation Plans

(一) Capital allocation plans: For the period as of the quarter preceding the date of publication of the annual report, with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent three years but have not yet fully yielded the planned benefits, the annual report shall provide a detailed description of the plan for each such public issue and private placement. Such descriptions shall include any and all changes to the plan, the source of funds and the manner of their utilization, the reason(s) for any changes to the plan, the benefits yielded by the funds before and after any change to the plan, the date on which the change to the plan was reported at a shareholders' meeting, and the date on which such information was uploaded to the information disclosure website specified by the Financial Supervisory Commission: None.

(二) Implementation: Not applicable.

V. Overview of Operations

一、Description of Business

(一) Scope of business

1. Major lines of business

(1) Manufacturing and trading of molds and stampings.

(2) Manufacturing and trading of jigs and automated machines.

(3) Assembly and processing of electrical components and finished products.

(4) Assembly and processing of mechanical components and finished products.

(5) Import/export trade and agency of domestic and foreign manufacturers.

(6) All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

2. Weight of major lines of business

Product	Turnover in 2021 (NT$1,000)	Weight (%)
Parts	6,018,668	93.74%
Mods	208,400	3.25%
Jigs	101,720	1.58%
Products	91,672	1.43%
Total	6,420,460	100.00%

3. Current products (services)

Product	Purpose or Function	Final Products
Parts	a. 3C (computers/communications/home appliances) components, metal stamping & plastic injection connectors, main parts, shrapnel, and iron shell terminals.	Notebook/desktop computers, smartphones, cameras, printers, TVs, stereos, wireless routers, 5G servers, electric razors, and electronic cigarettes.
	b. Automotive cooler substrates, RF connector contacts, lamp components, motor housings, and battery stamping/injection parts.	Gearbox coolers, GPS/audio systems, small car motors, battery connectors, generator voltage regulators, and LED headlight cooling fins.
	c. Industrial machinery silverpoint stamping riveting, high and low voltage circuit breakers, and switch contacts.	Relays, switch assembly, uninterruptible power system batteries, fuseless switches, and smart water heaters.
	d. Medical electronic connector shrapnels/metal potting parts.	Electrosurgical units and blood sugar machines.

Product	Purpose or Function	Final Products
Molds	Molds for parts.	Same as above.
Jigs	Manual assembly lines or special machining parts.	Same as above "purpose or function" system components.
Products	Other components, accessories, and raw materials purchased and resold.	—

D. New products (services) planned for development

(1) RF center pins.

(2) Medical endoscopic accessories.

(3) Electrosurgical units.

(4) Electroless nickel barrel plating lines.

(5) Double electric fixtures for continuous electroplating lines.

(二) Overview of the industry

1. Current status and development of the industry

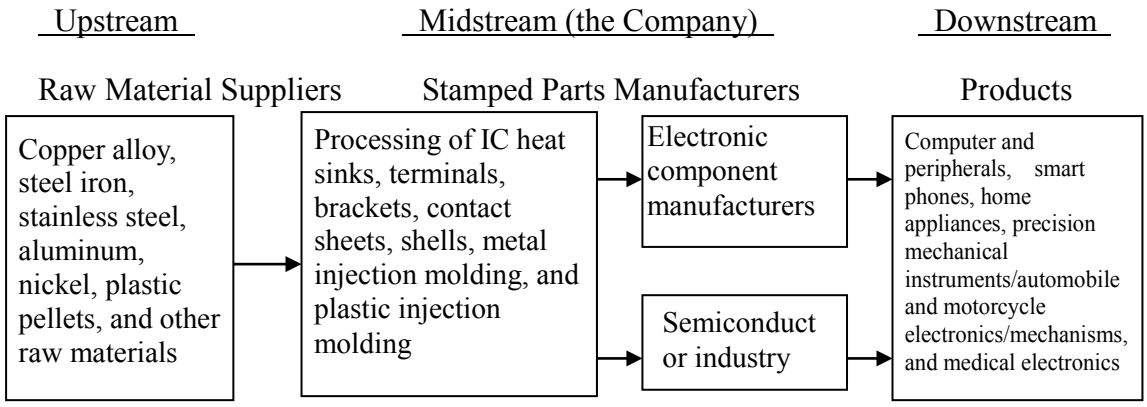
The mold industry plays an important role in Taiwan's industrial development although it is not a high-tech industry. The higher the degree of industrialization, the higher the need to rely on the stable and mass production of molds. In view of this, mold has always been known as the mother of industry. Strong competition from Mainland China and Southeast Asian countries has faced many industries in Taiwan, burdening domestic manufacturers with cost advantages in developing countries such as human resources. In particular, Japan, South Korea, and Taiwan have invested significantly in both Mainland China and Southeast Asia, indirectly equipping local talents with basic or advanced technologies; besides, the local governments have identified the mold industry as a priority by providing tax relief, low-interest loans, and subsidies for equipment and technologies, actively incubating local businesses. In addition to improving domestic industrial technology, the governments, especially Mainland China, have even facilitated low-price competition in the global markets with package plant export, substantially affecting Taiwan's mold industry. Likewise, although Japan has been leading in the mold industry for more than two decades in terms of overall precision/quality, it eventually succumbed to low-price competition and sold products at lower prices to win orders; exchange differences between JPY and TWD also took a toll on Taiwan's mold industry.

By taking actions that suit local circumstances, the Company already prepared itself for this irreversible environment as early as 20 years ago. As of today, 15 production sites across the globe have run in full capacity, substantially contributing to the Company's revenue. The headquarters is constantly developing and introducing new die stamping processes and adopting the vertical integration of the

processes (i.e., electroplating/plastic injection/metal filling/laser welding/automatic assembly). The Company has been leading in the industry, which can be verified by the year-on-year improvement in business results.

1. Links between the upstream, midstream, and downstream segments of the industry supply chain

Raw material suppliers are the upstream supply chain of stamping or injection molds while the downstream segment covers almost all lines of business. The Company's main products include stamping/injection parts of 3C products/precision machinery/automobiles and motorcycles/medical electronics or devices. The following are the links between the upstream, midstream, and downstream segments of the industry supply chain:



3. Development trends for the Company's products

The global trends in 3C (computers/communications/home appliances) digitization, widespread 5G network, manufacturing automation, and mass production of electric vehicles, which were the previous goals for all industries, are now in progress today. As the electronic information engineering industry prospers, its market size is also expanding; however, required components entail higher precision, smaller sizes, more functions, and cheaper prices. It is important not to stick to one single technology. To meet these changes, companies must adapt themselves so that they can survive in the market.

In addition to the precise and fast punching machines, the development and design of molds affect the accuracy, yield, and production capacity of stampings. The Company meets the above requirements and also combines injection, riveting and other processes. We integrate processes comprehensively and introduce fully automatic production equipment to provide better services in a more efficient way.

4. Competition

In terms of capital (NT$1,878,323 thousand), the Company is currently one of the largest progressive die manufacturers in Taiwan. Due to a large number of

manufacturers, there is an array of stampings. Therefore, the approximate market share is unavailable as the competitiveness of each manufacturer depends on its equipment and ability to develop molds. In addition, products and business activities vary from manufacturer to manufacturer. Based on such characteristics of the industry, there is no clear competition.

The Company has four major advantages to tackle the grim environment:

A. Headquartered in Taiwan, the Company eyes Mainland China based on customer needs. In addition to nine production centers in Mainland China, we have set up plants in Thailand, Malaysia, Indonesia, and Mexico to build a comprehensive supply chain.

B. The Company has been actively developing European, American and Japanese customers. With technologies matching or even surpassing Japanese counterparts', the headquarters has attracted the world's top ten connector companies such as TYCO, HRS, YAMAICHI, JAE, SMK, HOSIDEN, and DDK. These companies are currently our key accounts. Accounting for about 50% of export sales, the mold industry has smoothed away deindustrialization and vicious competition.

C. Different from other companies that focus on one single technology such as shearing, bending, drawing, cold forging, injection, terminal, and metal molding and mold only one or two types of products, the Company strives to develop various technologies and can tool products with any molds.

D. The Company uses mold making technology for electronic components and other different fields, including, industrial machinery, automobiles and motorcycles, and healthcare, building an integrated process to meet every need in the market.

At present, other listed companies in the industry are KENLY PRECISION INDUSTRIAL CO., LTD. (5383), MUSTANG INDUSTRIAL CORP. (5460), CX TECHNOLOGY CORPORATION (2415), CHIALIN PRECISION INDUSTRIAL CO., LTD. (3310), I-CHIUN PRECISION INDUSTRY CO., LTD. (2486), JENTECH PRECISION INDUSTRY CO., LTD. (3653), LEMTECH HOLDINGS CO., LTD. (4912), and CHIA CHANG CO. LTD. (4942). The Company has advanced machinery and equipment such as optical grinding machines, wire cutting machines, and discharging pore equipment, as well as a capacity for designing and developing molds. Over the past 40 years, we have been famous for the development of nearly 20,000 molds. Currently, there are many domestic stamping manufacturers of electronics and computer sheet metal parts, but most of them are small in scale. As a result, the Company is a leading player in the industry in terms of scale, machinery and equipment, R&D, and product precision and complexity.

(三) Overview of technologies and research and development work

1. Listing of research and development expenditures during the most recent fiscal year or in 2022 up to the date of publication of the annual report

Unit: NT$1,000

Item \ Year	2021	Q1 2022
R&D expenses	185,949	46,210
Net sales revenue	6,420,460	1,571,054
R&D expenses as a percentage of net sales revenue (%)	2.90%	2.94%

2. Technologies or products successfully developed during the most recent fiscal year

Year	R&D Results	
2020	Number of new molds: 687	
	Successfully developed	Optical sensor injection parts for wearable devices
		Smart bathroom equipment components
		Vibration motor shrapnel of game controller grips
		Avionics connectors
		Insert molding for car camera connectors
		Insert molding for high-end digital camera memory card connectors
		Cloud server battery bracket molds
		Dental replacement shrapnel
		Minimally invasive surgical instrument staple cartridge bases
2021	Number of new molds: 646	
	Successfully developed	Next-generation game controller grip vibration device
		Car lens extraction housing
		Medical endoscopic tubes
		RF coaxial connectors for wireless network cards
		In-mold riveting silver nail molds
		Cutting die
		Semiconductor microelectronics (WXHG)
		Bending scraping solution to non-washable pre-plated products
		Continuous production process for insert injection products
		3-in-1 in-mold thermal components
		Square mobile phone motor vibration housing

(四) Long- and short-term business development plans

1. Short-term business development plans

(1) Strengthening marketing and developing renowned customers at home and abroad

Following the Japanese market, we are developing European and American customers. We expect that the scale of European and American markets will be multiple of the Japanese market, laying a stable foundation for global expansion.

(2) Introducing automated production and machine vision inspection to meet customer needs for quality and quantity

In addition to combining CAD/CAM with CNC automation, the Company plans to introduce machine vision inspections and packaging automation to production lines. Customers place much emphasis on quality and quantity. By satisfying their needs, we can ensure the receipt of orders, yielding twice the result with half the effort.

(3) Offering one-stop shopping in line with the market trend

According to our business strategy, we are integrating precision molds, surface treatment, and punching into the standard process, which covers almost all components of end products. We expect to bring revolutionary changes to customers' purchasing strategies.

(4) Introducing the ERP system and global logistics management mechanisms

By introducing the ERP system to business operations, the Company aims to integrate business strategies, business models, financial information, and human resources management and generate real-time management reports to improve the efficiency and effect of business management.

(5) Implementing the standardized management system

Currently, we have 15 production centers around the world. We will center our business strategies on group operations, and our project team will build a standardized system for each production center in stages:

Stage 1: Basic management has been implemented at each production center.

Stage 2: Management systems such as operation system planning, procurement, business market, talent development, and competency inventory will be established one after another.

Stage 3: The headquarters introduced Toyota Production System (TPS) in 2017, which has greatly improved production efficiency, quality assurance, and cost reduction. TPS will be introduced to other operations across the globe to save costs and maximize profits.

2. Long-term business development plans

(1) The Company aims to partner with international companies through group-to-group collaboration, accelerate international division of labor, and build global and regional production and marketing networks, becoming an internationally renowned metal parts manufacturer.

(2) Talent development

The Company plans to promote industry-academia collaboration, where students are able to learn precision molding skills early from hands-on practice, to indirectly cultivate talent required for future development.

(3) Developing new products and business opportunities through industrial or technological cooperation

In addition to modifying existing production technologies and developing new products in cooperation with the research institutes of government agencies or customers, the Company plans to actively work with the R&D departments of customers on the design and production of next-generation products, hoping to seize new business opportunities with the best process possible.

二、Market Analysis and the Production and Marketing Situation

(一) Market analysis

1. Geographic areas where the main products (services) are provided (supplied)

To follow the market dynamics closely and provide after-sales service, the Company sells products directly to customers without authorizing agents. The Company's products are mainly electronic components and molds (both accounting for about 97% of the net sales in 2021), which are indispensable parts for electronics. Therefore, our customers include manufacturers of desktop and notebook computers, home appliances, and other information electronics.

To diversify operational risks, we have been developing automotive components and industrial machinery, accounting for 16% and 32% of the overall sales in 2021, respectively. The results of risk diversification have started to roll in.

Sales of Main Products in the Past Two Years by Geographic Area

Unit: NT$1,000; %

Year / Geographic Area	2021		2020	
	Amount	%	Amount	%
Taiwan	1,247,725	19.43	605,811	12.67
United States and Canada	300,744	4.68	206,932	4.33
Asia (outside Taiwan)	4,520,288	70.41	3,679,908	77.00
Others	351,703	5.48	286,963	6.00
Total	6,420,460	100.00	4,779,614	100.00

2. Market share

The Company specializes in precision metal stamping. Molds have a wide range of applications, including automobile and motorcycle parts, bicycle parts, motor parts, home appliances, communication parts, computer parts, and daily hardware. At present, our main competitors are HON HAI PRECISION INDUSTRY CO., LTD., CHENG UEI PRECISION INDUSTRY CO., LTD., I-CHIUN PRECISION INDUSTRY CO., LTD., KENLY PRECISION INDUSTRIAL CO., LTD., etc. Stamped products vary from manufacturer to manufacturer, and information on these products is hardly available. Also, the Company produces various types of parts, whose market share lacks accurate data. Therefore, it is impossible to estimate the Company's market share.

3. Demand and supply conditions for the market in the future and the market's growth potential

The Company mainly engages in the manufacture, processing, and trading of metal stamped parts, which are the basic components of electronics. Since the unit price of metal parts is mostly low, mass production is required to achieve economies of scale. Stamping is a key method for mass production. By using the punching and bending processes alone or in combination, we make metal billets such as copper and iron into all types of products, including mobile phone SIM cards and memory cards and USB metal housing, contact shrapnel, terminals and other metal sheets. One-way electronic components use a variety of metal stamped parts, and there are many kinds of metal sheets in an electronic product. Due to economic growth, electrification and automation have become a constant trend. The conductive function of metal sheets plays a key role in the overall electronics industry.

Electronic components are widely used in information, communication, consumer electronics and other electronics. As end-user needs recover slowly, it will drive demand for electronic components and metal parts.

In response to the current trend towards the development of electric vehicles, major automobile manufacturers are investing significantly in research and development. Automotive electronics will emerge as the most important industry in the future, with its economic scale undoubtedly keeping pace with digital electronics'. Molding will naturally become an irreplaceable key process, and its prospects are brightening.

4. Competitive niche

(1) Cross-domain process integration

Only by molds can electronics bring mass production into full play. The combination of molds includes metal and plastic. Taking advantage of metal precision molds for 40 years or more, the Company has introduced plastic injection across fields and upgraded the technology to metal-plastic composite molding (insert molding). We also apply laser processing to shell welding in various fields such as 3C, automobile, healthcare, and industrial equipment, creating a niche in the whole process.

(2) Well-established training system
In the technology industry, training is a top priority. Equivalent to a formal department, our training center not only provides complete training for new recruits, including corporate culture, technology, and work attitude, but implements periodic refresher training on work attitude and technology for in-service personnel, hoping to pass on the Company’s traditions and technologies effectively.
(3) Integrated production and automation
The Company has introduced CAD and CAM for many years to improve mold design and machining efficiency; in addition, our precision progressive molds feature excellent quality, fast speed, and large quantity.
(4) International production and marketing network
The Company has operations in Malaysia, Indonesia, Thailand, Mexico, Japan, and Mainland China (including Shanghai, Qingdao, Suzhou, Dongguan, Xiamen, Tianjin and Wuhan), forming an international production and marketing network. With operations in various geographic areas, we can supply customers nearby and maintain closer relationships with our customers. Therefore, our profits are less affected by the economic downturn of a single area.

5. Positive and negative factors for future development and the Company's response to such factors
(1) Positive factors
A. Marketing
a Active development of European and American markets following the Japanese market.
b A stable customer base that has been established for over forty years.
c Production centers around the world that supply customers nearby.
d Various industrial applications ranging over 3C, automobile, healthcare, and industrial equipment, achieving risk diversification regardless of a single industry boom and off-peak seasons.

B. Market
a Years of industry-leading experience in mold design and development.
b A professional foundry for mold design and metal parts stamping, specializing in precision progressive die and, after developing plastic injection and laser machining, becoming a professional precision mold supplier in various fields.
c Long-term customer relationships and trust, along with a constant increase in new customers.
d Various applications in mass production and stable demand in the market.
C. Production
a An array of equipment required for production in all fields.
b Sufficient supply of main raw materials, including copper, iron, stainless steel, and plastic which are bulk and generally circulated in the market.
c Quality assurance, design, and production certified by ISO 9001, ISO14001, and IATF 16949.
(2) Negative factors and the Company's response to such factors
A. Continuous technology breakthrough is required in response to the rapid replacement of electronics and a short product life cycle.
Countermeasure: Maintain long-term customer relationships and know customer needs well, develop new products and discuss future developments with customers, and then prepare for mold opening and production.
B. Some raw materials rely on imports, making it hard to control compared with domestic procurement.
Countermeasure: Recommend customers domestically produced raw materials based on costs and quality.
C. Raw material prices continue to rise.
Countermeasure: Conduct collective bargaining for a large quantity of materials, lower prices through pre-orders, and collect information on sources of materials through suppliers and agents.
D. Labor costs are rising year by year, increasing operating costs.
Countermeasure: Improve productivity through management by objective (MBO) and key performance indicators (KPI).
E. There is a need for manpower due to the rapid growth of business and global expansions.
Countermeasure: Strengthen on-the-job training and attract new recruits in various fields.

(二) Usage and manufacturing processes for main products

1. Usage for main products

(1) Parts:

Precision terminal: Mobile phone I/O connector terminals connecting signals inside the mobile phone; automotive electronics connectors connecting the in-vehicle smart system.

Housing: Housing of memory card connectors protecting internal components; industrial mechanical relays/fuseless switches/uninterruptible power systems, etc.

Backlight: Backlight of smartphones/car monitors/industrial machine monitors.

Mechanical parts: Used in projectors, digital cameras, smart phones, and other internal components.

Thermal substrates: Used in thermal copper substrate for vehicle LED headlights.

Insert molding: Memory card core components, waterproof USB transmission connectors, automotive motors & brake systems, and non-invasive medical components.

(2) Molds: Stamping & insert molding dies for precision parts such as computers, consumer electronics, communication electronics, automotive electronics, and medical electronics.

(3) Jigs: Other parts of production equipment.

2. Manufacturing processes for main products

(1) Parts:

Material → Stamping → Machining → Packaging → Warehousing

Stamped Parts → Plastic → Insert Molding → Packaging → Warehousing

(2) Molds:

Order → Design → Drafting → Manufacturing → Sample Delivery → Customer Acceptance

(3) Jigs: Parts processed according to the customers' drawings.

(三) Supply situation for major raw materials

At the Company, main raw materials, including copper, iron, and stainless steel, required for production are bulk and accessible. With the cooperation of our metal material suppliers such as NIKKO METALS TAIWAN CO., LTD., MARCHI, BOSER TECHNOLOGY CO., LTD., and HENGRUI PRECISION CO., LTD., the supply of raw materials is stable in terms of quantity, price, and delivery. Production has never come to a halt owing to the lack of raw materials.

(四) A list of any suppliers and clients accounting for ten percent or more of the total procurement (sales) amount in either of the most recent two fiscal years, the amounts bought from (sold to) each, and the percentage of total procurement (sales) accounted for by each

1. Suppliers accounting for more than 10% of the total procurement amount

Major Suppliers in the Past Two Years

	2020				2021				As of March 31, 2022			
No.	Item	Amount	Percentage of Net Purchase (%)	Relationship with Issuer	Item	Amount	Percentage of Net Purchase (%)	Relationship with Issuer	Item	Amount	Percentage of Net Purchase (%)	Relationship with Issuer
1	Others	1,638,177	100.00	-	Others	2,616,330	100.00	-	Others	669,559	100.00	-
2	Net purchase	1,638,177	100.00	-	Net purchase	2,616,330	100.00	-	Net purchase	669,559	100.00	-

Note: In 2020, 2021, and as of the first quarter of 2022, no supplier accounted for more than 10% of the consolidated net purchases.

2. Customers accounting for more than 10% of the total sales amount

Major Customers in the Past Two Years

	2020				2021				As of March 31, 2022			
No.	Item	Amount	Percentage of Net Sales (%)	Relationship with Issuer	Item	Amount	Percentage of Net Sales (%)	Relationship with Issuer	Item	Amount	Percentage of Net Sales (%)	Relationship with Issuer
1	Company A	737,221	15.42	None	Company A	948,870	14.78	None	Company A	231,282	14.72	None
2	Others	4,042,393	84.58	-	Others	5,471,590	85.22	-	Others	1,339,772	85.28	-
3	Net sales	4,779,614	100.00	-	Net sales	6,420,460	100.00	-	Net sales	1,571,054	100.00	-

(五) Production volume for the most recent two fiscal years

Production Volume in the Past Two Years

Unit: Thousand/NT$1,000

Year / Production Volume / Main Products	2020			2021		
	Capacity	Volume	Value	Capacity	Volume	Value
Parts	11,396,642	8,227,430	3,641,663	12,519,668	10,621,525	4,987,818
Molds	1,031	807	235,926	966	684	211,922
Jigs	2,713,261	2,663,644	88,361	1,748,532	1,550,779	116,424
Total			3,965,950			5,316,164

(六) Volume of units sold for the most recent two fiscal years

Volume of Units Sold in the Past Two Years

Unit: Thousand/NT$1,000

Year / Volume of Units Sold / Main Products	2020				2021			
	Domestic Sales		Foreign Sales		Domestic Sales		Foreign Sales	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Parts	2,399,705	501,133	5,440,380	3,795,259	2,901,983	1,119,473	6,516,543	4,899,195
Molds	46	16,991	747	243,578	132	29,357	570	179,043
Jigs	25,308	62,127	2,644,355	19,469	20,382	68,475	1,531,166	33,245
Products	26,549	25,560	267,935	115,497	169,531	30,420	4,723,425	61,252
Total		605,811		4,173,803		1,247,725		5,172,735

Note: The amount of foreign sales in the table is net sales.

三、The Number of Employees Employed for the Most Recent Two Fiscal Years, and during the Current Fiscal Year Up to the Date of Publication of the Annual Report, Their Average Years of Service, Average Age, and Education Levels (including the Percentage of Employees at Each Level)

Information on Employees in the Past Two Years and as of the Date of Publication of the Annual Report

Year		2020	2021	As of March 31, 2022
Number of employees	Direct	1,425	1,447	1,455
	Indirect	1,010	1,072	1,059
	Total	2,435	2,519	2,514
Average age		37	37	37
Average seniority		8.0	8.3	8.6
Education	PhD	-	-	-
	Master	2%	2%	1%
	Bachelor	33%	34%	34%
	Senior high	47%	46%	46%
	Under senior high	18%	18%	19%

四、Disbursements for Environmental Protection

1. Any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), an estimate of possible expenses that could be incurred currently and in the future, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.
2. In 2021, the Company spent about NT$2,314 thousand on environmental protection; the Company also planned green procurement as part of its commitment to the world's environmental protection. The Company's green procurement in 2021 totaled NT$5,235 thousand.
3. The Company has installed rooftop solar panels at Xinwu Plant in Taiwan and the plant in Malaysia at a total amount of NT$19,068 thousand.

五、Labor Relations

(一) Any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests

1. Employee benefit plans

(1) The Company established the Employee Welfare Committee (EWC) on July 29, 1986, which was approved by the competent authority under Letter (75) Fu-She-Zi No. 097577 (Fu-She-Lao-Zi No. 1421).

(2) Employee benefits are implemented and supervised by employees and the EWC. The EWC holds meetings on a regular basis to promote labor-management relations and improve the business operations of the Company.

(3) All employees participate in labor insurance, health insurance, and new labor pension systems and enjoy various benefits in accordance with relevant laws and regulations.

(4) Other benefits

A. Birthday gifts and Chinese New Year gifts.

B. Marriage, funeral, and childbirth subsidies and emergency relief funds.

C. Leisure activities, group activities, and club activities (including Yoga Club, Jogging Club, Golf Club, Basketball Club, Badminton Club, and Bowling Club).

D Large-scale events such as annual employee travel and departmental gatherings.

E. Reading room.

F. Dormitory for foreign employees.

G. Lunch meal allowances.

H. Scholarships for employees and their children.

2. Continuing education and training

The Company has formulated training principles and policies as the guidelines for providing various training programs, allowing employees to recognize the relevance and importance of the training they receive and thus achieve the goals of training and work.

(1) Training policy and goal

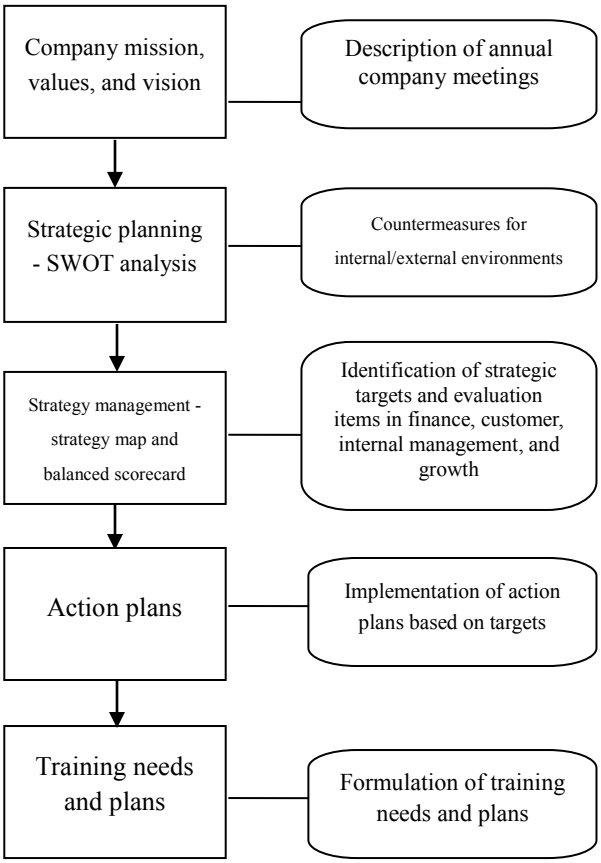
A. Striving to become the world’s leading manufacturer of precision metal components, we maintain the interests of the Company, employees, and society as a whole. To play a critical role in science, civilization and society,

we train each employee to be kind, honest, brave, and responsible at work and in life. We believe that only when every employee has these characteristics can we achieve corporate sustainability.

B. The Company treats every employee as an important asset. As talents are the cornerstone of sustainable development, the Company promises that all employees can receive professional and planned training to improve their expertise and management skills required to perform their duties. By tying employee development plans to business growth, we also strive to unleash the potential of employees and improve production efficiency.

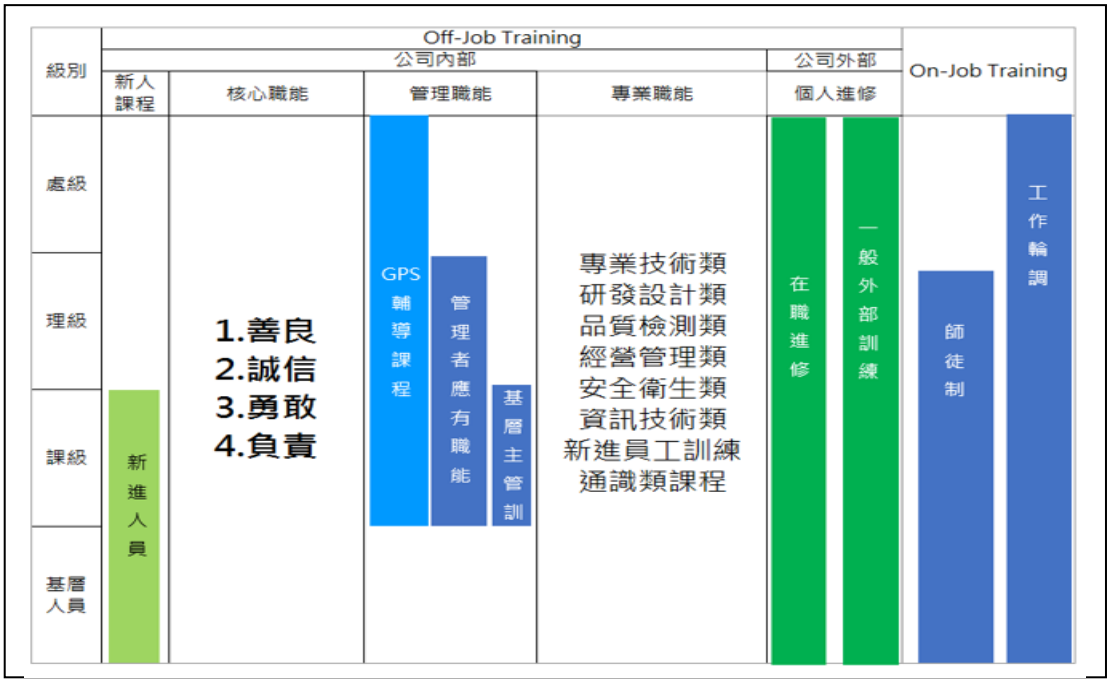
(2) Development of training programs

To achieve corporate sustainability, the Company adopts a top-down training model. Based on this model, training resources are provided for employees in line with the Company's business strategies, allowing training results to be directly reflected in the employees' performances. While employees have better quality, the Company becomes more competitive.



(3) Training systems

To facilitate the implementation of human resources strategies, we have a training system divided into four major categories: orientation, level-based management skills, specialties, and on-job training. We identify the manpower gap based on employees' functions and provide training accordingly.



Level	Off-job Training					On-job Training
	Inside Organization				Outside Organization	
	Orientation	Core Functions	Management Skills	Specialties	Continuing Education	
Directorial Managerial Section chief Entry-level	Newcomers	1. Law-abiding 2. Honest 3. Brave 4. Responsible	GPS counseling Required management skills Entry-level management	Professional skills R&D and design Quality testing Business administration Occupational safety and health Information technology Orientation General education	General external training On-the-job training	Apprenticeship Job rotation

(4) Training status:

Training Status in 2021 (Taiwan)

Item \ Training Type	Internal Training	External Training
Number of trainees	144	63
Training hours	29 hr	219 hr
Training expenses	NT$70 thousand	NT$109 thousand

Due to the COVID-19 pandemic, fewer training programs were organized in 2021 compared with last year to avoid the spread of the pandemic.

The Company treats every employee as an important asset. As talents are the cornerstone of sustainable development, the Company established the training center in 2004. The training center is responsible for training new recruits and incumbents to design, produce, and assemble molds through professional lecturers and supervisors. Currently, electronic training materials are available on G-Shank e-Academy. The training center also conducts training and assessment for new recruits and employees with insufficient competence. Our training system has been standardized and passed the ISO9001 certification in 1996. We also received a bronze in Talent Quality Management System (TTQS) from the Taoyuan-Hsinchu-Miaoli Regional Branch of Workforce Development Agency.

We have participated in the Dual Training Flagship Program for consecutive years and won the outstanding company in the Dual Training Flagship Program from the Taoyuan-Hsinchu-Miaoli Regional Branch of Workforce Development Agency.

To strengthen the training results and employees' competencies, the Company adopted the apprenticeship system from Germany in 2015.

3. Retirement systems and the status of implementation

(1) To take care of employees' retirement, promote labor relations, and improve employees' productivity, the Company sets aside retirement reserve according to a certain percentage of the total salary in accordance with the Labor Standards Act and the annual actuarial report. The Labor Pension Act, which came into force on July 1, 2005, adopts a defined contribution system. After the implementation of the Labor Pension Act, employees may choose to apply the Labor Standards Act or the Labor Pension Act and retain their seniority before the application of the Labor Pension Act. For employees who are subject to the Labor Pension Act, the Company should contribute 6% or more of an employee's monthly salary to his/her pension account.

(2) The employee retirement regulations are in accordance with the provisions of Article 56 of the Labor Standards Act. We have the Supervisory Committee of Labor Retirement Reserve in place, which has been approved under the Letter (77) Fu-She-Lao-Zi No. 39625.

4. Status of labor-management agreements and measures for preserving employees' rights and interests

(1) To facilitate labor relations, promote labor-management cooperation, and improve employees' productivity and interests, the Company has formulated the "Regulations Governing the Implementation of Labor-management Meetings" and the "Regulations Governing the Election of Labor-management Meeting Representatives" in accordance with Article 83 of the Labor Standards Act and holds labor-management meetings on a regular basis.

(2) The Company always sticks to independent management and involves all employees in the management of business operations. Department heads and subordinates communicate effectively through regular business meetings and training to maintain employees' rights and interests. Therefore, we have a harmonious labor-management relationship. The protective measures for the employees' rights and interests are as follows:

A. Workplace and employee safety

As a corporate citizen, the Company attaches great importance to corporate social responsibility. In addition to ISO-14001 certification, we have an environmental policy in place to protect natural resources, reduce pollution, and abide by environmental laws and regulations. We also place much

emphasis on employees' safety in the work environment. The Occupational Safety and Health Committee will meet every quarter to review occupational safety and health within the plant. We also set and implement annual targets and management approaches for workplace and employee safety. The following is a summary of management approaches:

No.	Goal/Target	Measure	Instructions	Results
1	Wear earplugs at the stamping site to protect hearing	Conduct daily inspections from time to time through the Occupational Safety and Health Committee	A small number of employees do not wear earplugs as required, which can easily lead to hearing damage in the long run.	Punchers have made wearing earplugs a habit.
2	Install punch safety curtain	Install safety curtains for punches without soundproof boxes	Flying parts in the process of punching can easily be potential hazards.	A total of 86 safety curtains have been installed on punches without soundproof boxes.
3	Implement the management of electronic procedures	Introduce digital ISO procedures to reduce paper wastage	Printed ISO procedures waste paper and slow down sign-off.	Electronic sign-off for software purchases is faster and can save paper and toner waste.
4	Save packaging materials	Recycle and reuse packaging trays	Unrecycled packaging trays can easily lead to waste and environmental pollution.	Recycling trays can save costs and protect natural resources.
5	Replace traditional lamps with T 5 or LED lamps	Replaced traditional lamps with T5 or LED lamps in 2000	Traditional lamps consume more power and are replaced with T5 or LED lamps.	T5 or LED lamps are installed to reduce electricity consumption and CO2 emissions.
6	Replace air compressors with variable frequency air compressors	Replace screw air compressors with variable frequency air compressors	Screw air compressors are less efficient and waste more electricity.	Reduced electricity consumption can cut down on CO2 emissions.
7	Computerize the employee attendance system	Design a computerized employee attendance system with a user-friendly touch interface to reduce paper usage	The original attendance system adopts paperwork, which wastes paper and is not timely.	Paper consumption of the attendance system is reduced with improved timeliness.

No.	Goal/Target	Measure	Instructions	Results
8	Computerize the documentation system	Replace hardcopy sign-off with computerized sign-off	Before computerization, hardcopy sign-off is implemented, making it easy to lose and difficult to track the status of approval.	Paper consumption of the documentation system is reduced with improved sign-off efficiency.
9	Introduce the smart factory monitoring system	Install the air-conditioning and air compressor monitoring system to save electricity bills	It is impossible to monitor the usage of air conditioners and air compressors.	The use of air conditioners and air compressors is monitored to avoid waste and save electricity bills.
10	Install energy-saving heat pump systems	Install heat pumps to reduce electricity consumption	Power consumption is too large to be effectively controlled.	Energy and costs are saved.
11	Reduce waste	Implement waste source management and classify waste into five categories	Garbage classification is not implemented.	15% of garbage is reduced.
12	Reuse wood pallets	Set up a pallet recycling area to reuse wooden pallets	Wooden pallets are recycled by paid companies.	More than 50% of wooden pallets are recycled.
13	Apply green power generation	Install rooftop solar panels	The use of traditional electrical energy is more prone to environmental impact.	The installed capacity of 197.65KW can generate about 209,114 kWh of green electricity per year.
14	Avoid foot injuries due to falling workpieces	Provide safety shoes	Failure to provide safety shoes creates industrial safety hazards.	Safety shoes are provided to avoid industrial safety incidents.

B. Environmental and occupational safety and health campaigns

a Restriction of hazardous substances (ROHS)

Coming into effect on July 1, 2006, the RoHS Directive stipulates that products sold to the European Union should not contain six hazardous substances, namely lead, cadmium, mercury, hexavalent chromium, polybrominated biphenyls, and polybrominated diphenyl ethers. While purchasing several XRF machines for self-inspection, the Company also asks suppliers to submit inspection reports issued by impartial institutions to meet ROHS requirements with a sound inspection system.

b Prevention of occupational accidents

The Occupational Safety and Health Committee meets every three months. In addition to conducting occupational safety training for new recruits in accordance with regulations, the Company requires that all employees should receive at least two hours of occupational disaster prevention training every year to increase their awareness of occupational disasters and prevent occupational disasters.

c Free annual health examinations

We treat every employee as an important asset. Every year, the Company engages qualified medical institutions to provide free health examinations for employees. For those working under occupational noise and dust, the Company also examines them to understand their health conditions, based on which employee health management is classified.

d Water quality inspections

Water quality inspections are conducted quarterly by external qualified inspection companies to ensure the safety of drinking water for employees.

e Club activities

In 2011, we built an indoor stadium for employees to exercise. To keep employees healthy physically and mentally, the Company encourages employees to set up various clubs, including Yoga Club, Jogging Club, Golf Club, Basketball Club, Badminton Club, and Bowling Club.

f Automatic inspections

When working in different environments, processes, business activities, and operations, employees may get injured due to unsafe operations, equipment, or management. For this reason, the Company has formulated the automatic inspection regulations, including automatic checklists for dangerous machinery or equipment such as lathes, punching machines, and milling machines.

g On-site work environment monitoring

The Company engages qualified environmental monitoring institutions every year to conduct environmental monitoring on noise, dust, and local exhausts. We have passed environmental monitoring every year to ensure workplace safety.

h Surrounding monitoring

The Company engages qualified environmental monitoring institutions every year to conduct environmental monitoring of noise and effluents. We have passed environmental monitoring every year to maintain good relationships with the neighborhood.

(二) Any losses suffered by the Company in the most recent fiscal year and up to the

annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), an estimate of possible expenses that could be incurred currently and in the future, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

Adopting people-centric management, the Company's management seeks to prosper with labor. Labor relations have been harmonious. Since 1973, there has been no significant loss caused by labor disputes. Also, the Company has sound management and employee benefits. We can reasonably estimate that the possibility of losses due to labor disputes is extremely low.

六、Cyber Security Management

(一) Cyber security risk management framework

At the Company, the information office is an independent department. It is responsible for compiling and implementing cyber security policies, publicizing cyber security, increasing the employees' cyber security awareness, collecting and improving technologies, products or programs required to improve the performance and effectiveness of the cyber security management system. The audit office is responsible for conducting the cyber security audit of the internal control system—computerized information circulation every year and evaluating the effectiveness of the Company's internal control over information systems.

(二) Cyber security policies

To implement the cyber security management, the Company has established the internal control system—computerized information circulation and cyber security management regulations. All employees are required to work together towards the following goals:

1. Ensure the confidentiality and integrity of information assets.
2. Ensure that access to data is granted according to departmental functions.
3. Ensure the continuity of information systems.
4. Prevent unauthorized modification or use of data and systems.
5. Conduct cyber security audits regularly to ensure cyber security.

(三) Concrete management programs, and investments in resources for cyber security management

(1). Internet security control

1 Use firewalls.

2 Scan computer systems and data storage media for viruses regularly.

3 Provide network services in accordance with the cyber security policy.

4. Review the logs of network services regularly to track exceptions.

(2). Data access control

1.Have computers kept by dedicated employees and set accounts and passwords.

2. Grant different access rights according to functions.

3 Cancel the authority of employees transferring.

4 Remove or overwrite confidential, sensitive information and copyrighted software before retiring the devices.

5 Approve remote access to management information systems through appropriate procedures.

(3). Emergency response and recovery

1. Review emergency response plans regularly.

2. Conduct regular drills on system recovery every year.

3. Establish a backup mechanism for off-site backup.

4. Review network security controls regularly.

(4). Publicization and inspections

1. Publicize cyber security from time to time to increase the employees' cyber security awareness.

2. Conduct regular cyber security inspections every year.

(四) Any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken：

At present, the Company does not suffer any losses due to significant cyber security incidents.

七、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 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: None.

VI. Overview of Financial Status

一、Condensed Balance Sheets and Statements of Comprehensive Income for the Past Five Fiscal Years, as well as the Names of Certified Public Accountants and Their Opinions

(一) Condensed balance sheets and statements of comprehensive income - IFRS

1. Consolidated balance sheets - IFRS

Unit: NT$1,000

Year / Item		Financial Data for the Most Recent Five Years (Note 1)					Financial Data as of March 31, 2022 (Note 1)
		2017	2018	2019	2020	2021	
Current assets		$5,683,787	$5,688,545	$5,963,660	$6,483,434	$7,271,174	7,567,337
Property, plant and equipment		1,327,714	1,309,405	1,229,491	1,213,352	1,238,776	1,249,799
Intangible assets		1,299	2,701	3,971	3,373	1,575	1,694
Other assets		350,896	444,364	586,959	578,162	661,060	630,026
Total assets		7,363,696	7,445,015	7,784,081	8,278,321	9,172,585	9,448,856
Current liabilities	Before distribution	1,761,112	1,745,527	1,890,054	2,178,838	2,588,297	2,470,838
	After distribution	2,057,061	1,978,587	2,130,513	2,400,800	(Note 2)	(Note 2)
Non-current liabilities		472,021	566,328	680,287	771,426	765,110	788,332
Total liabilities	Before distribution	2,233,133	2,311,855	2,570,341	2,950,264	3,353,407	3,259,170
	After distribution	2,529,082	2,544,915	2,810,800	3,172,226	(Note 2)	(Note 2)
Equity attributable to owners of parent company		4,529,539	4,556,245	4,634,551	4,715,973	5,217,739	5,546,172
Share capital		1,823,763	1,849,683	1,849,683	1,849,683	1,878,323	1,878,323
Advance share capital		-	-	-	-	-	19,360
Capital reserve		391,423	413,279	421,121	432,784	452,744	462,987
Retained earnings	Before distribution	2,531,461	2,496,355	2,569,207	2,612,991	3,049,229	3,244,243
	After distribution	2,235,512	2,263,295	2,328,748	2,391,029	(Note 2)	(Note 2)
Other equity		(217,108)	(203,072)	(205,460)	(179,485)	(162,557)	(58,741)

Non-controlling interests		601,024	576,915	579,189	612,084	601,439	643,514
Total equity	Before distribution	5,130,563	5,133,160	5,213,740	5,328,057	5,819,178	6,189,686
	After distribution	4,834,614	4,900,100	4,973,281	5,106,095	(Note 2)	(Note 2)

Note 1: Financial data from 2017 to 2021 have been audited by the CPAs. Financial data for the first quarter of 2022 have been reviewed by the CPAs.

Note 2: The distribution of earnings for 2021 is yet to be resolved.

2. Consolidated statements of comprehensive income - IFRS

Unit: NT$1,000

Year / Item	Financial Data for the Most Recent Five Years (Note 1)					Financial Data as of March 31, 2022 (Note 1)
	2017	2018	2019	2020	2021	
Operating revenue	$5,143,189	$5,126,570	$4,994,778	$4,779,614	$6,420,460	1,571,054
Gross profit	1,501,501	1,373,169	1,311,821	1,345,178	1,895,778	464,057
Operating income	726,660	510,600	443,542	537,268	1,003,011	242,127
Non-operating income and expenses	(64,582)	110,105	102,994	(3,954)	35,673	52,672
Net income before tax	662,078	620,705	546,536	533,314	1,038,684	294,799
Net income for continuing operations	446,674	354,849	380,009	356,967	752,865	216,163
Loss from discontinuing operations	-	-	-	-	-	-
Net profit (loss)	446,674	354,849	380,009	356,967	752,865	216,163
Other comprehensive income (after tax)	(50,514)	(97,039)	(41,332)	25,164	13,998	125,594
Total comprehensive income	396,160	257,810	338,677	382,131	766,863	341,757
Net income attributable to owners of the parent	382,102	291,394	331,508	287,441	648,364	195,014
Net income attributable to non-controlling interests	64,572	63,455	48,501	69,526	104,501	21,149
Total comprehensive income attributable to owners of the parent	336,618	205,220	303,524	310,743	675,128	298,830
Total comprehensive income attributable to non-controlling interests	59,542	52,590	35,153	71,388	91,735	42,927
Earnings per share (Note 2)	2.10	1.58	1.79	1.55	3.49	1.04

Note 1: Financial data from 2017 to 2021 have been audited by the CPAs. Financial data for the first quarter of 2022 have been reviewed by the CPAs.

Note 2: Calculated based on the weighted average number of outstanding shares.

3. Parent company only balance sheets - IFRS

Unit: NT$1,000

Item \ Year		Financial Data for the Most Recent Five Years (Note 1)					Financial Data as of March 31, 2022
		2017	2018	2019	2020	2021	
Current assets		$1,830,897	$1,860,606	$2,104,566	2,199,976	2,934,812	Not applicable
Property, plant and equipment		362,493	381,810	368,579	389,221	441,544	
Intangible assets		1,277	2,383	3,814	3,366	1,450	
Other assets		3,923,627	3,971,794	4,113,828	4,367,870	4,446,534	
Total assets		6,118,294	6,216,593	6,590,787	6,960,433	7,824,340	
Current liabilities	Before distribution	1,116,749	1,094,020	1,353,274	1,558,035	1,900,024	
	After distribution	1,412,698	1,327,080	1,593,733	1,779,997	(Note 2)	
Non-current liabilities		472,006	566,328	602,962	686,425	706,577	
Total liabilities	Before distribution	1,588,755	1,660,348	1,956,236	2,244,460	2,606,601	
	After distribution	1,884,704	1,893,408	2,196,695	2,466,422	(Note 2)	
Equity attributable to owners of parent company		4,529,539	4,556,245	4,634,551	4,715,973	5,217,739	
Share capital		1,823,763	1,849,683	1,849,683	1,849,683	1,878,323	
Capital reserve		391,423	413,279	421,121	432,784	452,744	
Retained earnings	Before distribution	2,531,461	2,496,355	2,569,207	2,612,991	3,049,229	
	After distribution	2,235,512	2,263,295	2,328,748	2,391,029	(Note 2)	
Other equity		(217,108)	(203,072)	(205,460)	(179,485)	(162,557)	
Total equity	Before distribution	4,529,539	4,556,245	4,634,551	4,715,973	5,217,739	
	After distribution	4,233,590	4,323,185	4,394,092	4,494,011	(Note 2)	

Note 1: Financial data from 2017 to 2021 have been audited by the CPAs.

Note 2: The distribution of earnings for 2021 is yet to be resolved.

4. Parent company only statements of comprehensive income - IFRS

Unit: NT$1,000

Item \ Year	Financial Data for the Most Recent Five Years (Note 1)					Financial Data as of March 31, 2022
	2017	2018	2019	2020	2021	
Operating revenue	$1,256,125	$1,236,074	$1,321,667	$1,270,409	$1,976,474	Not applicable
Gross profit	220,412	162,306	198,040	139,992	400,649	
Operating income	(22,934)	(123,095)	(100,970)	(157,977)	101,139	
Non-operating income and expenses	505,705	569,387	507,106	513,948	700,450	
Net income before tax	482,771	446,292	406,136	355,971	801,589	
Loss from discontinuing operations	382,102	291,394	331,508	287,441	648,364	
Net profit (loss)	382,102	291,394	331,508	287,441	648,364	
Other comprehensive income (after tax)	(45,484)	(86,174)	(27,984)	23,302	26,764	
Total comprehensive income	336,618	205,220	303,524	310,743	675,128	
Net income attributable to owners of the parent	382,102	291,394	331,508	287,441	648,364	
Total comprehensive income attributable to owners of the parent	336,618	205,220	303,524	310,743	675,128	
Earnings per share (Note 2)	2.10	1.58	1.79	1.55	3.49	

Note 1: Financial data from 2017 to 2021 have been audited by the CPAs.

Note 2: Calculated based on the weighted average number of outstanding shares.

(2) Names of certified public accountants and their opinions

Year	Accounting Firm	CPA	Opinion
2017	Diwan & Company	Rui-Wen Lu and Rui-Yen Tseng	Unqualified opinion with an other matters paragraph
2018	Diwan & Company	Chiung-Hui Tseng Rui-Yen Tseng	Unqualified opinion with an other matters paragraph
2019	Diwan & Company	Chiung-Hui Tseng and Rui-Yen Tseng	Unqualified opinion with an other matters paragraph
2020	Diwan & Company	Chiung-Hui Tseng and Rui-Yen Tseng	Unqualified opinion with an other matters paragraph
2021	Diwan & Company	Chiung-Hui Tseng and Rui-Yen Tseng	Unqualified opinion with an other matters paragraph

二、Financial Analyses for the Past Five Fiscal Years

(一) Consolidated financial analysis - IFRS

Item (Note 3) \ Year (Note 1)		Financial Analysis for the Most Recent Five Years					Financial Analysis as of March 31, 2022
		2017	2018	2019	2020	2021	
Financial structure (%)	Debt-to-assets ratio	30.33	31.05	33.02	35.64	36.56	34.49
	Long-term funds as a percentage of property, plant and equipment	421.97	435.27	479.39	502.70	531.52	558.33
Solvency (%)	Current ratio	322.74	325.89	315.53	297.56	280.93	306.27
	Quick ratio	276.12	274.56	274.58	261.66	237.43	257.86
	Interest coverage ratio	113.06	99.93	47.21	38.42	71.74	79.93
Operating ability	Receivables turnover ratio (times)	3.94	3.68	3.87	3.95	4.63	4.18
	Average days of receipt	92	99	94	92	78	87
	Inventory turnover ratio (times)	5.01	4.56	4.58	4.60	4.92	3.92
	Payables turnover ratio (times)	8.57	8.73	9.30	9.19	9.65	7.62
	Days sales outstanding	72	80	80	79	74	93
	Property, plant and equipment turnover ratio (times)	3.81	3.89	3.93	3.91	5.24	5.05
	Total asset turnover ratio (times)	0.71	0.69	0.66	0.60	0.74	0.67
Profitability	Return on assets (%)	6.26	4.85	5.09	4.56	8.75	2.35
	Return on equity (%)	9.90	7.81	8.27	7.64	15.16	4.02
	Ratio of net profit before tax to paid-in capital (%)	36.3	33.56	29.55	28.83	55.30	15.53
	Net profit margin (%)	8.68	6.92	7.61	7.47	11.73	13.76
	Earnings per share (NT$) (Note 2)	2.10	1.58	1.79	1.55	3.49	1.04
Cash flows	Cash flow ratio (%)	18.41	29.81	35.86	4.39	21.35	11.43
	Cash flow adequacy ratio (%)	80.32	91.12	103.36	85.63	72.26	85.29
	Cash reinvestment ratio (%)	(0.36)	1.83	5.03	(2.00)	2.52	2.96
Leverage	Operating leverage	1.26	1.36	1.46	1.36	1.19	1.21
	Financial leverage	1.01	1.01	1.03	1.03	1.01	1.02

Changes in financial ratios over the past two fiscal years (2021 and 2020):

1. Increases in interest coverage ratio, return on assets, return on equity, ratio of net profit before tax to paid-in capital, net profit margin, and earnings per share: Mainly due to increases in net profit before and after tax.
2. Increases in property, plant and equipment turnover ratio, total asset turnover ratio: Mainly due to an increase in operating revenue.
3. Increases in cash flow ratio and cash reinvestment ratio: Mainly due to an increase in cash flows generated from operating activities.

Note 1: Financial data from 2017 to 2021 have been audited by the CPAs. Financial data for the first quarter of 2022 have been reviewed by the CPAs.

Note 2: Calculated based on the weighted average number of outstanding shares.

(二) Parent company only financial analysis - IFRS

Item (Note 3) \ Year (Note 1)		Financial Analysis for the Most Recent Five Years					Financial Analysis as of March 31, 2022
		2017	2018	2019	2020	2021	
Financial structure (%)	Debt-to-assets ratio	25.97	26.71	29.68	32.25	33.31	Not applicable
	Long-term funds as a percentage of property, plant and equipment	1,249.55	1,193.33	1,257.41	1,222.82	1,198.99	
Solvency (%)	Current ratio	163.95	170.07	155.52	141.20	154.46	
	Quick ratio	150.46	155.75	143	130.07	140.33	
	Interest coverage ratio	88.47	72.18	56.9	37.24	77.23	
Operating ability	Receivables turnover ratio (times)	4.66	4.64	5.12	5.08	4.82	
	Average days of receipt	78	78	71	71	75	
	Inventory turnover ratio (times)	8.15	7.16	7.02	6.71	7.30	
	Payables turnover ratio (times)	10.73	9.95	10.64	11.33	10.27	
	Days sales outstanding	44	51	52	54	50	
	Property, plant and equipment turnover ratio (times)	3.56	3.32	3.52	3.35	4.76	
	Total asset turnover ratio (times)	0.21	0.20	0.21	0.19	0.27	
Profitability	Return on assets (%)	6.49	4.81	5.27	4.36	8.88	
	Return on equity (%)	8.47	6.41	7.21	6.15	13.05	
	Ratio of net profit before tax to paid-in capital (%)	26.47	24.13	21.96	19.24	42.68	
	Net profit margin (%)	30.42	23.57	25.08	22.63	32.80	
	Earnings per share (NT$) (Note 2)	2.10	1.58	1.79	1.55	3.49	
Cash flows	Cash flow ratio (%)	(10.05)	(8.12)	(6.42)	(35.88)	0.01	
	Cash flow adequacy ratio (%)	(36.11)	(19.21)	(21.50)	(53.94)	(48.11)	
	Cash reinvestment ratio (%)	(6.46)	(6.92)	(5.67)	(13.35)	(3.39)	
Leverage	Operating leverage	(0.95)	0.59	0.49	0.64	1.52	
	Financial leverage	0.81	0.95	0.93	0.94	1.12	

Changes in financial ratios over the past two fiscal years (2021 and 2020):

1. Increases in interest coverage ratio, return on assets, return on equity, ratio of net profit before tax to paid-in capital, net profit margin, and earnings per share: Mainly due to increases in net profit before and after tax.
2. Increases in property, plant and equipment turnover ratio, total asset turnover ratio: Mainly due to an increase in operating revenue.
3. Increases in cash flow ratio and cash reinvestment ratio: Mainly due to an increase in cash flows generated from operating activities.
4. Increase in operating leverage: Mainly due to an increase in operating revenue after deducting variable operating costs and expenses.

Note 1: Financial data from 2017 to 2021 have been audited by the CPAs.

Note 2: Calculated based on the weighted average number of outstanding shares.

Note 3: The calculation formulas for financial analysis are as follow:

1. Financial structure
   (1) Debt-to-assets ratio = Total liabilities / Total assets.
   (2) Long-term funds as a percentage of property, plant and equipment = (Total equity + Non-current liabilities) / Net property, plant and equipment.
2. Solvency
   (1) Current ratio = Current assets / Current liabilities.
   (2) Quick ratio = (Current assets – Inventories – Prepaid expenses) / Current liabilities.
   (3) Interest coverage ratio = Net income before income tax and interest expense / Interest expense.
3. Operating ability
   (1) Receivables (including accounts receivable and notes receivable arising from operations) turnover ratio = Net sales / Average receivables balance for each period (including accounts receivable and notes receivable arising from operations).
   (2) Average days of receipt = 365 / Receivables turnover ratio.
   (3) Inventory turnover ratio = Cost of goods sold / Average inventories.
   (4) Payables (including accounts payable and notes payable arising from operations) turnover ratio = Cost of goods sold / Average payables balance for each period (including accounts payable and notes payable arising from operations).
   (5) Days sales outstanding = 365 / Inventory turnover ratio.
   (6) Property, plant and equipment turnover ratio = Net sales / Average net property, plant and equipment.
   (7) Total asset turnover ratio = Net sales / Average total assets.
4. Profitability
   (1) Return on assets = (Net income + Interest expense x (1 – Tax rate)) / Average total assets.
   (2) Return on equity = Net income / Average total equity.
   (3) Net profit margin = Net income / Net sales.
   (4) Earnings per share = (Income attributable to owners of the parent – Special dividends) / Weighted average number of outstanding shares. (Note 4)
5. Cash flows
   (1) Cash flow ratio = Net cash flows from operating activities / Current liabilities.
   (2) Net cash flow adequacy ratio = Net cash flows from operating activities / (Capital expenditures + Incremental inventories + Cash dividends) over the most recent five years.
   (3) Cash reinvestment ratio = (Net cash flows from operating activities – Cash dividends) / (Gross property, plant and equipment + Long-term investments + Other non-current assets + Working capital).
6. Leverage
   (1) Operating leverage = (Net operating revenue - Variable operating costs and expenses) / Operating income.
   (2) Financial leverage = Operating income / (Operating income – Interest expense).

三、Audit Committee's Report for the Most Recent Year's Financial Statements

G-SHANK ENTERPRISE CO., LTD.

Audit Committee's Report

Among the Company’s business reports, financial statements (including consolidated financial statements), and earnings distribution proposal for 2021 prepared and submitted by the Board of Directors, the financial statements (including consolidated financial statements) have been audited by CPAs Chiung-Hui Tseng and Rui-Yen Tseng from Diwan & Company, with an auditor’s report issued. The Audit Committee has reviewed the above-mentioned financial statements, business reports, and earnings distribution proposal and found no discrepancy. The Audit Committee’s Report is hereby prepared in accordance with the Securities and Exchange Act and the Company Act for your approval.

To

The 2022 general meeting of shareholders of G-SHANK ENTERPRISE CO., LTD.

Convener of Audit Committee

March 10, 2022

四、Financial Statements for the Most Recent Fiscal Year: Refer to Attachment Ⅰ

五、Parent Company Only Financial Statements for the Most Recent Fiscal Year, Certified by CPAs: Refer to Attachment Ⅱ..

六、Effect of Financial Difficulties the Company or Its Affiliates Have Experienced in the Most Recent Fiscal Year or during the Current Fiscal Year Up to the Date of Publication of the Annual Report on the Company's Financial Situation: None.

VII. Review and Analysis of Financial Position and Financial Performance and Listing of Risks

一、Financial Position

Unit: NT$1,000

Item \ Year	2021 Amount	2020 Amount	Difference	
			Amount	%
Current assets	$7,271,174	$6,483,434	$787,740	$12.15%
Investments accounted for using equity method	157,750	146,510	11,240	7.67%
Property, plant and equipment	1,238,776	1,213,352	25,424	2.10%
Intangible assets	1,575	3,373	(1,798)	-53.31%
Other assets	503,310	431,652	71,658	16.60%
Total assets	9,172,585	8,278,321	894,264	10.80%
Current liabilities	2,588,297	2,178,838	409,459	18.79%
Non-current liabilities	765,110	771,426	(6,316)	-0.82%
Total liabilities	3,353,407	2,950,264	403,143	13.66%
Share capital	1,878,323	1,849,683	28,640	1.55%
Capital reserve	452,744	432,784	19,960	4.61%
Retained earnings	3,049,229	2,612,991	436,238	16.69%
Exchange differences on translating foreign operations	(441,852)	(357,177)	(84,675)	23.71%
Unrealized gains/losses on financial assets at fair value through other comprehensive income	279,295	177,692	101,603	57.18%
Non-controlling interests	601,439	612,084	(10,645)	-1.74%
Total shareholders' equity	5,819,178	5,328,057	491,121	9.22%

The main reason for and effect of a change that reaches 20% or exceeds NT$10 million:

1. Exchange differences on translating foreign operations: Mainly due to exchange differences on translating financial statements of foreign operations.
2. Unrealized gains/losses on financial assets at fair value through other comprehensive income: Mainly due to valuation adjustment of equity instruments at fair value through other comprehensive income.

二、Financial Performance

Unit: NT$1,000

Item \ Year	2021 Amount	2020 Amount	Change Amount	Change Percentage (%)
Operating revenue	$ 6,420,460	$ 4,779,614	$1,640,846	34.33%
Operating costs	4,524,682	3,434,436	1,090,246	31.74%
Gross profit	1,895,778	1,345,178	550,600	40.93%
Operating expenses	894,052	809,389	84,663	10.46%
Other gains and losses	1,285	1,479	(194)	-13.12%
Operating income (loss)	1,003,011	537,268	465,743	86.69%
Non-operating income and expenses	35,673	(3,954)	39,627	NM
Income before tax	1,038,684	533,314	505,370	94.76%
Income tax expense	285,819	176,347	109,472	62.08%
Net income	752,865	356,967	395,898	110.91%
Other comprehensive income (after tax)	13,998	25,164	(11,166)	-44.37%
Total comprehensive income	766,863	382,131	384,732	100.68%
Net income attributable to owners of the parent	648,364	287,441	360,923	125.56%
Net income attributable to non-controlling interests	104,501	69,526	34,975	50.30%
Total comprehensive income attributable to owners of the parent	675,128	310,743	364,385	117.26%
Total comprehensive income attributable to non-controlling interests	91,735	71,388	20,347	28.50%

一. The main reason for and effect of a change that reaches 20% or exceeds NT$10 million:

1. Increase in gross profit: Mainly due to a significant increase in operating revenue. In the wake of the COVID-19 pandemic, people changed lifestyles, resulting in high demand for consumer electronics. The Company's operations across the globe adapted quickly to customer needs, which became the Company's advantage in response to global fragmentation.
2. Increase in operating income: Due to an increase in operating revenue and proper control of operating costs and expenses.
3. Increase in non-operating income and expenses: Mainly due to an increase in share of interests in associates accounted for using equity method and a decrease in

exchange losses due to the appreciation of Asian currencies against the U.S. dollar.

4. Decrease in other comprehensive income (after tax): Mainly due to the remeasurement difference of defined benefit plan, an increase in investments in equity instruments at fair value through other comprehensive income, and exchange differences on translating foreign operations.

5. Increases in net income attributable to owners of the parent, net income attributable to non-controlling interests, total comprehensive income attributable to owners of the parent, and total comprehensive income attributable to non-controlling interests: Mainly due to increases in operating revenue and profits.

二. Forecasting sales volume and the basis, the effect upon the Company's financial operations, and measures to be taken in response:

The Company is not required to provide a sales volume forecast for 2022.

三、Cash Flows

(一) Cash flow changes during the most recent fiscal year

Item \ Year	2021	2020	Change (%)
Cash flow ratio (%)	21.35	4.39	386.33%
Cash flow adequacy ratio (%)	72.26	85.63	-15.61%
Cash reinvestment ratio (%)	2.52	(2.00)	226.00%

Analysis of change percentage:

1. Increases in cash flow ratio and cash reinvestment ratio: Mainly due to the increase in operating profit to cash inflow for this year.
2. Decrease in cash flow adequacy ratio: Mainly due to cash flows generated from operating activities as a result of increases in operating revenue and profits.

(二) Corrective measures to be taken in response to illiquidity and liquidity analysis for the coming year

Unit: NT$1,000

Cash Balance, Beginning of Year (1)	Estimated Cash Flows from Operating Activities in the Year (2)	Estimated Cash Flow Used in the Year (3)	Estimated Remaining (Insufficient) Cash (1) + (2) - (3)	Corrective Measures for Illiquidity	
				Investing Plans	Financing Plans
$3,232,253	$909,062	$1,046,070	$3,095,245	0	0

1. Analysis of cash flow changes
   (1) Operating activities: Net cash flows generated from operating activities as a result of stable profits.
   (2) Investing activities: Net cash flows used in investing activities as a result of the construction of plants and the purchase of equipment.
   (3) Financing activities: Net cash flows used in financing activities as a result of the distribution of cash dividends.In summary, the Company expects to have a cash balance of NT$3,095,245 thousand.
2. Corrective measures to be taken in response to illiquidity and liquidity analysis: Not applicable.

四、Effect upon Financial Operations of Any Major Capital Expenditures during the Most Recent Fiscal Year

(一) Utilization of major capital expenditures and sources of funds

Unit: NT$1,000

Project	Actual or Expected Source of Funds	Actual or Expected Date of Completion	Total Funds Required	Actual or Expected Utilization of Funds		
				2020	2021	2022~2026
Purchase of equipment	Private capital	2020-2026	$476,276	$142,397	$171,374	$162,505
Construction of plants	Private capital	2020-2026	$534,916	2,937	24,078	507,901

(二) Expected benefits

From 2022 to 2025, revenue generated from the construction of plants and the purchase of equipment is estimated to be NT$1,231,676 thousand.

五、Reinvestment Policy for the Most Recent Fiscal Year, Main Reasons for the Profits/Losses Generated Thereby, the Plan for Improving Reinvestment Profitability, and Investment Plans for the Coming Year

Reinvestment	Carrying amount (Thousand)	Policy	Main Reasons for the Profits/Losses Generated	Improvement Plan	Investment Plan for the Coming Year
SUNFLEX TECH CO., LTD.	$157,750	Boost business performance and minimize operational risks to maximize shareholder equity and maintain robust business operations	Net income in 2021 was NT$32,620 thousand mainly due to an increase in revenue by 36.83%.	None	None

六、Analyze and Assessment of Risks during the Most Recent Fiscal year and in the Current Year Up to the Date of Publication of the Annual Report

(一) The effect upon the Company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future

1. Interest rate:

Unit: NT$1,000

Item	2020	2021	As of March 31, 2022
Financial income (expenses)	$ 76,460	$ 78,035	18,349
Operating revenue	4,779,614	6,420,460	1,571,054
Financial income (expenses) as a percentage of operating revenue	1.60%	1.22%	1.17%

The Company's interest rate risk arose from its liabilities and financial investments, which were mainly affected by interest rate fluctuations in Taiwan and Mainland China. Changes in interest rates would affect interest income generated from cash and cash equivalents and financial asset investments and interest expenses generated from liabilities. The Company's financial income (expenses) accounted for 1.60%, 1.22%, and 1.17% of operating revenue in 2020, 2021, and the first quarter of 2022 respectively, which had little impact on profit or loss.

2. Exchange rate:

Unit: NT$1,000

Item	2020	2021	As of March 31, 2022
Exchange gains (losses)	$ (62,669)	$ (44,142)	$31,757
Operating revenue	4,779,614	6,420,460	1,571,054
Exchange gains (losses) as a percentage of operating revenue	-1.31%	-0.69%	2.02%

The Company assessed and analyzed the overall exchange rate risk. When the recognized assets and liabilities and future business dealings were exposed to significant exchange rate risks, the Company would manage such risks using foreign exchange and forward foreign exchange contracts within the scope permitted by policies; in addition, the Company's investments in foreign operations were strategic, so no hedging was carried out.

The Company's operations are located in Taiwan, Mainland China, and other foreign countries such as Malaysia, Mexico, Thailand, and Indonesia, with each region respectively accounting for 30%, 57%, and 13% of the Company's revenue. Business dealings in Mainland China and other foreign countries were mainly conducted in RMB and US dollars. Foreign sales accounted for about 37% of total sales in Taiwan, and quotations were mostly denominated in US dollars. Raw materials used in production were mostly denominated in RMB and US dollars. Accordingly, fluctuations in the exchange rates of RMB and US dollars had a greater impact on the Company's revenue and profits.

The following are specific measures taken by the Company for exchange rate fluctuations:

(1) Decide to settle foreign currency inward remittances or deposit them in foreign currency accounts, depending on the demand for funds and exchange rates, and settle foreign currency deposits whenever appropriate to mitigate the impact of exchange rate changes.

(2) Engage in derivatives trading for hedging purposes to avoid the risk of exchange rate fluctuations.

(3) Offset the purchase and sale of the same currency naturally for hedging purposes.

(4) Agree with suppliers to pay in foreign currencies for hedging purposes.

(5) Collect all kinds of information affecting exchange rate changes, follow the foreign currency trend for foreign currency positions, and discuss the future foreign currency trend with heads of correspondent banks to keep track of the exchange rate fluctuations in a timely manner.

3. Inflation: The global economy was significantly affected by sudden changes in the expectations for inflation and deflation. Both high inflation and deflation would have an adverse impact on the economy as they reduced market efficiency and interfered with investment decisions. To reduce operating costs in an effective way, the Company continued to cut down on costs, pay close attention to the supply and demand of raw materials and price changes, and adjust selling prices and inventories appropriately. The Company also maintained good relationships with suppliers and customers to reduce the impact of inflation and deflation on its profit or loss.

(二) The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future

1. The Company did not engage in high-risk investments, highly leveraged investments, and endorsements/guarantees in the most recent year.
2. The Company loaned to other parties in accordance with the "Procedures for Lending Funds to Others."
3. Accounts receivable arising from sales of goods denominated in foreign currencies and accounts payable arising from purchases of goods were subject to exchange rate risk. In view of this, the Company planned to timely avoid and regularly assess the risk of exchange rate fluctuations through derivatives trading such as forward exchange contracts.

   Some of the Company's time deposits and bond investments without active market were financial assets bearing fixed interest rates, so interest rate fluctuations would change their fair values; however, the Company was not exposed to material risk in fair value arising from changes in market interest rates.

(三) Research and development work to be carried out in the future, and further expenditures expected for research and development work

1. Research and development work to be carried out in the future

   By 2025, the Company aims to have consumer electronics, automotives, and industrial equipment (medical devices) respectively accounting for one-third of its total sales. The molding industry is constantly evolving with the development of science and technology. Only by diversifying market risks can the Company improve continuously and achieve sustainable development.

   The following are future R&D projects in the next 1 to 2 years:

   (1) Large stamped parts

   At present, large stamped parts are mostly produced by single-engineering die and manual feeding, which has high personnel costs and is less efficient. The Company's specialized progressive die works with a single-engineering die and a robotic arm for automatic feeding to maximize the economic benefits of a progressive die and the function of large punching parts based on customer needs.

   (2) Insert Molding - multi-cavity molds

   Metal terminals and plastic injection molding have become mature as of today. Due to the constraints on feeding and positioning of metal terminals in the mold, there are generally 8~16 cavities per mold, which limits the productivity. The Company plans to develop molds with more cavities, improve the accuracy of the feeding mechanism, and increase CT productivity. Through the existing plastic injection molding flow analysis

and other measures, the Company aims to develop models with 48 cavities or more in the first half of 2022.

(3) Insert Molding - micro injection molds

With the increasing popularity of thinner and lighter products (micro injection of less than 0.01 gram), the accuracy of molding is slightly insufficient due to the constraints on injection measurement. The Company will introduce 3 tons of micro injection machines that can produce 0.001 gram per single product. The Company aims to develop small models of micro-injection molds in the first half of 2022.

(4) Auto optical inspection (AOI) machines

Featuring AOI for feeding, in-mold monitor, CCD and SMB for finished product inspection, AOI machines are fully automatic and track exceptions better with SMB monitoring and analysis, thereby improving production mobility.

(5) Dash camera

The Company develops cameras for vehicles based on demand for better reliability and modular design, striving to seize business opportunities arising from auto parts and factory-installed products. In addition to visible cameras, the Company has started to evaluate and develop sensing cameras.

(6) Electrosurgical electrode "tube" holders for medical surgery & transmission connector terminals

The Company's existing customer, Company N, is committed to the production of medical devices, especially electrosurgical electrode, which accounts for about 25% of the global market share. Company N has also been developing different kinds of medical products such as smoke exhaust pipes for electrosurgical electrode and minimally invasive surgery instruments. The Company is currently working with customers in the healthcare industry to develop various products such as blood glucose monitors, blood pressure machines, and endoscope lenses, becoming their No. 1 key component supplier.

(7) Transfer mold punching die

The Company plans to combine punching machines and transfer arms to develop extraction technology that can save more material. It can effectively reduce material costs in response to rising material prices and low availability. The Company aims to introduce transfer arms and develop molds in the first half of 2022.

2. Further expenditures expected for research and development work

Research and development expenses in 2022 are expected increase by 7.6% from those in 2021, accounting for 2% to 3% of the Company's consolidated revenue.

(四) Effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response

At the Company, day-to-day business activities were conducted in accordance with domestic and foreign laws and regulations. The Company paid close attention to domestic and foreign policies and amendments and collected relevant information for the management's decision-making. Business strategies were also adjusted in a timely manner based on experts' opinions. As of today, the Company's financial operations were not affected by important policies adopted and changes in the legal environment at home and abroad.

(五) Effect on the Company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response

The Company paid close attention to the technological development of the electronics industry, implemented the cyber security management policy, and regularly conducted cyber security inspections in response to market trends. In the most recent year and up to the date of publication of the annual report, the Company's financial operations were not significantly affected by major technological changes and cyber security incidents.

(六) Effect on the Company's crisis management of changes in the Company's corporate image, and measures to be taken in response

In 2021 and up to the date of publication of the annual report, there was no crisis arising from the change in the Company's corporate image.

(七) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken

In 2021 and up to the date of publication of the annual report, the Company did not engage in any merger and acquisitions.

(八) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken

The Company originally planned to construct plants in Xinwu and Shanghai for medium- to long-term business development, hoping to provide enough space based on customer needs. The plan is currently under review despite the uncertainties of the pandemic and economic wobbles.

(九) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken

The sources of purchases and sales involved different industrial characteristics and stages of operations. By analyzing the sources of purchases and sales, development goals, and industry trends, the Company continued diversifying the sources of purchases and sales to maintain balanced and robust operating results.

(十) Effect upon and risk to the Company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a ten percent stake in the Company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken

In the most recent year and up to the date of publication of the annual report, the Company did not have directors, supervisors, or shareholders holding greater than a ten percent stake in the Company who transferred or otherwise changed hands.

(十一) Effect upon and risk to the Company associated with any change in governance personnel or top management, and mitigation measures being or to be taken

In the most recent year and up to the date of publication of the annual report, the Company's operations were not affected by any change in governance personnel or top management. Also, the Company had a sound internal control system and regulations in place, which could minimize the impact and risk on the operations of any change in governance personnel or top management.

(十二) Litigious and non-litigious matters (list major litigious, non-litigious or administrative disputes that: (1) involve the Company and/or any director, any supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than ten percent, and/or any company or companies controlled by the Company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the Company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report): None.

(十三) Other important risks, and mitigation measures being or to be taken: None.

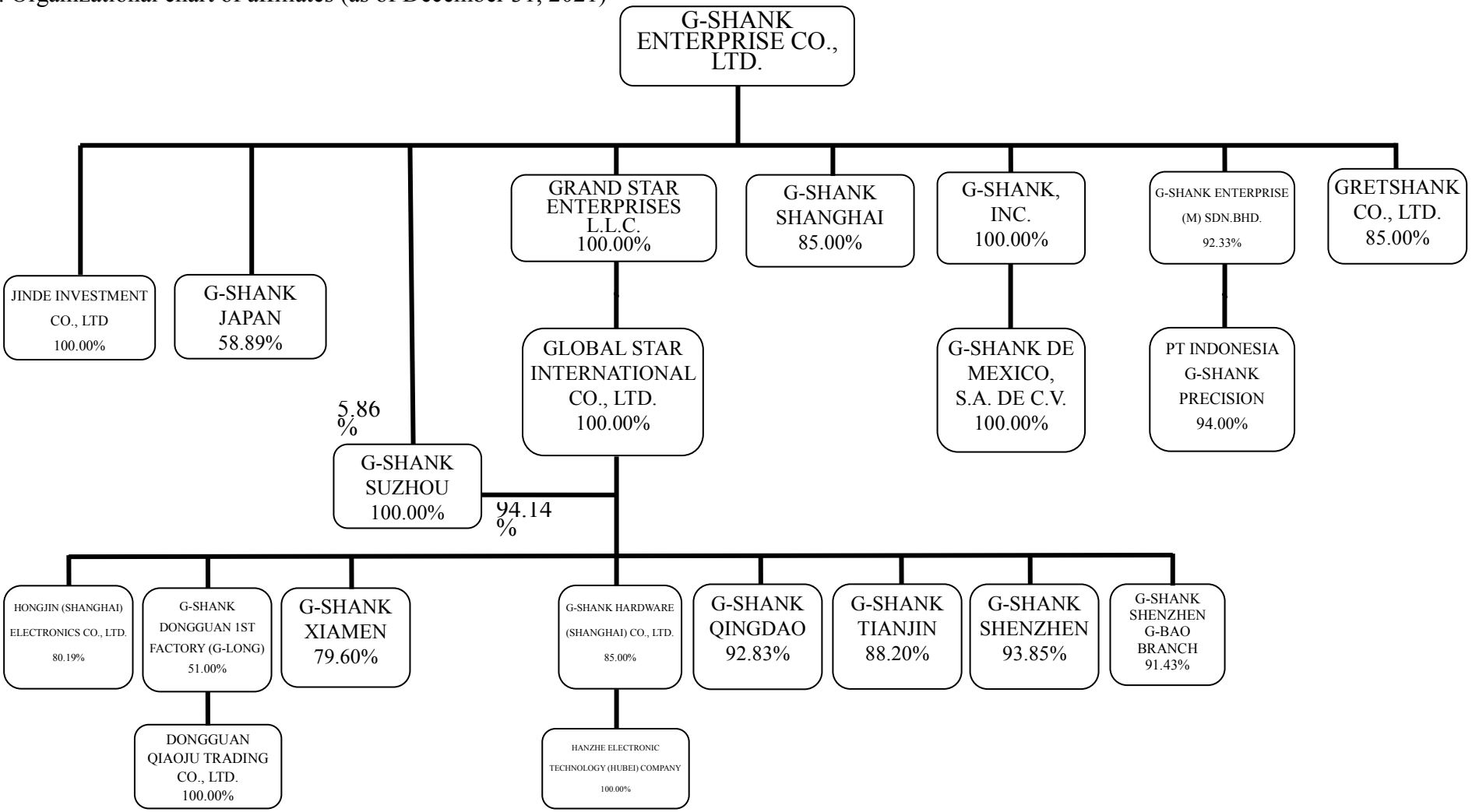
七. Other Important Matters: None.

VIII. Special Items to Be Included

一、Information on Affiliates: Consolidated Business Report, Consolidated Financial Statements, and Affiliation Report for the Most Recent Fiscal Year

(一) Consolidated business report of affiliates

1. Organizational chart of affiliates (as of December 31, 2021)



2. The name, incorporation date, address, paid-in capital, and main business items of each affiliate

Affiliate Profile

December 31, 2021

Unit: NT$1,000

Affiliate	Incorporation Date	Address	Paid-in Capital	Main Business or Production Items
G-SHANK ENTERPRISE (M) SDN.BHD.	1989.6.13	Note 1	49,800 (MYR7,500 thousand)	Stamped parts and dies and fixtures
G-SHANK, INC.	1994.11.21	Note 2	27,670 (US$1,000 thousand)	Stamped parts and dies and fixtures
G-SHANK SHANGHAI	1995.12.22	Note 3	276,700 (US$10,000 thousand)	Progressive dies and hardware
GRETSHANK CO., LTD.	1998.6.16	Note 4	77,906 (THB93,750 thousand)	Progressive dies and hardware
JINDE INVESTMENT CO., LTD	1999.3.22	Note 5	NT$50,000	General investment
G-SHANK DE MEXICO, S.A.DE C.V.	1994.11.21	Note 6	252 (US$9,091)	Stamped parts and dies and fixtures
GRAND STAR ENTERPRISES L.L.C	2000.07.20	Note 7	490,488 (US$17,726 thousand)	General investment
GLOBAL STAR INTERNATIONAL CO.,LTD.	2000.8.7	Note 8	528,995 (US$19,118 thousand)	General investment
HONGJIN (SHANGHAI) ELECTRONICS CO., LTD.	2001.5.17	Note 9	43,995 (US$1,590 thousand)	Progressive dies and hardware
G-SHANK DONGGUAN 1ST FACTORY (G-LONG)	2001.7.17	Note 10	83,010 (US$3,000 thousand)	Progressive dies and hardware
G-SHANK XIAMEN	2001.8.28	Note 11	69,175 (US$2,500 thousand)	Progressive dies and hardware
G-SHANK SUZHOU	2001.8.14	Note 12	38,738 (US$1,400 thousand)	Planers, milling or molding machines, and progressive dies and hardware
G-SHANK QINGDAO	2001.11.19	Note 13	110,680 (US$4,000 thousand)	Progressive dies and hardware
PT INDONESIA G-SHANK PRECISION	2002.03.19	Note 14	38,447 (IDR19,966 million)	Stamped parts and dies and fixtures
G-SHANK TIANJIN	2004.01.19	Note 15	69,175 (US$2,500 thousand)	Progressive dies and hardware
G-SHANK HARDWARE (SHANGHAI) CO., LTD.	2005.12.15	Note 16	8,301 (US$300 thousand)	Progressive dies and hardware
G-SHANK SHENZHEN	2006.8.31	Note 17	71,942 (US$2,600 thousand)	Progressive dies and hardware
G-SHANK SHENZHEN G-BAO BRANCH	2007.11.19	Note 18	87,161 (US$3,150 thousand)	Progressive dies and hardware
G-SHANK JAPAN	2010.12.1	Note 19	21,654 (JPY90,000 thousand)	International trade
HANZHE ELECTRONIC TECHNOLOGY (HUBEI) COMPANY	2012.7.27	Note 20	130,350 (RMB30,000 thousand)	Progressive dies and hardware and electroplating
DONGGUAN QIAOJU TRADING CO., LTD.	2012.11.5	Note 21	10,653 (HK$3,000 thousand)	Plastic hardware wholesale and import/export

Paid-in capital was converted at the exchange rates on December 31, 2021, including MYR1:NT$6.64, US$1:NT$27.67, RMB1:NT$4.345, THB1:NT$0.831, IDR1:NT$0.0019, JPY1:NT$0.2406, and HK$1:NT$3.551.

Note 1: Plot 94, Bayan Lepas Industrial Estate 11900 Bayan Lepas, Penang, Malaysia.

Note 2: 1034 Old Port Isabel Rd., Suite 2 Brownsville, TX 78521, U.S.A.

Note 3: No. 19, Minyi Road, Xinqiao Town, Songjiang County, Shanghai City, China.

Note 4: 116. Moo 1 Hitech Industrial Estate, T.Banlane , A.Bang Pa-In , Ayutthaya Thailand 13160.

Note 5: 20F-2, No. 83, Section 1, Zhongxiao East Road, Zhongzheng District, Taipei City, Taiwan.

Note 6: NO.15, Gral, Pedro Hinojosa, cd industrial H.Matamoros, Tamps, Mexico.

Note 7: 201 Rogers Office Building Edwin Wallace Rey Drive George Hill Anguilla. Formerly known as GRAND STAR ENTERPRISES L.L.C. in the United States, GRAND STAR ENTERPRISES L.L.C. was relocated to Anguilla on December 7, 2020, which was later approved by the Investment Committee, Ministry of Economic Affairs on January 11, 2021.

Note 8: Suite 102, Cannon Place, P.O. Box 712, North Sound Rd., George Town, Grand Cayman, KYl-9006 Cayman Islands.

Note 9: No. 19, Minyi Road, Xinqiao Town, Songjiang County, Shanghai City, China.

Note 10: Shanglang Industrial Zone, Shabian Village, Chang'an Town, Dongguan City, Guangdong Province, China.

Note 11: No. 109, Xiaguang Road, Haicang Xinyang Industrial Zone, Xiamen, Fujian Province, China.

Note 12: No. 688, Sanxing Road, Wujiang Economic Development Zone, Jiangsu Province, China.

Note 13: No. 108, Yanyang Road, Chengzhong Industrial Park, Chengyang District, Qingdao City, Shandong Province, China.

Note 14: Jl. Industri Kawasan JABABEKA Tahap Il Block RR 5C-5D Cikarang-Bekasi 17530 Indonesia.

Note 15: No. 21, Sixth Avenue, Tianjin Economic-Technological Development Area, China.

Note 16: No. 19, Minyi Road, Xinqiao Town, Songjiang County, Shanghai City, China.

Note 17: 1-2F, Phase III, Building 13, Longshan Industrial Zone, Nanling Community, Nanwan Street, Longgang District, Shenzhen City, China.

Note 18: No. 50, Shiweipinggang Industrial Zone, Jiangshi Community, Gongming Street, Baoan District, Shenzhen City, China.

Note 19: 8F, Nishi-Shinbashi Excel Annex Building, 1-Chome-17-14, Shimbashi, Minato City, Tokyo, Japan.

Note 20: No. 7, Zhangtei Road, Zengcheng Economic & Technological Development District, Ezhou City, Hubei Province, China.

Note 21: No. 55, Shanglang Road, Shabian Village, Chang'an Town, Dongguan City, China.

3. For companies presumed to have a relationship of control and subordination under Article 369-3 of the Company Act, the following particulars shall be disclosed: None.

4. The industries covered by the business operated by the affiliates overall and connections existing among the businesses operated by individual affiliates

   a. The industries covered by the business operated by the affiliates overall

      Refer to “B. The name, incorporation date, address, paid-in capital, and main business items of each affiliate” above.

   b. Connections existing among the businesses operated by individual affiliates

      Regarding the business dealings between G-SHANK ENTERPRISE CO., LTD. and G-SHANK ENTERPRISE (M) SDN.BHD., G-SHANK, INC., G-SHANK SHANGHAI, GRETSHANK CO., LTD., HONGJIN (SHANGHAI) ELECTRONICS CO., LTD., G-SHANK DONGGUAN 1ST FACTORY (G-LONG), G-SHANK XIAMEN, G-SHANK SUZHOU, G-SHANK QINGDAO, PT INDONESIA G-SHANK PRECISION, G-SHANK TIANJIN, G-SHANK HARDWARE (SHANGHAI) CO., LTD., G-SHANK SHENZHEN, G-SHANK SHENZHEN G-BAO BRANCH, HANZHE ELECTRONIC TECHNOLOGY (HUBEI) COMPANY, and G-SHANK JAPAN, G-SHANK ENTERPRISE CO., LTD. purchased some raw materials from affiliates and designed molds for them and charged fees for technology and management services; there were no significant transactions between affiliates. JINDE INVESTMENT CO., LTD., GRAND STAR ENTERPRISES L.L.C., GLOBAL STAR INTERNATIONAL CO.,LTD., and DONGGUAN QIAOJU TRADING CO., LTD. mainly engaged in short-term investment in TWSE/TPEx listed companies, general investment, and international trading. Apart from such short-term and long-term investment, G-SHANK ENTERPRISE CO., LTD. did not attend to significant transactions with these affiliates.

5. The names of the directors, supervisors, and president of each affiliate and the details of their shareholding or capital contribution in such affiliate

Information on Directors, Supervisors, and Presidents of Affiliates

May 10, 2022

Unit: Share; %

Affiliate	Title	Name or Representative	Shareholding or Capital Contribution	
			Number of Shares Held/Amount of Contributions	Shareholding or Capital Contribution (%)
G-SHANK ENTERPRISE (M) SDN.BHD.	Chairman	Yu-Huang Lin	75,000 shares	1.00%
	Managing Director	Shih-Mu Hsu (G-SHANK ENTERPRISE CO., LTD. representative)	6,924,750 shares	92.33%
	Managing Director & President	Shih-Mu Hsu	50,250 shares	0.67%
	Director	Chao-Ran Lu	300,000 shares	4.00%
G-SHANK, INC.	Chairman	Ying-Shou Lin (G-SHANK ENTERPRISE CO., LTD. representative)	1,000 shares	100.00%
	Vice Chairman & President	Ching-Hung Lin (G-SHANK ENTERPRISE CO., LTD. representative)		
	Supervisor	Hsien-Kuo Lin (G-SHANK ENTERPRISE CO., LTD. representative)		
G-SHANK SHANGHAI	Chairman	Yu-Huang Lin	US$592,150	5.92%
	Director & President	Chia-Jung Tseng	US$907,850	9.08%
	Director	Ying-Shou Lin (G-SHANK ENTERPRISE CO., LTD. representative)	US$8,500,000	85.00%
GRETSHANK CO., LTD.	Chairman	Yu-Huang Lin (G-SHANK ENTERPRISE CO., LTD. representative)	7,968,750 shares	85.00%
	Director & President	Hao-Fan Chiu (G-SHANK ENTERPRISE CO., LTD. representative)		
JINDE INVESTMENT CO., LTD.	Chairman	Yu-Huang Lin (G-SHANK ENTERPRISE CO., LTD. representative)	5,000,000 shares	100.00%
	Director	Mei-Chu Chan (G-SHANK ENTERPRISE CO., LTD. representative)		
	Director	Ying-Chih Lin (G-SHANK ENTERPRISE CO., LTD. representative)		
	Supervisor	Ying-Shou Lin (G-SHANK ENTERPRISE CO., LTD. representative)		
G-SHANK DE MEXICO,S.A.DE C.V.	Chairman & President	Ching-Hung Lin (G-SHANK, INC. representative)	US$9,091	100.00%

Affiliate	Title	Name or Representative	Shareholding or Capital Contribution	
			Number of Shares Held/Amount of Contributions	Number of Shares Held/Amount of Contributions
GRAND STAR ENTERPRISES L.L.C.	Chairman	Yu-Huang Lin (G-SHANK ENTERPRISE CO., LTD. representative)	US$17,826,335.77	100.00%
GLOBAL STAR INTERNATIONAL CO., LTD.	Chairman	Yu-Huang Lin (GRAND STAR ENTERPRISESL L.L.C. representative)	US$19,218,011.29	100.00%
HONGJIN (SHANGHAI) ELECTRONICS CO., LTD.	Chairman	Ying-Shou Lin (GLOBAL STAR INTERNATIONAL CO., LTD. representative)	US$1,275,000	80.19%
	President	Chia-Jung Tseng	US$136,178	8.56%
	Supervisor	Shan-Hsi Huang	—	—
G-SHANK DONGGUAN 1ST FACTORY (G-LONG)	Chairman	Hsien-Kuo Lin (GLOBAL STAR INTERNATIONAL CO., LTD. representative)	US$1,530,000	51.00%
	Director	Yu-Huang Lin (GLOBAL STAR INTERNATIONAL CO., LTD. representative)		
	Director	Chia-Jung Tseng (GLOBAL STAR INTERNATIONAL CO., LTD. representative)		
	President	Kuo-Shang Tseng	—	—
	Director	Bao-Hsiang Tseng	—	—
	Director	A-Yen Huang (KUAI LUNG PRECISION INDUSTRY CO., LTD. representative)	US$1,470,000	49.00%
G-SHANK XIAMEN	Chairman	Yu-Huang Lin (GLOBAL STAR INTERNATIONAL CO., LTD. representative)	US$1,990,000	79.60%
	Director	Hsien-Kuo Lin (GLOBAL STAR INTERNATIONAL CO., LTD. representative)		
	Director	Ying-Shou Lin (GLOBAL STAR INTERNATIONAL CO., LTD. representative)		
	Director	Yuan-Chi Chung	—	—
	Director & President	Chen-Yu Wang	US$30,000	1.20%

Affiliate	Title	Name or Representative	Shareholding or Capital Contribution	
			Number of Shares Held/Amount of Contributions	Number of Shares Held/Amount of Contributions
G-SHANK SUZHOU	Chairman	Yu-Huang Lin (GLOBAL STAR INTERNATIONAL CO., LTD. representative)	US$1,671,825.38	100.00%
	Director	Ying-Shou Lin (GLOBAL STAR INTERNATIONAL CO., LTD. representative)		
	Director & President	Chia-Jung Tseng (GLOBAL STAR INTERNATIONAL CO., LTD. representative)		
	Supervisor	Mei-Yu Chan	—	—
G-SHANK QINGDAO	Chairman	Ying-Shou Lin (GLOBAL STAR INTERNATIONAL CO., LTD. representative)	US$3,342,000	92.83%
	Director	Yu-Huang Lin (GLOBAL STAR INTERNATIONAL CO., LTD. representative)		
	Director & President	Chia-Jung Tseng (GLOBAL STAR INTERNATIONAL CO., LTD. representative)		
	Supervisor	Ying-Chih Lin	—	—
PT INDONESIA G-SHANK PRECISION	Chairman	Chao-Ran Lu (G-SHANK ENTERPRISE (M) SDN.BHD. representative)	18,800 shares	94.00%
	Director & President	Ting-Chiang Lu (G-SHANK ENTERPRISE (M) SDN.BHD. representative)		
	Director	Shih-Mu Hsu	300 shares	1.50%
G-SHANK TIANJIN	Chairman	Yu-Huang Lin (GLOBAL STAR INTERNATIONAL CO., LTD. representative)	US$2,205,000	88.2%
	Director	Hsien-Kuo Lin (GLOBAL STAR INTERNATIONAL CO., LTD. representative)		
	Director & President	Chia-Jung Tseng (GLOBAL STAR INTERNATIONAL CO., LTD. representative)		

Affiliate	Title	Name or Representative	Shareholding or Capital Contribution	
			Number of Shares Held/Amount of Contributions	Number of Shares Held/Amount of Contributions
G-SHANK HARDWARE (SHANGHAI) CO., LTD.	Chairman	Yu-Huang Lin (GLOBAL STAR INTERNATIONAL CO., LTD. representative)	US$255,000	85%
	Director & President	Chia-Jung Tseng (GLOBAL STAR INTERNATIONAL CO., LTD. representative)		
	Director	Ying-Chih Lin (GLOBAL STAR INTERNATIONAL CO., LTD. representative)		
G-SHANK SHENZHEN	Chairman	Yu-Huang Lin (GLOBAL STAR INTERNATIONAL CO., LTD. representative)	US$2,440,000	93.85%
	Director	Ying-Chih Lin (GLOBAL STAR INTERNATIONAL CO., LTD. representative)		
	Director & President	Chia-Jung Tseng (GLOBAL STAR INTERNATIONAL CO., LTD. representative)		
G-SHANK SHENZHEN G-BAO BRANCH	Chairman	Yu-Huang Lin (GLOBAL STAR INTERNATIONAL CO., LTD. representative)	US$2,880,000	91.43%
	Director	Ying-Shou Lin (GLOBAL STAR INTERNATIONAL CO., LTD. representative)		
	Director & President	Chia-Jung Tseng (GLOBAL STAR INTERNATIONAL CO., LTD. representative)		
	Supervisor	Hsien-Kuo Lin	—	—
G-SHANK JAPAN	Chairman	Shunji Oda (G-SHANK ENTERPRISE CO., LTD. representative)	1,060 shares	58.89%
	Director	Yu-Huang Lin (G-SHANK ENTERPRISE CO., LTD. representative)		
	Director	Chia-Jung Tseng	180 shares	10%
	Director	Ying-Shou Lin	180 shares	10%

Affiliate	Title	Name or Representative	Shareholding or Capital Contribution	
			Number of Shares Held/Amount of Contributions	Number of Shares Held/Amount of Contributions
HANZHE ELECTRONIC TECHNOLOGY (HUBEI) COMPANY	Chairman	Yu-Huang Lin (G-SHANK HARDWARE (SHANGHAI) CO., LTD. representative)	RMB30,000,000	100%
	President	Chia-Jung Tseng		
	Supervisor	Ying-Chih Lin	—	—
DONGGUAN QIAOJU TRADING CO., LTD.	Managing Director & President	Kuo-Shang Tseng (G-SHANK DONGGUAN 1ST FACTORY (G-LONG) representative)	HK$3,000,000	100%
	Supervisor	Fu-Ming Kuo (G-SHANK DONGGUAN 1ST FACTORY (G-LONG) representative)		
G-SHANK SHENZHEN G-BAO BRANCH	Chairman & President	Chun-Kai Peng (G-SHANK SHENZHEN G-BAO BRANCH representative)	Note	100%
	Supervisor	Chien-Hsin Chang (G-SHANK SHENZHEN G-BAO BRANCH representative)		

Note: G-SHANK SHENZHEN G-BAO BRANCH was incorporated on March 24, 2021 with a registered capital of RMB 50,000,000. As of May 10, 2022, no capital has been invested.

6. The overview of the operations of affiliates (clearly describing the financial condition and operational results of each affiliate)

Overview of the Operations of Affiliates

December 31, 2021

Affiliate	Capital (NT$ Thousand)		Total Assets (NT$ Thousand)	Total Liabilities (NT$ Thousand)	Net Worth (NT$ Thousand)	Operating Revenue (NT$ Thousand)	Operating Income (NT$ Thousand)	Net Income (NT$ Thousand)	Earnings per Share (NT$)
G-SHANK ENTERPRISE (M) SDN.BHD. (Note 1)	TWD	49,800	454,887	49,954	404,933	271,719	62,014	93,638	
	MYR	7,500	68,507	7,523	60,984	40,273	9,191	13,879	18.50
PT INDONESIA G-SHANK PRECISION (Note 5)	TWD	38,447	234,979	31,440	203,539	190,816	61,409	49,493	
	IDR	19,966,000	122,029,127	16,327,507	105,701,620	97,522,919	31,385,281	25,295,253	12.67
G-SHANK, INC. (Note 2)	TWD	27,670	313,064	3,352	309,712	205,695	19,004	19,808	
	US$	1,000	11,314	121	11,193	7,359	680	709	7.09
G-SHANK SHANGHAI (Note 3)	TWD	276,700 (US$10,000)	1,829,594	321,121	1,508,473	1,892,051	308,544	277,032	
	RMB		421,080	73,906	347,174	437,165	71,290	64,009	
GRETSHANK CO., LTD. (Note 4)	TWD	77,906	241,230	22,836	218,394	142,398	46,431	37,825	
	THB	93,750	290,288	27,479	262,809	163,488	53,307	43,427	4.63
JINDE INVESTMENT CO., LTD	TWD	50,000	54,423	265	54,158	146	72	50	0.01
GRAND STAR ENTERPRISESL L.L.C. (Note 2)	TWD	490,488 (US$17,726)	1,714,509	0	1,714,509	217,968	217,947	217,947	3.69
GLOBAL STAR INTERNATIONAL CO.,LTD. (Note 2)	TWD	528,995 (US$19,118)	1,703,717	0	1,703,717	218,394	218,194	218,194	3.35
HONGJIN (SHANGHAI) ELECTRONICS CO., LTD. (Note 3)	TWD	43,995 (US$1,590)	112,093	15,765	96,328	148,219	38,340	29,255	
	RMB		25,798	3,628	22,170	34,246	8,859	6,759	

Affiliate	Capital (NT$ Thousand)		Total Assets (NT$ Thousand)	Total Liabilities (NT$ Thousand)	Net Worth (NT$ Thousand)	Operating Revenue (NT$ Thousand)	Operating Income (NT$ Thousand)	Net Income (NT$ Thousand)	Earnings per Share (NT$)
G-SHANK DONGGUAN 1ST FACTORY (G-LONG) (Note 3)	TWD	83,010 (US$3,000)	333,535	80,858	252,677	183,890	36,175	39,245	
	RMB		76,763	18,610	58,153	42,488	8,358	9,068	
G-SHANK XIAMEN (Note 3)	TWD	69,175 (US$2,500)	134,250	13,265	120,985	89,616	1,543	456	
	RMB		30,898	3,053	27,845	20,706	356	105	
G-SHANK SUZHOU (Note 3)	TWD	38,738 (US$1,400)	302,624	56,993	245,631	345,908	28,546	26,592	
	RMB		69,649	13,117	56,532	79,923	6,596	6,144	
G-SHANK QINGDAO (Note 3)	TWD	110,680 (US$4,000)	340,264	35,833	304,431	189,343	(1,806)	5,519	
	RMB		78,312	8,247	70,065	43,748	(417)	1,275	
G-SHANK HARDWARE (SHANGHAI) CO., LTD. (Note 3)	TWD	8,301 (US$300)	254,623	24,337	230,286	173,270	51,873	49,766	
	RMB		58,601	5,601	53,000	40,035	11,985	11,499	
G-SHANK TIANJIN (Note 3)	TWD	69,175 (US$2,500)	308,069	59,553	248,516	356,551	69,849	63,682	
	RMB		70,902	13,706	57,196	82,382	16,139	14,714	
G-SHANK SHENZHEN (Note 3)	TWD	71,942 (US$2,600)	149,339	27,409	121,930	108,876	8,012	8,441	
	RMB		34,370	6,308	28,062	25,156	1,851	1,950	
G-SHANK SHENZHEN G-BAO BRANCH (Note 3)	TWD	87,161 (US$3,150)	471,550	79,951	391,599	298,823	42,589	41,556	
	RMB		108,527	18,401	90,126	69,044	9,840	9,602	
G-SHANK JAPAN (Note 6)	TWD	21,654	37,214	25,499	11,715	48,065	6,191	6,194	
	JPY	90,000	154,670	105,980	48,690	189,756	24,441	24,452	13,584.71
HANZHE ELECTRONIC TECHNOLOGY (HUBEI) COMPANY	TWD	130,350	136,661	5,379	131,282	82,732	10,701	11,254	
	RMB	30,000	31,452	1,238	30,214	19,116	2,473	2,600	

Affiliate	Capital (NT$ Thousand)		Total Assets (NT$ Thousand)	Total Liabilities (NT$ Thousand)	Net Worth (NT$ Thousand)	Operating Revenue (NT$ Thousand)	Operating Income (NT$ Thousand)	Net Income (NT$ Thousand)	Earnings per Share (NT$)
DONGGUAN QIAOJU TRADING CO., LTD. (Note 3)	TWD	10,653 (HK$3,000)	51,210	8,151	43,059	67,463	8,188	7,662	
	RMB		11,786	1,876	9,910	15,588	1,892	1,770	

In the above table, earnings per share (NT$) were based on the number of outstanding shares issued at the end of the period and expressed at a face value of NT$10 per share (G-SHANK JAPAN's face value per share was calculated at JPY50,000).

Note 1: MYR to TWD exchange rate was 6.64:1 for balance sheet accounts and 6.747:1 for income statement accounts.

Note 2: USD to TWD exchange rate was 27.67:1 for balance sheet accounts and 27.953:1 for income statement accounts.

G-SHANK DE MEXICO,S.A.DE C.V. is a wholly-owned subsidiary of G-SHANK, INC. The total assets and operating revenue of G-SHANK, INC. already include those of G-SHANK DE MEXICO, S.A. DE C.V.

Note 3: RMB to TWD exchange rate was 4.345:1 for balance sheet accounts and 4.328:1 for income statement accounts.

HKD to TWD exchange rate was 3.551:1 for balance sheet accounts.

Note 4: THB to TWD exchange rate was 0.831:1 for balance sheet accounts and 0.871:1 for income statement accounts.

Note 5: IDR to TWD exchange rate was 0.0019:1 for balance sheet accounts and 0.0020:1 for income statement accounts.

Note 6: JPY to TWD exchange rate was 0.2406:1 for balance sheet accounts and 0.2533:1 for income statement accounts.

(二) Consolidated financial statements of affiliates

Companies that should 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” are the same as companies that should be included in the consolidated financial statements of the Company and its subsidiaries under IFRS 10 Consolidated Financial Statements endorsed and published by the Financial Supervisory Commission; in addition, information that should be disclosed in the consolidated financial statements of affiliates has been disclosed in the aforementioned consolidated financial statements of the Company and its subsidiaries. Therefore, the Company did not prepare the consolidated financial statements of affiliates separately.

(三) Affiliation report: Not applicable.

二、Private Placement of Securities during the Most Recent Fiscal Year or during the Current Fiscal Year Up to the Date of Publication of the Annual Report private placement of securities: None.

三、Holding or Disposal of Shares in the Company by the Company's Subsidiaries during the Most Recent Fiscal Year or during the Current Fiscal Year Up to the Date of Publication of the Annual Report: None.

四、Other Matters that Require Additional Description: None.

IX. Any of the Situations Listed in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act, which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities during the Most Recent Fiscal Year or during the Current Fiscal Year Up to the Date of Publication of the Annual Report: None.

G-SHANK ENTERPRISE CO., LTD.
AND SUBSIDIARIES
Consolidated Financial Statements for the Years Ended December 31, 2021 and 2020 and Independent Auditors' Report

Notice to Readers

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Taiwan Semiconductor Manufacturing Company Limited as of and for the year ended December 31, 2021, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

G-SHANK ENTERPRISE CO., LTD.

By

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Yuhuang Lin

Chairman

March 10, 2022

INDEPENDENT AUDITOR'S REPORT

To: G-SHANK ENTERPRISE CO., LTD.

Opinion

We have audited the accompanying consolidated balance sheets of G-SHANK ENTERPRISE CO., LTD. (hereinafter referred to as "G-SHANK GROUP") and its subsidiaries as of December 31, 2021, and 2020, and the related consolidated statements of comprehensive income, retained earnings, and cash flows for the years then ended.

In our opinion, based on our audit and the audit reports of other independent auditors (please refer to the relevant paragraphs for details), the consolidated financial statements referred to above present fairly, in all material respects, the financial position of G-SHANK GROUP as of December 31, 2021, and 2020, and the results of its operations and its cash flows for the years then ended in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Firm" and International Financial Reporting Standards (IFRSs) that was recognized by the Financial Supervisory Commission, International Accounting Standards, Interpretations, and Notices (IFRSs), Interpretation (IFRIC) and Interpretative Announcement (SIC).

Basis for opinion

We conducted our audit in accordance with the "Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountings" and generally accepted auditing standards. The responsibilities of the independent auditors under these standards will be further explained in the audit performed on the consolidated financial statements. The personnel of the CPA Firm subject to the independence requirement has acted independently from the business operations of G-SHANK GROUP in accordance with the Code of Ethics and have performed other responsibilities of the Code of Ethics. We believe that our audit and other CPA's audit reports provide a reasonable basis for our opinion.

Key audit matters

The key audit matters refer to the most important matters in auditing the 2021 consolidated financial statements of G-SHANK GROUP in accordance with the professional judgment of the independent auditors. These matters have been handled during the process of reviewing the consolidated financial statements as a whole with audit opinions formed. The independent auditor does not express an independent opinion on these matters. The independent auditor determines that the key audit matters to be communicated in the audit report are as follows:

1. Income recognition

Please refer to Note 4(17) to the consolidated financial statements for the accounting policy on income recognition. Also, please refer to Note 6(25) for the operating income in detail.

The operating income of G-SHANK GROUP is mainly generated from the production and sales of molds and stamping parts. The timing of income recognition is based on the transaction conditions agreed with each individual customer. An inappropriate timing for income recognition and unreasonable estimation of the refund liabilities for sales returns and sales discounts are key matters for income recognition, which will have an impact on the financial performance of G-SHANK GROUP. The independent auditor has the income recognition classified as a key audit matter in auditing the consolidated financial statements of G-SHANK GROUP.

The auditing procedures implemented by the independent auditors for the aforementioned key audit matters include: Understanding the sales process of G-SHANK GROUP, testing the internal control related to income recognition, reviewing the terms of the sales with the major customers, performing income cut-off tests, and checking the book-entry of sales returns and discounts, the measurement of the estimated refund liabilities for sales returns and sales discounts, and the implementation of analytical procedures.

2. Inventory evaluation

Please refer to Note IV.11 of the consolidated financial statements for the accounting policy of inventory evaluation. please refer to Note 5(2)d. of the consolidated financial statements for the major sources of uncertainty of significant estimates and assumptions. Please refer to Note 6(6). of the consolidated financial statements for inventory details.

G-SHANK GROUP is mainly engaged in the production and sale of molds and stamping parts with the production and sales policies formed that are indirectly affected by the needs of end-user. The cost of inventory could be un-recoverable due to the occurrence of inventory damaged, outdated, or price dropped entirely or partially; also, when the estimated cost to be invested to completion and the estimated sale expenses increased. The use and value of inventories rely on the management’s inventory policy and sale forecast. However, a forecast comes with uncertainties. Therefore, the independent director has the inventory evaluation classified as one of the key audit matters in auditing the consolidated financial statements of G-SHANK GROUP.

A decisive factor in the value of inventories is the estimated net realizable value, which is based on the most reliable evidence of the expected realizable amount of inventories available at the time of estimation. Therefore, the relevant audit procedures of the independent auditor include reviewing and assessing whether the policy of G-SHANK GROUP in determining the net realizable value of inventories can reasonably reflect the forecast of future inventory sales, historical experience and other specific circumstances, inventory aging analysis and testing so to identify whether an allowance for inventory loss in valuation is appropriated reasonably according to historical experience for a specific obsolete inventory, the correlation between the assessment of past events and the yearend situation, and the impact of the price or cost fluctuation related to the said post events on the net realizable value of inventory.

Other matters

Regarding the subsidiaries included in the consolidated financial report of G-SHANK GROUP and the relevant information of the subsidiaries disclosed in Note 13 of the consolidated financial report, the financial statements as of December 31, 2021, and 2020 of G-SHANK, INC. are prepared in conformity with the generally accepted principles of the USA, the financial statements as of December 31, 2021, and 2020 of GREAT-SHANK CO., LTD. are prepared in conformity with the generally accepted principles of Thailand, and the financial statements as of December 31, 2021, and 2020 of G-SHANK ENTERPRISE (M) SDN. BHD. are prepared in conformity with the generally accepted principles of Malaysia, which were audited by other certified public accountants instead of the independent auditor. The financial statements of G-SHANK, INC., GREAT-SHANK CO., LTD., and G-SHANK ENTERPRISE (M) SDN. BHD. are translated in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Firms" and International Financial Reporting Standards (IFRS) that was recognized by the Financial Supervisory Commission, International Accounting Standards, Interpretations, and Notices (IFRS), Interpretation (IFRIC) and Interpretative Announcement (SIC). The independent auditor has completed all necessary auditing procedures. Therefore, the opinions of the independent auditor on the unadjusted amounts in the aforementioned financial statements of the subsidiaries are based on the audit reports of other certified public accountants and the results of additional audit procedures performed by them in compliance with the "Regulations Governing the Preparation of Financial Reports by Securities Firms" and generally auditing principles of the ROC. The total assets of the aforementioned subsidiaries were NT$1,050,706 thousand and NT$1,003,781 thousand on December 31, 2021, and December 31, 2020, accounting for 11.45% and 12.13% of the total consolidated assets, respectively. The net operating income from January 1 to December 31, 2021, and 2022 were NT$810,628 thousand and NT$616,749 thousand, accounting for 12.63% and 12.90% of the consolidated net operating income, respectively.

Please refer to the independent auditor's report issued with additional sections added by the independent auditor for the 2021 and 2020 parent alone financial reports prepared by G-SHANK GROUP.

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 the IFRS, IAS, IFRIC, and 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company'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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 and its subsidiaries 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 the entities or business activities within the Corporation and its subsidiaries to express an opinion on the consolidated financial statements.We are are responsible for the direction, supervision and performance of the group audit.We remain soleiy 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 controls that we identify during our audit.

We also provide those cgarged with governance with a statement that we have complies with relevant ethical requirements regarding independence, and to communicate with them all relationship 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 31,2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

Chiung-hui Tseng　　Arnico Tseng

Diwan & Company

March 10, 2022

<u>Notice to Readers</u>

The accompanying consolidated financial statements are intended only to present the consolidated 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 accepted and 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 form the original Chinese version prepared and used in the Republic of China. 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-lnguage independent auditors' report and consolidated financial statements shall prevail.

G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

(December 31, 2021 & 2020 have been audited)

(In Thousands of New Taiwan Dollars)

ASSETS		Notes	December 31,2021		December 31,2020	
Code	Accounts		Amount	%	Amount	%
11xx	Current assets					
1100	Cash and cash equivalents	4 & 6.(1)	$ 3,232,253	35	$ 3,134,587	38
1110	Financial assets at fair value through profit or loss - current	4 & 6.(2)	1,141,540	12	1,101,179	13
1136	Current financial assets at amortised cost	4 & 6.(3)	-	-	22,708	-
1150	Notes receivable, net	4, 5, 6.(4) & 6.(5)	55,848	1	80,901	1
1170	Accounts receivable, net	4, 5 & 6.(5)	1,485,748	16	1,148,656	13
1180	Accounts receivable- related parties	4, 5 & 7	112	-	32	-
1200	Other receivables	4 & 5	31,964	-	57,647	1
1220	Current tax assets	4 & 6.(30)	42,099	-	49,054	1
130x	Inventory	4, 5 & 6.(6)	1,092,347	12	745,421	9
1470	Prepayments and Other current assets		143,782	2	47,689	1
1476	Other financial assets-current	4, 6.(7) & 8	45,481	1	95,560	1
	Total current assets		7,271,174	79	6,483,434	78
15xx	Noncurrent Asset					
1517	Financial assets at fair value through profit or loss - noncurrent	4, 5, 6.(8) & 6.(22)	299,338	3	205,354	2
1550	Investments accounted for using equity method	4 & 6.(9)	157,750	2	146,510	2
1600	Property, Plant and Equipment	4, 6.(10), 7 & 8	1,238,776	14	1,213,352	15
1755	Right-of-use asset	4, 6.(11), 6.(15) & 8	130,394	2	159,129	2
1780	Intangible assets	4 & 6.(12)	1,575	-	3,373	-
1840	Deferred tax assets	4 & 6.(30)	33,518	-	21,582	-
1915	Prepayments for business facilities	4	17,371	-	16,672	-
1920	Refundable deposits		4,857	-	4,841	-
1990	Other noncurrent assets, others	8	17,832	-	24,074	1
	Total noncurrent Asset		1,901,411	21	1,794,887	22
1xxx	Total Assets		$ 9,172,585	100	$ 8,278,321	100

(CONTINUING)

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

G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

(December 31, 2021 & 2020 have been audited)

(In Thousands of New Taiwan Dollars)

Liabilities and Equity		Notes	December 31,2021		December 31,2020	
Code	Accounts		Amount	%	Amount	%
21xx	Current liabilities					
2100	Short-term borrowings	4, 6.(13), 6.(32) & 8	$ 1,260,000	14	$ 1,235,824	15
2120	Financial liabilities at fair value through profit or loss - current	4 & 6.(2)	1,671	-	-	-
2130	Contract liabilities - current	4 & 6.(25)	14,748	-	12,415	-
2170	Accounts payable	4	550,041	6	383,577	5
2180	Accounts payable-related parties	4 & 7	3,913	-	546	-
2200	Other payables	4, 6.(10), 6.(16) & 6.(26)	552,516	6	451,513	5
2220	Other payables-related parties	4 & 7	3,607	-	2,377	-
2230	Current tax liabilities	4 & 6.(30)	139,348	2	51,336	1
2280	Lease liabilities-current	4 , 6.(15) & 6.(32)	18,377	-	16,645	-
2300	Other current liabilities		44,076	-	24,605	-
	Total current liabilities		2,588,297	28	2,178,838	26
25xx	Non-current liabilities					
2540	Long-term borrowings	4, 6.(14) & 6.(32)	76,324	1	44,365	1
2570	Deferred tax liabilities	4 & 6.(30)	563,593	6	555,982	7
2580	Lease liabilities - noncurrent	4, 6.(15) & 6.(32)	58,468	1	84,076	1
2640	Net defined benefit liabilities- noncurrent	4, 5 & 6.(16)	62,014	1	82,291	1
2645	Guarantee deposits received		4,711	-	4,712	-
	Total non-current liabilities		765,110	9	771,426	10
2xxx	Total liabilities		3,353,407	37	2,950,264	36
31xx	Equity attributable to owners of parent					
3100	Share capital	4, 6.(17) & 6.(24)				
3110	Ordinary shares		1,878,323	20	1,849,683	22
3200	Capital surplus	4, 6.(18), 6.(23) & 6.(24)	452,744	5	432,784	5
3300	Retained earnings					
3310	Legal reserve	6.(19) & 6.(21)	827,106	9	798,682	10
3320	Special reserve	6.(20)	284,690	3	284,690	3
3350	Unappropriated earnings	6.(21)	1,937,433	21	1,529,619	19
3400	Other equity	6.(22)				
3410	Exchange differences on translation of foreign financial statements	4, 6.(9), 6.(22), 6.(23) & 6.(29)	(441,852)	(4)	(357,177)	(4)
3420	Unrealised gains (losses) from financial assets					
	measured at fair value through other comprehensive income	4, 6.(8), 6.(9), 6.(22) & 6.(29)	279,295	3	177,692	2
	Total equity attributable to owners of parent		5,217,739	57	4,715,973	57
36xx	Non-controlling interests	4 & 6.(23)	601,439	6	612,084	7
3xxx	Total Equity		5,819,178	63	5,328,057	64
	Total liabilities and equity		$ 9,172,585	100	$ 8,278,321	100

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

G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code	Accounts	Notes	2021		2020	
			Amount	%	Amount	%
4000	Sales revenue	4、6(25) & 7	$ 6,420,460	100	$ 4,779,614	100
5000	Operating costs	4、6(6) 、6(16)、6(26) & 7	(4,524,682)	(70)	(3,434,436)	(72)
5900	Gross profit from operations		1,895,778	30	1,345,178	28
6000	Operating expense	4、6(10) 、6(15)、6(16) 、6(26)& 7				
6100	Selling expense		(268,963)	(4)	(224,095)	(5)
6200	General and administrative expenses		(433,635)	(7)	(413,218)	(9)
6300	Research and development expenses		(185,949)	(3)	(166,615)	(3)
6450	Loss (reversal) of expected credit loss	4、5&6(5)	(5,505)	-	(5,461)	-
	Total operating expense		(894,052)	(14)	(809,389)	(17)
6500	Net other income (expenses)	4、6(10) 、6(27) & 7	1,285	-	1,479	-
6900	Net operating income		1,003,011	16	537,268	11
7000	Non-operating income and expenses					
7100	Interest income	6(28)	92,719	1	90,713	1
7010	Other income	6(28)	35,500	1	33,721	1
7020	Other gains and losses	6(2) 、6(9)、6(10) & 6(28)	(38,529)	(1)	(33,159)	(1)
7050	Finance costs	4、6(15) & 6(28)	(14,684)	-	(14,253)	-
7060	Share of the profit (loss) of associates	4、6(9) & 6(28)	4,809	-	(18,307)	-
7630	Foreign exchange gains (loss)	4、6(28)	(44,142)	(1)	(62,669)	(1)
	Total non-operating income and expenses		35,673	-	(3,954)	-
7900	Profit (loss) from continuing operations before tax		1,038,684	16	533,314	11
7950	Income Tax Expense	4 & 6(30)	(285,819)	(4)	(176,347)	(4)
8200	Profit (loss) for the period		752,865	12	356,967	7
8300	Other comprehensive income	4、6(8) 、6(9) & 6(29)				
8310	Components of other comprehensive income that will not be reclassified to profit or loss：					
8311	Remeasurements of the defined benefit plan		9,034		(3,112)	
8316	Unrealised gain (loss) on financial assets measured at fair through other comprehensive income		93,984	1	38,922	1
8320	Share of the other comprehensive (loss) income of associates		8,421	-	(627)	-
8349	Income tax benefit (expense) relating to items that will not be reclassified subsequently to profit or loss		-	-	-	-
	Other comprehensive income (loss) that will not be reclassified to profit or loss		111,439	1	35,183	1
8360	Items that may be reclassified subsequently to profit or loss：					
8361	Exchange differences on translating foreign operations		(97,441)	(1)	(9,943)	-
8370	Share of the other comprehensive income of associates		-	-	(76)	-
8399	Income tax expense relating to items that may be reclassified subsequently to profit or loss		-	-	-	-
	Total items that may be reclassified subsequently to profit or loss		(97,441)	(2)	(10,019)	-
	Total other comprehensive income (loss) for the period		13,998	-	25,164	1
8500	Total comprehensive income for the period		$ 766,863	12	$ 382,131	8
8600	Net profit (loss) attributable to：					
8610	Owners of the Corporation		$ 648,364	10	$ 287,441	6
8620	Non-controlling interests		104,501	2	69,526	1
	Net income		$ 752,865	12	$ 356,967	7
8700	Total comprehensive income attributable to：					
8710	Owners of the Corporation		$ 675,128	11	$ 310,743	7
8720	Non-controlling interests		91,735	1	71,388	1
	Total comprehensive income		$ 766,863	12	$ 382,131	8
	Earnings per share (dollar)	4、6(31)				
9750	Basic		$ 3.49		$ 1.55	
9850	Diluted		$ 3.39		$ 1.53	

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

G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

Accounts	Equity Attributable to Owners of the Corporation								Non-controlling Interests	Total Equity
	Share Capital	Capital Surplus	Retained Earnings			Other Equity		Total		
	Ordinary Shares		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gains and Losses on Financial Assets at Fair Value Through Other Cpmprehensive Income			
BALANCE AT JANUARY 1, 2020	$ 1,849,683	$ 421,121	$ 768,091	$ 284,690	$ 1,516,426	$ (344,771)	$ 139,311	$ 4,634,551	$ 579,189	$ 5,213,740
Appropriation of 2019 earnings (Note 6(21))										
Legal reserve	-	-	30,591	-	(30,591)	-	-	-	-	-
Cash dividends to ordinary shareholders	-	-	-	-	(240,459)	-	-	(240,459)	-	(240,459)
Changes in the net interest of associates recognised under the equity method	-	159	-	-	-	-	-	159	-	159
Received donation from shareholders	-	28	-	-	-	-	-	28	-	28
Net profit for 2020	-	-	-	-	287,441	-	-	287,441	69,526	356,967
Other comprehensive income for 2020	-	-	-	-	(3,198)	(11,881)	38,381	23,302	1,862	25,164
Total comprehensive income for 2020	-	-	-	-	284,243	(11,881)	38,381	310,743	71,388	382,131
The difference between the actual price of equity acquired from the subsidiary and the book amount	-	3,563	-	-	-	(525)	-	3,038	(13,952)	(10,914)
Share-based payment expenses	-	7,913	-	-	-	-	-	7,913	-	7,913
Cash dividends paid by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	(24,541)	(24,541)
BALANCE AT DECEMBER 31, 2020	$ 1,849,683	$ 432,784	$ 798,682	$ 284,690	$ 1,529,619	$ (357,177)	$ 177,692	$ 4,715,973	$ 612,084	$ 5,328,057
Appropriation of 2020 earnings (Note 6(21))										
Legal reserve	-	-	28,424	-	(28,424)	-	-	-	-	-
Cash dividends to ordinary shareholders	-	-	-	-	(221,962)	-	-	(221,962)	-	(221,962)
Share of the other comprehensive income of associates disposal equity instruments designated as at fair value hrough other comprehensive income	-	-	-	-	763	-	(763)	-	-	-
Received donation from shareholders	-	23	-	-	-	-	-	23	-	23
Net profit for 2021	-	-	-	-	648,364	-	-	648,364	104,501	752,865
Other comprehensive income for 2021	-	-	-	-	9,073	(84,675)	102,366	26,764	(12,766)	13,998
Total comprehensive income for 2021	-	-	-	-	657,437	(84,675)	102,366	675,128	91,735	766,863
Share-based payment transaction	28,640	19,937	-	-	-	-	-	48,577	-	48,577
Cash dividends paid by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	(102,380)	(102,380)
BALANCE AT DECEMBER 31, 2021	$ 1,878,323	$ 452,744	$ 827,106	$ 284,690	$ 1,937,433	$ (441,852)	$ 279,295	$ 5,217,739	$ 601,439	$ 5,819,178

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

G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

Description	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax from continuing operations	$ 1,038,684	$ 533,314
Adjustments for		
The profit or loss items which did not affect cash flows:		
Depreciation	169,466	168,831
Amortization	24,664	26,422
Expected credit loss	5,505	5,461
Net loss on financial assets and liabilities at fair value through profit or loss	36,920	32,575
Interest expenses	14,684	14,253
Interest income	(92,719)	(90,713)
Dividends income	(8,482)	(10,178)
Share-based payment expenses	4,443	7,913
Share of (profit) loss of associates ventures accounted for using the equity method	(4,809)	18,307
(profit) Loss on disposal of property, plant and equipment	1,173	(1,775)
Property, plant and equipment for recognition as an expense	-	851
Loss on disposal of investments	-	786
Unrealized foreign exchange (gains) losses	35,947	37,544
Other item	(5,938)	-
Changes in operating assets and liabilities：		
Financial assets at fair value through profit or loss	(90,457)	(592,586)
Notes receivables	25,053	(2,910)
Accounts receivable	(344,920)	(50,880)
Accounts receivable-related parties	(80)	35
Other receivables	21,671	9,386
Other receivables -related parties	-	203
Inventories	(346,926)	1,484
Prepayments and Other current assets	(96,093)	(15,216)
Current contract	2,333	(2,580)
Accounts payable	166,894	21,764
Accounts payable-related parties	3,367	(492)
Other payables	87,382	45,008
Other payables-related parties	1,230	217
Other current liabilities	19,471	6,951
Net defined benefit liabilities	(11,243)	(15,525)
Cash generated from operating activities:	657,220	148,450
Interest received	96,571	83,168
Dividends received	8,482	10,178
Interest paid	(14,571)	(14,155)
Income tax paid	(195,177)	(131,912)
Net cash flows from operating activities	552,525	95,729

(Continuing)

G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUING)

(In Thousands of New Taiwan Dollars)

Description	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets measured at amortized cost	$ -	$ (509,558)
Proceeds from disposal of financial assets measured at amortized cost	22,486	732,271
Proceeds from disposal of investments accounted for using equity method	-	629
Dividends received from investments accounted for using equity method	1,990	4,975
Disposal of subsidiaries	-	317
Acquisition of property, plant and equipment	(183,471)	(142,567)
Proceeds from disposal of property, plant and equipment	2,776	8,845
(Increase) Decrease in refundable deposits	(16)	918
Acquisition of intangible assets	(477)	(1,798)
Decrease (Increase) in other current financial assets	45,431	(19,180)
Increase in other noncurrent assets	(16,310)	(17,353)
(Increase) Decrease in prepayments for business facilities	(699)	22,482
Other investing activities	-	80
Net cash (used in) provided by investing activities	(128,290)	80,061
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in Short-term borrowings	29,503	192,824
Increase in long-term borrowings	32,818	45,195
Repayment of long-term borrowings	-	(830)
Decrease in guarantee doposits received	-	501
Cash payment for the principal portion of the lease liabilities	(16,998)	(13,040)
Payment of cash dividends	(221,962)	(240,459)
Employee exercise of stock warrant	44,134	-
Cash dividends paid by subsidiaries to non-controlling interests	(102,380)	(24,541)
Acquisition of subsidiaries Equity	-	(7,749)
Other financing activities	23	28
Net cash (used in) provided by financing activities	(234,862)	(48,071)
Effect of changes in exchange rate on cash and cash equivalents	(91,707)	(26,466)
Net (decrease) increase in cash and cash equivalents	97,666	101,253
Cash and cash equivalents at the beginning of the period	3,134,587	3,033,334
Cash and cash equivalents at the end of the period	$ 3,232,253	$ 3,134,587

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

G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. COMPANY HISTORY

G-SHANK ENTERPRISE CO., LTD. (hereinafter referred to as "the company") was approved for incorporation on November 14, 1973. The company was registered and operated at No. 1, Jiuzhou Road, Jiudou Li, Hsinwu District, Taoyuan City for the production and sales of molds, stamping parts, fixtures and tools, automatic machines and electrical appliances, and mechanical components.

The company's stock had been listed for trade on the "Taipei Exchange, TPEx" since February 1998, then have been listed for trade on the "Taiwan Stock Exchange Corporation, TWSE" since September 2001.

The company's board of directors had resolved on October 22, 2007 for the merger of the company and the subsidiary "HON YEH INVESTMENT CO., LTD." (Referred to as "HON YEH" hereinafter) with "HON YEH" discontinued and the company continues to operate. The name of the merged company is "G-SHANK ENTERPRISE CO., LTD." still with the merger base date scheduled on December 1, 2007.

"HON YEH," the discontinued company, was approved for incorporation on February 24, 1998 for the operation of a general investment business.

2. FINANCIAL REPORT APPROVAL DATE AND PROCEDURE

The consolidated financial reports of the company and the subsidiaries (hereinafter referred to as "the Group") for the years ended December 31, 2021 and 2020 were submitted to the company's board of directors on March 10, 2022 and then published lawfully.

3. APPLICATION OF THE NEWLY ANNOUNCED AND AMENDED REGULATIONS AND INTERPRETATIONS

(1) Implemented the standards and interpretations recognized and announced with effect by the Financial Supervisory Commission (hereinafter referred to as the "FSC")

The GROUP has been subject to the International Financial Reporting Standards (IFRSs), International Accounting Standards (IAS), Interpretations, and Notices (IFRS), Interpretation (IFRIC) and Interpretative Announcement (SIC) announced on the website of the Securities and Futures Bureau of Financial Supervisory Commission for

implementation in 2021 since January 1, 2021. The GROUP is subject to the aforementioned standards and interpretations that are recognized and issued with effect by the FSC since January 1, 2021, which does not have a significant impact on the GROUP's consolidated financial statements.

(2) The New/Revision/Amendment Standards and Interpretations announced by the International Accounting Standards Board (IASB), which is recognized and announced with effect by the Financial Supervisory Commission to be applicable in 2022 are as follows:

New/Revision/Amendment Standards and Explanations	Main contents	The IASB's announcement is effective for the years after the following dates
Amendments to IFRS 3	Reference to the Conceptual Framework	January 1, 2022
Amendments to IFRS	Annual Improvements to IFRS Standards 2018–2020	January 1, 2022
Amendments to IAS 16	Property, Plant, and Equipment: Proceeds before Intended Use	January 1, 2022
Amendments to IAS 37	Onerous Contracts - Cost of Fulfilling a Contract	January 1, 2022

The management of the GROUP has assessed the amendments to the aforementioned standards recognized and announced with effect by the Financial Supervisory Commission that is applicable in 2022 will not have a significant impact on the GROUP's consolidated financial statements.

(3) The new/amended/revised standards and interpretations announced with effect by IASB but not yet recognized and announced with effect by the FSC: None

(4) The new/amended/revised standards and interpretations announced without effect by IASB and not yet recognized by the FSC

New/amended/revised criteria and interpretation	Main contents	The IASB's announcement is effective for the years after the following dates
IFRS 10 and IAS 28 (amendments)	Sale or investment of assets between investors and their affiliated enterprises or joint ventures	To be determined by IASB
IFRS 17	Insurance contracts	January 1, 2023
IFRS 17 (amendments)	Amendments to IFRS17	January 1, 2023
IFRS 17 (amendments)	First-time application of IFRS 17 and IFRS 9 - comparative information	January 1, 2023

New/amended/revised criteria and interpretation	Main contents	The IASB's announcement is effective for the years after the following dates
IAS 1 (amendments)	Classification of liabilities as current or non-current and postponing of the effective date	January 1, 2023
IAS 1 (amendments)	Disclosure of accounting policies	January 1, 2023
IAS 8 (amendments)	Definition of accounting estimates	January 1, 2023
IAS 12 (amendments)	Deferred income tax related to assets and liabilities arising from one single transaction	January 1, 2023

The GROUP's management is currently assessing the potential impact of the aforementioned new/amended standards; therefore, it is temporarily unable to reasonably estimate its impact on the GROUP's consolidated financial statements.

4. SUMMARY OF MAJOR ACCOUNTING POLICIES

The major accounting policies adopted for the preparation of the consolidated financial statements are summarized as follows, unless otherwise provided, these accounting policies are uniformly applicable to all reporting periods：

(1) Financial report preparation and measurement basis

(A) Statement of Compliance

The consolidated financial statements are prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Firms" (hereinafter referred to as the "Regulations") and the International Financial Reporting Standards, International Accounting Standards, Interpretations and Announcement (hereinafter referred to as the "IFRSs") approved by the Financial Supervisory Commission.

(B) Measurement basis

Except for the financial instruments measured at fair value, this consolidated financial report is prepared on the basis of historical cost. For assets, the historical cost refers to the cash, cash equivalents, or the fair value of other considerations paid to obtain assets. For liabilities, the historical cost refers to the amount received when assuming obligations or the amount expected to be paid for liquating liabilities.

(C) Functional and reporting currency

The functional currency of each business entity of the Group is the currency used in the main economic environment where it operates. This consolidated financial

report is prepared in New Taiwan Dollar that is the functional currency of the company. All financial information prepared in New Taiwan Dollar is in the unit of "NT$ Thousand," unless otherwise specified.

(2) The preparation scope of consolidated financial report

The company controls the invested company when the company receives variable remuneration from the invested company or is entitled to receiving such variable remuneration; also, the company can influence such remuneration through its power over the invested company. The company controls the invested company only when meeting the following three control elements:

(A) The power over the invested company, that is, with the vested power to lead the relevant activities of the invested company;

(B) The risk exposure or rights to the variable remuneration resulted from the investment in the invested company; and

(C) Exercise the power over the invested company to affect the company's remuneration.

If there are facts and circumstances indicating that one or more of the aforementioned three control factors has changed, the company will reevaluate whether the control over the invested company is intake.

The subsidiaries included in the consolidated financial report and their changes are as follows:

Investing company	Subsidiary	Location	Business nature	Shareholding ratio (%) December 31, 2021	Shareholding ratio (%) December 31, 2020
The company	CHIN DE INVESTMENT CO., LTD.	Taiwan	General investment	100.00	100.00
The company	GRAND STAR ENTERPRISES L.L.C. (Note 3)	Anguilla	General investment	100.00	100.00
The company	G-SHANK, INC.	USA	Sales of stamping parts molds, and fixtures, and holding company	100.00	100.00
The company	SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.	China Shanghai (Note 1)	Precision progressive die and hardware products	85.00	85.00

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Investing company	Subsidiary	Location	Business nature	Shareholding ratio (%) December 31, 2021	Shareholding ratio (%) December 31, 2020
The company	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD. (Note 2)	China Suzhou (Note 2)	Planer, milling machine or die machine, precision progressives die, and hardware products	5.86	5.86
The company	G-SHANK ENTERPRISE (M) SDN. BHD.	Malaysia	Stamping parts molds and tools	92.33	92.33
The company	G-SHANK JAPAN CO., LTD.	Japan Tokyo	International trade	58.89	58.89
The company	GREAT-SHANK CO., LTD.	Thailand	Precision progressive die and hardware products	85.00	85.00
GRAND STAR ENTERPRISES L.L.C. (Note 4)	GLOBAL STAR INTERNATIONAL Co., LTD.	Cayman Islands	General investment	100.00	100.00
GLOBAL STAR INTERNATIONAL Co., LTD.	HONG JING (SHANGHAI) ELECTRONICS CO., LTD.	China Shanghai (Note 1)	Precision progressive die and hardware products	80.19	80.19
GLOBAL STAR INTERNATIONAL Co., LTD.	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	China Dongguan (Note 1)	Precision progressive die and hardware products	51.00	51.00
GLOBAL STAR INTERNATIONAL Co., LTD.	XIAMEN G-SHANK PRECISION MACHINERY CO., LTD.	China Xiamen (Note 1)	Precision progressive die and hardware products	79.60	79.60
GLOBAL STAR INTERNATIONAL Co., LTD.	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD. (Note 2)	China Suzhou (Note 1)	Planer, milling machine or die machine, precision progressive die, and hardware products	94.14	94.14

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Investing company	Subsidiary	Location	Business nature	Shareholding ratio (%) December 31, 2021	Shareholding ratio (%) December 31, 2020
GLOBAL STAR INTERNATIONAL Co., LTD.	QINGDAO G-SHANK PRECISION SDN.BHD.	China Qingdao (Note 1)	Precision progressive die and hardware products	92.83	92.83
GLOBAL STAR INTERNATIONAL Co., LTD.	SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD	China Shanghai (Note1)	Precision progressive die and hardware products	85.00	85.00
GLOBAL STAR INTERNATIONAL Co., LTD.	TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.	China Tianjin (Note 1)	Precision progressive die and hardware products	88.20	88.20
GLOBAL STAR INTERNATIONAL Co., LTD.	SHENZHEN G-SHANK PRECISION SDN.BHD.	China Shenzhen (Note 1)	Precision progressive die and hardware products	93.85	93.85
GLOBAL STAR INTERNATIONAL Co., LTD.	SHENZHEN G-BAO PRECISION SDN.BHD.	China Shenzhen (Note 1)	Precision progressive die and hardware products	91.43	91.43
G-SHANK, INC.	G-SHANK DE MEXICO,S.A. DE C.V.	Mexico	Stamping parts molds and fixtures	100.00	100.00
G-SHANK ENTERPRISE (M) SDN. BHD.	PT INDONESIA G-SHANK PRECISION	Indonesia	Stamping parts molds and fixtures	94.00	94.00
SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD.	HUBEI HANSTAR ELECTRONICS TECHNOLOGY CO., LTD.	China Hubei (Note 1)	Precision progressive die and hardware products, and electroplating processing	100.00	100.00
G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	DONGGUAN QIAOJU TRADING CO., LTD.	China Dongguan (Note 1)	Plastic hardware wholesale and import/export business	100.00	100.00

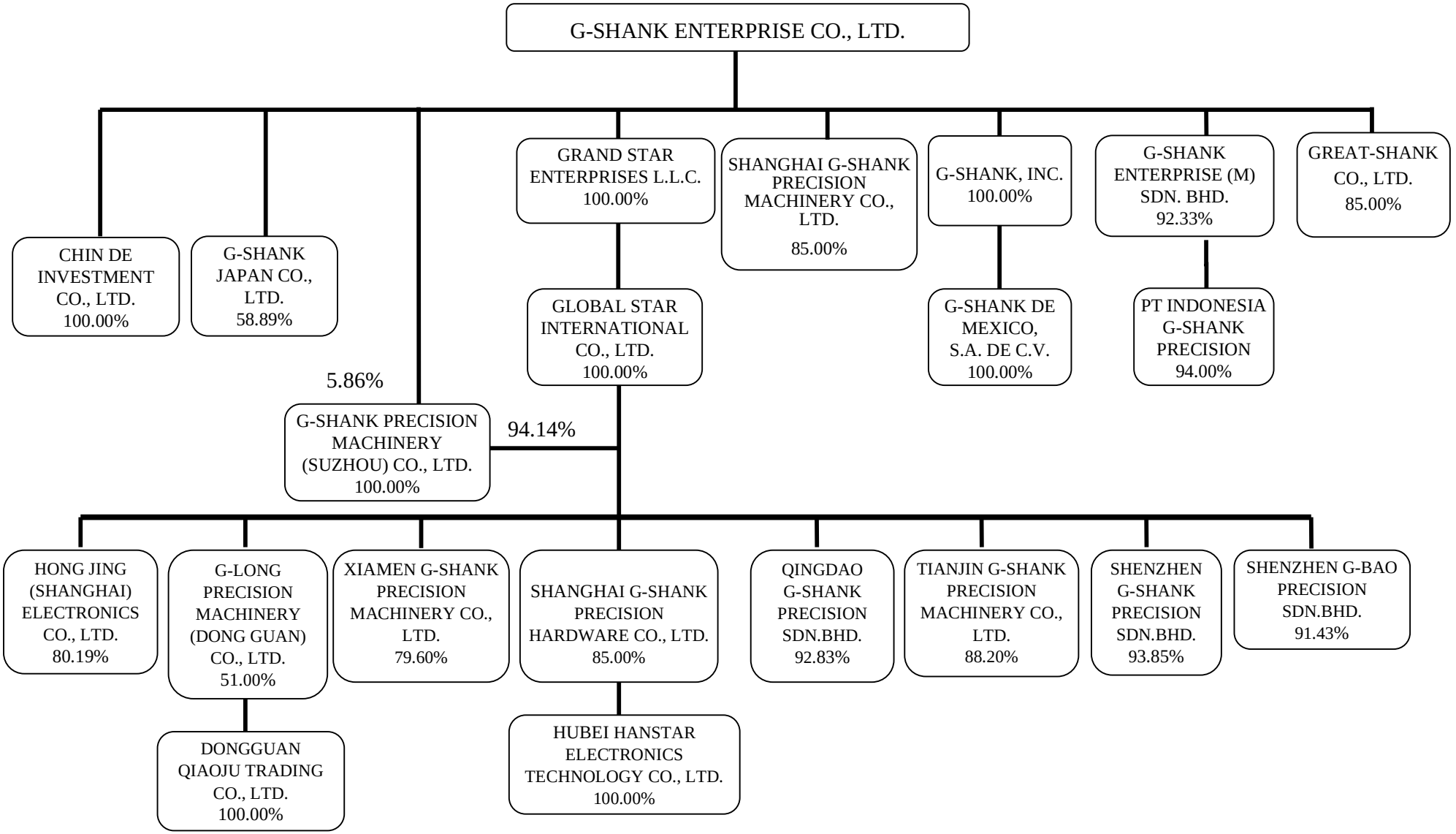
Note 1: The aforementioned companies are established in China where the foreign exchange control is enforced; therefore, the transfer of funds is restricted by local law and regulations. As of December 31, 2021 and 2020, the cash, bank deposits, and financial assets-current measured at amortized cost and other financial assets-current of the companies that are subject to foreign exchange control regulation were NT$1,803,921 thousand, and NT$2,060,183 thousand, respectively.

Note 2: The company signed an equity transfer agreement with the shareholders of G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD. on May 24, 2019. The company agreed to buy 5.86% shareholding for RMB 2,503,481 from G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD., resulting in a total shareholding of 100% thereafter. The aforementioned equity transfer procedure was completed on January 20, 2020.

Note 3: GRAND STAR ENTERPRISES L.L.C. was originally known as "US GRAND STAR ENTERPRISES L.L.C." and it was officially relocated from the United States to Anguilla on December 7, 2020 that was approved by the Investment Commission, MOEA on January 11, 2021.

The subsidiaries of the Company are included in the consolidated financial statements in accordance with the regulations. The financial statements of G-SHANK, INC. , GREAT-SHANK CO., LTD., and G-SHANK ENTERPRISE (M) SDN. BHD. are audited by other certified public accountants. The total assets of the three subsidiaries were NT$1,050,706 thousand and NT$1,003,781 thousand on December 31, 2021 and 2020, respectively. The net revenue were NTD$810,628 thousand and NTD$616,749 thousand of 2021 and 2020.

As of December 31, 2021, the investment and shareholding ratios of the company and its subsidiaries are as follows:


G-SHANK ENTERPRISE CO., LTD.
CHIN DE INVESTMENT CO., LTD. 100.00%
G-SHANK JAPAN CO., LTD. 58.89%
5.86%
G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD. 100.00%
94.14%
GRAND STAR ENTERPRISES L.L.C. 100.00%
GLOBAL STAR INTERNATIONAL CO., LTD. 100.00%
SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. 85.00%
G-SHANK, INC. 100.00%
G-SHANK DE MEXICO, S.A. DE C.V. 100.00%
G-SHANK ENTERPRISE (M) SDN. BHD. 92.33%
PT INDONESIA G-SHANK PRECISION 94.00%
GREAT-SHANK CO., LTD. 85.00%
HONG JING (SHANGHAI) ELECTRONICS CO., LTD. 80.19%
G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD. 51.00%
DONGGUAN QIAOJU TRADING CO., LTD. 100.00%
XIAMEN G-SHANK PRECISION MACHINERY CO., LTD. 79.60%
SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD. 85.00%
HUBEI HANSTAR ELECTRONICS TECHNOLOGY CO., LTD. 100.00%
QINGDAO G-SHANK PRECISION SDN.BHD. 92.83%
TIANJIN G-SHANK PRECISION MACHINERY CO., LTD. 88.20%
SHENZHEN G-SHANK PRECISION SDN.BHD. 93.85%
SHENZHEN G-BAO PRECISION SDN.BHD. 91.43%

(3) Principles for the preparation of consolidated financial report

(A) The consolidated financial report is prepared in accordance with International Financial Reporting Standards No. 10 "Consolidated Financial Statements." The assets and liabilities, equity, income, expenses and losses, and cash flows related to the transactions between business entities of the Group were written-off at the time of preparing the consolidated financial report; also, similar transactions and events under similar circumstances were handled in accordance with the uniform accounting policies. The consolidated financial report included income and expenses of the subsidiary incurred from the date the control was obtained to the date the control terminated. The comprehensive profit and loss are attributable to the shareholders' equity and non-controlling interests of the company, even if it causes losses to the non-controlling interests eventually.

(B) Transactions between shareholders of the company and non-controlling interests

(a) Without resulting in "loss of control"

It is handled as an equity transaction. The difference between the fair value of any consideration paid for the purchase of non-controlling interests and the net book value of the relevant assets acquired from the subsidiary is recognized as equity and is attributable to the shareholders of the company. The profit or loss from the disposal of non-controlling interests is also recognized in equity.

(b) Resulting in "loss of control"

If a change in the ownership of the subsidiary's equity results in the loss of control, the assets, liabilities, non-controlling interests, and all other equity constituents related to the former subsidiary are delisted on the date of loss of control; also, the difference among the said delisted amount and the fair value of the considerations collected, the share distribution for the equity transaction conducted with the former subsidiary, and the fair value of any retained investment are recognized in profit and loss. In addition, any remaining investment in the former subsidiary is measured at the fair value on the date of "loss of control," and it is regarded as the fair value of the originally recognized financial asset, or as the cost of the original investment in an affiliated enterprise or a joint venture.

(4) Criteria for the classification of current and noncurrent assets and liabilities

(A) Current assets include cash and cash equivalents (except for those that cannot be exchanged or used for liquidating liabilities within 12 months after the reporting period), assets held primarily for trading purposes, and assets expected to be realized within 12 months after the reporting period or assets expected to be realized, sold, or consumed within the regular business cycle. Assets other than current assets are classified as noncurrent assets.

(B) Current liabilities include liabilities held primarily for trading purposes, liabilities that are expected to be settled within 12 months after the reporting period or liabilities expected to be settled within the regular business cycle, and liabilities that cannot be unconditionally deferred for 12 months after the reporting period. Liabilities other than current liabilities are classified as noncurrent liabilities.

(5) Foreign currency transactions and conversion of foreign operating entities

(A) New Taiwan Dollar (NTD) is the Company's functional currency that is also applied for the presentation of the consolidated financial statements. The financial statements of each consolidated entity are prepared and presented in the functional currency of the entity. The financial performance and financial position of each consolidated entity are translated into NTD at the time of preparing the consolidated financial statements. The original recognition of foreign currency transactions by each consolidated entity is booked by having the foreign currency converted into the functional currency at the spot exchange rate between the functional currency and the foreign currency on the trade date. Monetary items in foreign currency are translated at the closing exchange rate on the reporting date; non-monetary items in foreign currency that are measured at historical cost are not retranslated on the reporting date; non-monetary items in foreign currency that are measured at fair value are translated according to the exchange rate on the date the fair value is determined. The exchange difference of monetary items is recognized as profit and loss upon occurrence. When the profit or loss of non-monetary items is recognized as other comprehensive profit and loss, the exchange component of the profit or loss is also recognized as other comprehensive profit and loss. When the profit or loss of non-monetary items is recognized as profit and loss, the exchange component of the profit or loss is also recognized as profit and loss.

(B) The assets and liabilities of foreign operating entities, including goodwill arising from acquisitions and fair value adjustments to the book value of the assets and liabilities acquired, are presented in their functional currency. When the functional currency is different from the presentation currency in a non-highly inflationary economy, the financial performance and financial position are converted into the presentation currency according to the following procedures:

(a) The assets and liabilities on each balance sheet are translated at the closing exchange rate on the reporting date.

(b) The income and expenses on each consolidated income statement are translated at the average exchange rate of the current period; however, if the exchange rate fluctuates significantly, the exchange rate on the trade date shall prevail.

(c) All exchange differences arising from translation are recognized in "other comprehensive profit and loss."

When the control over a subsidiary or the influence on the affiliated enterprise is lost due to the disposal of a foreign operating entity, the accumulated exchange differences related to the foreign operating entity that has been previously recognized in "other comprehensive profit and loss" and accumulated to the equity shall be reclassified from equity to profit and loss at the time of recognizing disposal profit and loss. If the control is not lost while disposing of subsidiaries partially that include a foreign operating entity, the accumulated exchange differences recognized in other comprehensive profit and loss will be re-classified to the non-controlling interests of the foreign operating entity proportionally. If the significant influence is not lost while disposing subsidiaries partially that includes an affiliated enterprise of the foreign operating entity, the accumulated exchange differences recognized in other comprehensive profit and loss will be re-classified to the profit and loss proportionally.

If there is not a payment plan in place for the monetary receivables or payables with the foreign operating entity, and it is unlikely to have them paid off in the near future, it will be treated as part of the net investment in the said foreign operating entity; also, the exchange difference resulted thereafter will be recognized in the "other comprehensive profit and loss."

(6) Cash and cash equivalents

It refers to the cash on hand, demand deposits, and short-term and highly liquid time deposits or investments that can be converted into a fixed amount of cash at any time with little risk of value change, and it is held to meet short-term cash commitments other than for investment or other purposes.

(7) Financial instruments

(A) When the parties to the financial instrument contract have financial assets or financial liability recognized in the balance sheet, and when a financial asset is purchased or sold in an arms-length transaction, an equity instrument should be processed according to the trade day accounting; however, a debt instrument, beneficiary certificate, and derivatives should be processed according to the settlement date accounting.

(B) The financial asset or financial liability is measured at fair value when it is initially recognized; however, for those that are not measured at fair value through profit and loss, the transaction cost for the acquisition or issuance should be included.

(C) The components of the financial instruments issued by the GROUP are classified as financial liabilities, financial assets, or equity instruments at the initial recognition in accordance with the substance of the contractual agreement and the definitions of financial liabilities, financial assets, and equity instruments.

(D) Financial assets and financial liabilities are offset against each other and presented in a net amount on the balance sheet only when the GROUP has a legally enforceable right, intends to have it settled at a net amount, or to realize the asset and settle the liability simultaneously.

(E) The GROUP's financial instruments are as follows:

(a) Financial assets measured at fair value through profit and loss

Financial assets measured at fair value through profit and loss include financial assets that are mandated to be measured at fair value through profit and loss and that are designated to be measured at fair value through profit and loss. Financial assets that are mandated to be measured at fair value through profit and loss include the Company's investments in equity instruments not designated to be measured at fair value through other comprehensive profit and loss and investment in debt instruments that are not classified to be measured at amortized cost or measured at fair value through other comprehensive profit and loss. The profit or loss arising from the financial assets measured at fair value through profit and loss is recognized in profit and loss.

(b) Financial assets measured at amortized cost

Financial assets that meet both of the following conditions and are not designated to be measured at fair value through profit or loss are to be measured at amortized cost, including cash and cash equivalents, notes receivable, accounts receivable, financial assets measured at amortized cost, other financial assets, and other receivable on the balance sheet:

(i) The financial asset is held solely for the purpose of collecting contractual cash flows.

(ii) The contractual terms of the financial asset are to generate cash flows on specific dates for the sole purpose of paying back outstanding principal and interest.

For financial assets measured at amortized cost, after initial recognition, it is measured at the cost derived from the total book amount determined with an effective interest method net of the amortized impairment loss. The profit or loss derived from delisting, through amortization procedure, or recognizing impairment profit or loss should be recognized in the profit and loss.

(c) Financial assets measured at fair value through other comprehensive profit and loss

It refers to the investment in debt instruments that meet both of the following conditions and are not designated to be measured at fair value through profit or loss; or, the investment in equity instrument that is not held for trading purpose and is with the change in fair value booked in the "other comprehensive profit or loss," which is an irrevocable decision made at the initial recognition:

(i) The financial asset is held for the purposes of collecting contractual cash flows and for sale.

(ii) The contractual terms of the financial asset are to generate cash flows on specific dates for the sole purpose of paying back outstanding principal and interest.

It is measured at fair value subsequently; also, the changes in its value, except for the impairment loss of investment in debt instrument, exchange profit and loss of monetary financial assets, interest calculated with the effective interest method, and dividends from the investment in equity instrument that is not conspicuously representing the investment cost recovery, should be recognized in other comprehensive profit and loss before delisting or reclassification. For the accumulated profit or loss previously recognized in other comprehensive profit and loss at the time of delisting, the investment in debt instrument is reclassified from equity to profit and loss; and the investment in equity instrument is reclassified to retained earnings. In addition, the dividends from the investment in equity instrument are recognized when the right to receive dividends is acquired.

(d) Financial liabilities measured at amortized cost

Financial liabilities that are not measured at fair value through profit or loss are financial liabilities measured at amortized cost, including short-term loans, accounts payable, other payables, long-term loans, and lease liabilities, which are measured at the amortized cost derived with the use of the effective interest method; however, short-term payables without interest paid, if it is without the significant impact of discounting, are measured at the original transaction amount.

(e) The non-hedging derivatives and embedded derivatives

The non-hedging derivatives are initially recognized at fair value at the time of signing a contract, and are subsequently measured at fair value on the balance sheet date. The profit or loss resulting from subsequent measurement is directly

recognized as profit and loss; however, the timing for recognizing the profit or loss of the derivatives that are designated as effective hedging instruments depends on the nature of the hedging relationship. When the fair value of derivatives is positive, it is classified as a financial asset. When the fair value is negative, it is classified as a financial liability. If the derivatives embedded in the master contract are classified as a financial asset subject to IFRS 9 "Financial Instruments" (hereinafter referred to as IFRS 9), the classification of financial assets is determined according to the terms of the overall hybrid contract. If the derivatives embedded in the master contract are not classified as a financial asset subject to IFRS 9 "Financial Instruments," it is necessary to assess whether the embedded derivative instrument is closely related to the master contract. If not, the embedded derivatives should be separated from the master contract and processed as derivatives unless the overall hybrid contract is measured at fair value through profit and loss.

(8) Measurement at fair value

(A) The fair value is the price that the assets could be sold or liabilities could be transferred in an orderly arm's-length transaction that is fair for both the buyer and the seller on the measurement date. The structure of fair value measurement is with the characteristics of a particular asset or liability taken into consideration, including the condition and location of the asset, and the restrictions on the sale or use of the asset, and assuming that the sale of the asset or the transfer of the liability occurs in the primary market where it belongs, or, if there is no primary market available, occurs in the most favorable market for the asset or liability; the aforementioned primary market or the most favorable market must be accessible to the GROUP for trading; also, assumes that the market participants have the price determined based on their best economic interests.

For the non-financial asset measured at fair value, the consideration is whether a market participant has exhausted the good use of the asset or sold the asset to another market participant who will exhaust the good use of the asset in order to generate economic benefits.

(B) The fair value measured with a valuation technique means it is measured with an appropriate valuation technique with sufficient information available under the circumstances, including maximized relevant observable inputs and minimized unobservable inputs.

(9) Delisting of financial assets and liabilities

(A) Financial assets

Financial assets are delisted and the rights and obligations resulted or retained from such transfer will be recognized as assets or liabilities only when the contractual rights to the cash flows derived from the financial asset are terminated, or, the financial asset has been transferred along with almost all risks and rewards related to the ownership of the asset, or, almost all risks and rewards related to the ownership of the financial asset have not been transferred nor retained and without control over the financial asset. The difference between the book value of the delisted portion of financial assets measured at amortized cost and the consideration received is recognized in profit and loss on the delisting day. The difference between the book value of the investment in equity instrument measured at fair value through other comprehensive profit and loss and the sum of the consideration received and the cumulative profit or loss recognized in other comprehensive profit and loss is recognized in retained earnings; however, the investment in debt instrument is recognized in profit and loss. For the financial assets not delisted entirely, the respective book value is amortized based on the relative fair value of the continuously recognized portion of the assets. If a financial asset does not qualify for the de-listing transfer, the entire transferred asset is recognized continuously, and the consideration received is recognized as a financial liability.

(B) Financial liabilities

Financial liabilities are delisted entirely or partially only when the contractual obligations are performed, canceled, or expired with the financial liabilities eliminated. If the debtor and creditor have the debt instrument containing significantly different terms exchanged or have the incumbent financial liabilities terms modified entirely or partially, the incumbent financial liability is delisted and a new financial liability is recognized simultaneously. The difference between the book value of a financial liability that is eliminated or transferred to another party entirely or partially and the consideration paid is recognized in profit and loss.

(10) Asset impairment

(A) Impairment of financial assets

(a) The GROUP has allowances recognized for expected credit loss derived from the financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, other financial assets, notes receivable, accounts receivable, other receivables, etc.).

(b) The GROUP has the expected credit loss of financial assets measured by reflecting the amount determined with an unbiased and probability-weighted method after evaluating all possible results, the time value of money, and reasonable and verifiable information related to past events, current conditions, and forecasts of future economic conditions (available on the reporting day without excessive cost or investment). Except for notes receivable, accounts receivable, and other receivables handled with a simplified approach by having the allowance for loss measured at the expected credit loss amount during the duration on the reporting date, for cash and cash equivalents and financial assets measured at amortized cost, if the credit risk on the reporting date is low or the credit risk has not increased significantly since the original recognition, the allowance for loss is measured at the 12-month expected credit loss. If the aforementioned credit risk of financial assets has increased significantly on the reporting date since the original recognition, it is measured at the expected credit loss during the duration.

(c) The book value of the aforementioned financial assets is adjusted down with the allowance for losses. The appropriation and reversal of the allowance for loss are recognized in profit and loss.

(B) Impairment of non-financial assets

For the assets subject to IAS 36 "Impairment of Assets," except for goodwill, intangible assets with an undetermined useful life, and intangible assets not yet available for use are with an impairment test performed annually and when there are indications that they may be impaired, the GROUP assesses assets to determine whether there is any indication of impairment on each reporting date. If there is an indication of impairment, the recoverable amount of the asset is estimated. The recoverable amount refers to the fair value of the assets or the cash-generating unit net of the cost of sales and the values in use whichever is higher. If the recoverable amount of the asset is lower than the book value, the said book value must be reduced to be equal to the recoverable amount and the amount of reduction is the impairment loss that is to be recognized in profit and loss. If there is any indication of the recovery or decrease of the previously recognized impairment loss of assets, except for goodwill, on the reporting date subsequently, the recoverable amount of the asset should be re-estimated. If the estimated recoverable amount of the assets is increased as a result of a change in the estimation, the impairment loss should be reversed. However, the increased book value of the asset arising from the reversal of the impairment loss shall not exceed the book value of the asset net of the amortization or depreciation, but before recognizing the impairment.

For a cash-generating unit with goodwill amortized, an impairment test is performed by comparing its book value containing the goodwill to its recoverable amount. If the book value of the said unit exceeds the recoverable amount, an impairment loss is recognized. The impairment loss recognized is to be deducted from the cash-generating unit's book value with goodwill amortized, and the insufficient amount for deduction is allocated to the book value of the respective asset of the unit proportionally. The recognized impairment loss of goodwill shall not be reversed in the subsequent periods.

(11) Inventory

Inventory cost includes all purchase costs, processing costs, and other costs incurred for bringing the inventory to its current location and condition. It is calculated in accordance with the weighted average cost method to allocate inventory cost. The yearend inventory is measured at the lower cost or net realizable value. The comparison of cost and net realizable value is itemized, except for inventories of the same category. The net realizable value refers to the amount resulted from the estimated selling price in the course of business net of the estimated additional cost to completion and the estimated sales expenses after the completion.

(12) Investments under the equity method

(A) An affiliated enterprise is an entity that is significantly influenced but not controlled by the GROUP, that is, the GROUP holds more than 20% but less than 50% of the voting rights of the invested company directly or indirectly, or holds less than 20% of the voting rights but can clearly prove that the GROUP has a significant influence on the affiliated enterprise. The investment in the affiliated enterprise is valued under the equity method starting from the date when it becomes an affiliated enterprise of the GROUP.

(B) The investment under the equity method is recognized at cost initially and adjusted subsequently according to the changes in the ownership of the affiliated enterprise's net assets proportionally. When the GROUP's loss from the ownership of the affiliated enterprise net assets exceeds the equity owned in the affiliated enterprise, no loss should be recognized further, and the GROUP will only recognize additional losses and liabilities within the scope of legal obligation, presumed obligation, or payment made on behalf of the affiliated enterprise. If the investment cost exceeds the GROUP's share of the net fair value of the identifiable assets and liabilities of the affiliated enterprise on the acquisition date, the difference is the goodwill related to the affiliated enterprise that is included in the book value of the investment and shall not be amortized; otherwise, it is to be recognized in profit immediately after the reassessment.

(C) When there is a change in equity that is non-profit and loss and other comprehensive profit and loss occurred to the affiliated enterprise; also, it does not affect the shareholding ratio of the GROUP in the affiliated enterprise, the GROUP will have the change in the equity of the affiliated enterprise recognized in the "additional paid-in capital" proportionally to the shareholdings.

(D) When the affiliated enterprise issues new shares, if the GROUP does not subscribe it proportionally to the shareholdings, resulting in a change in the shareholding ratio and thus causing an increase or decrease in the net equity value of the investment, the increase or decrease amount shall be adjusted to the "investment under the equity method" and "additional paid-in capital" when the significant influence is intact. If the aforementioned adjustment is debited to the "additional paid-in capital," and there is an insufficient balance of additional paid-in capital from the investment under the equity method, the difference should be debited to the "retained earnings." However, if it is not subscribed proportionally to the shareholdings and results in a decrease in the ownership interest, in addition to the aforementioned adjustment, the profit or loss related to the decrease in the ownership interest that has been previously recognized in other comprehensive profit and loss, which has also been reclassified to profit and loss when the relevant assets or liabilities are disposed, shall be reclassified to profit and loss proportionally to the decreased amount.

(E) When the GROUP loses significant influence on the affiliated enterprise, the GROUP recognizes the remaining investment in the former affiliated enterprise at the fair value on the date of losing significant influence. The difference between the fair value of the remaining investment and any disposal price and the book value of the investment on the date of losing significant influence is recognized in profit and loss. For the amounts recognized in other comprehensive profit and loss related to the affiliated enterprise, the accounting base is the same as if the related assets or liabilities are disposed directly by the GROUP.

(F) The unrealized profit and loss of the transactions conducted between the GROUP and affiliated enterprise is written off within the scope of its equity related to the GROUP.

(G) The GROUP will confirm whether there is objective evidence indicating that the affiliated enterprise has suffered impairment on the reporting date in accordance with IAS 39. If the occurrence of the said impairment is confirmed, the overall book value of the investment will be deemed as a single asset. According to IAS 36, compare the recoverable amount (value in use or fair value deducts cost of sale, whichever is higher) and the book value for an impairment test. The recognized impairment loss is not allocated to goodwill and any assets, but credited to the book

value of the investment in the affiliated enterprise. The reversal amount of the impairment loss, if any, is recognized to the extent of a subsequent increase in the recoverable amount of the investment.

(13) Property, plant and equipment

(A) Property, plant and equipment are used for production or labor services, leased to others, or held for management purposes. It is recognized and subsequently measured at cost, which is an amount net of the accumulated depreciation and accumulated impairment losses. The cost of assets refers to the cash, cash equivalents, or the fair value of the consideration paid to acquire or construct the assets, including the cost related to dismantling, removing, and recovering the location. When the useful lives of the significant components of property, plant and equipment are different, it should be processed as an item separated from the property, plant and equipment.

(B) Property, plant and equipment, except for land, is depreciated in accordance with the straight-line method, over the useful life indicated below. The residual value of assets, useful life, and the depreciation method should be examined at the end of each year. If the expected value is different from the estimation, or the expected consumption pattern of the future economic benefits of the asset has changed significantly, and it becomes necessary to have the depreciation method changed to reflect the changed pattern, such change should be treated as a change in accounting estimate. For the property, plant and equipment with asset impairment losses recognized, the depreciation expense of the asset in the future period shall be adjusted by deducting its residual value from the amended book value of the asset and amortized in accordance with the straight-line method over the remaining useful life:

House, building, and auxiliary equipment	3-50	years
Machinery equipment	2-12	years
Transportation equipment	4-10	years
Office equipment	3-10	years
Other equipment	3-15	years

(C) Replacement and significant inspection costs are recognized in the book value of the property, plant and equipment. Routine maintenance expenses incurred are recognized in profit and loss. The cost of loans that are used to acquire, construct, or produce qualified assets is capitalized and incorporated into the cost of the assets.

(D) The property, plant and equipment are delisted at the book value when it is disposed of or when it cannot generate future economic effect through use or disposition. The profit or loss resulted from the delisting is recognized in profit and loss; also, the profit may not be classified as income.

(14) Lease

(A) The GROUP is the lessor

When a lease is for the purpose of having the asset ownership and the related substantial risks and rewards transferred to the lessee, it is classified as a financial lease. A lease other than a financial lease is classified as an operating lease.

(a) The net investment amount in a financial lease is measured at the sum of the present value of the amount payable by the lessee and the unguaranteed residual value plus the original direct cost, which is booked as financial lease receivables. The financial lease income is recognized at a fixed rate of return that reflects the GROUP's unexpired net lease investment on each lease period.

(b) The operating lease income is recognized in accordance with the straight-line method over the lease period. If the lease contract offers incentives to the lessee so to have the lease contract signed, the total cost of such incentives should be credited to the total lease income in accordance with the straight-line method over the lease period. The original direct costs incurred in negotiating and arranging an operating lease are added to the book value of the underlying asset and recognized as an expense in accordance with the straight-line method over the lease period.

The variable rent, if any, in the lease agreement that is not dependent on an index or rate is recognized as income upon occurrence.

(B) The GROUP is the lessee

Except for the short-term leases and lease payments for low-value assets are recognized as expenses in accordance with the straight-line method over the lease period, other leases are recognized as right-of-use assets and lease liabilities on the lease commencement date.

(a) The right-of-use asset is originally recognized at cost and subsequently measured at cost too. Also, it is booked at the cost net of the accumulated depreciation, accumulated impairment losses, and adjusted lease liability remeasurement. The right-of-use asset is depreciated in accordance with the straight-line method over the period from the lease commencement date to the expiry date of the useful life of the right-of-use asset or the lease expiry date, whichever is earlier.

(b) The lease lability is originally recognized at the present value of the lease payables on the lease commencement date. If the implied interest rate of the lease is easy to determine, the lease payment is discounted at the implied interest rate, but if the implied interest rate is hard to determine, it is to be

discounted at the lessee's incremental loan rate. It is subsequently measured at amortized cost in accordance with the effective interest method. The lease liability remeasurement is adjusted to the right-of-use asset; however, if the book value of the right-of-use asset is zero, the remaining remeasurement is recognized in profit and loss.

The variable rent, if any, in the lease agreement that is not dependent on an index or rate is recognized as expense upon occurrence.

(15) Intangible assets

(A) Computer software, etc., acquired independently that are intangible assets with limited service-life, is measured at cost in accordance with the straight-line method over the average useful life of 3 years. Examine the amortization period and amortization method of the intangible assets with limited service-life on each reporting date. If the estimated useful life is different from the estimation, the amortization period will be changed accordingly. If the expected consumption pattern of the future economic benefits of the asset has changed, the amortization method will be adjusted to reflect the said change, which will be processed as a change in accounting estimate. Once the tangible assets with limited useful life is with impairment loss recognized, the amortization expense of the asset in the future period is adjusted based on the amended book value of the assets in accordance with the straight-line method over the remaining useful life.

(B) The intangible asset is delisted when it is disposed of or when it cannot generate future economic effect through use or disposition. The profit or loss resulted from the delisting is recognized in profit and loss; also, the profit may not be classified as income.

(C) The expenses incurred in the research phase are expensed. The expenses incurred in the development stage are recognized as intangible assets when the specified conditions are met, but expenses that do not meet the requirements will be expensed upon incurred in the research phase.

(16) Equity instrument

Equity instrument refers to the contract that represents the GROUP's remaining interest in assets net of all liabilities. The GROUP's equity instruments are recognized at the price received, net of direct issuance costs.

(17) Income recognition

Income is measured at the consideration that is expected to receive after having goods or labor service transferred. The GROUP recognizes income when the control of the goods or labor services is transferred to the customer to fulfill the GROUP's performance obligations. The GROUP's main income items are as follows:

Sale of goods

The GROUP mainly manufactures and sells molds and stamping parts with income recognized at the time of having the control of the products transferred to the customers and in return with the right to collect considerations. Therefore, the GROUP usually recognizes income when the goods have been delivered and the legal title has been passed on to the customers. If the sales discount or sales return in the future can be reliably estimated, and liability for refunds can be recognized based on past experience and other relevant factors, it is to be credited to the sales income when the sales are recognized.

The GROUP has accounts receivable recognized when the control of the goods is transferred and in return with the right to collect the considerations unconditionally. If the goods have been transferred to the customer without the right to collect the considerations unconditionally, it is recognized as a contract asset. If the right to collect the consideration from the customer is obtained or is to be obtained before the transfer of the goods to the customer, also, the GROUP has no obligation to have the goods transferred to the customer under the circumstance, it is recognized as a contract liability.

If the timing of contractual payment for the transfer of goods provides the customer or the GROUP with significant financial benefits, either explicitly or implicitly, the GROUP shall adjust the promised consideration amount to reflect the time value of money. If a sale contract is signed to have goods transferred to the customer and the period from the date the goods transferred to the date the payment made by the customer is for less than 1 year, the GROUP does not adjust the promised consideration amount.

(18) Loan cost

It refers to the interest and other cost related to the loans. The loan cost that is directly attributable to the acquisition, construction, or production of qualified assets (referring to the assets that take a long time to reach the intended use or sale status) is capitalized as an integral part of the cost of the asset, while other loan cost is recognized as an expense upon occurrence. When a specific loan is invested temporarily before the expenditure incurred for the qualified assets, the investment income arising from such loan

investment should be deducted from the actual loan cost incurred. The capitalization of loan cost is stopped when almost all the necessary activities to reach the intended state of use or sale have been completed for the qualified assets. If the active development of the qualified assets is suspended for a long period of time, the capitalization of loan cost will be suspended for the said period.

(19) Employee welfare

(A) Short-term employee welfare

It refers to the employee benefits (except for employment termination benefits) that are expected to be fully paid within 12 months after the annual reporting period for the services provided by employees, which is measured at the undiscounted amount expected to be paid in exchange for employee services, and it is recognized as an expense and liability. The expected cost of profit sharing and dividend payment is recognized as an expense and liability in accordance with the provision stated in the preceding paragraph due to a current legal or presumed payment obligation arising from past events with an amount that can be estimated reliably.

(B) Employee benefits - retirement benefits

(a) All full-time employees of the company are entitled to the retirement plan. The entire employee pension fund is deposited in the pension fund account and managed by the Labor Retirement Reserve Committee. The aforementioned pension fund is deposited in the name of the Labor Retirement Reserve Committee that is completely separated from the company; therefore, it is not included in the aforementioned consolidated financial report. The retirement plan for employees of foreign subsidiaries is handled in accordance with local law and regulations.

(b) For a defined contribution plan, the company's monthly employee pension contribution rate shall not be less than 6% of the employee's monthly salary, and the contributed amount is recognized as the current expense. Foreign subsidiaries are to appropriate a certain percentage of the salary as pension according to the local law; also, it is recognized as a current expense.

(c) For a defined benefit plan, the actuarial pension amount should be appropriated on the annual reporting date according to the Projected Unit Credit Method. The re-measured amount is included in other comprehensive profits and losses when it occurs; also, it is immediately recognized in the retained earnings.

(20) Share-based payment

(A) For share-based payment transactions with equity delivered to the employees, the fair value of the labor service received from the employees is based on the fair value of the equity instrument on the delivery day. If the delivered equity instrument is immediately vested without providing labor service in a specific period, the labor services received are recognized in full on the delivery date with the equity increased relatively. If it is not immediately vested until the labor services are completed in a specific period, it is presumed that the labor service provided by the counterparty as the consideration for the equity instrument will be received in the future vested period, and it is recognized as a remuneration expense in the vested period with the equity increased relatively. The recognition of remuneration expense is based on the best estimate of the equity instruments expected to be vested during the vested period. If the expected vested equity instruments are subsequently found to be different from the estimation, the said estimation will be amended, if necessary, so to match up with the final vested equity instrument on the vested day.

(B) The fair value of equity instruments is measured according to the market price available on the measurement date and the terms and conditions related to the decision-making in vesting equity instruments. If the market price is not available, apply appropriated estimation techniques to estimate the price of the delivered equity instruments on the measurement date in an arms-length transaction between the two parties who are fully understanding and willing to trade in order to estimate the fair value of the equity instruments. Also, the aforementioned evaluation techniques are consistent with generally accepted evaluation techniques for financial instrument pricing, and all the elements and assumptions related to the pricing are considered by the traders who are fully understanding and willing to trade are included.

(21) Income tax

(A) Income tax expenses include current and deferred income taxes. Except for those related to business mergers, directly recognized in equity, or other comprehensive profit and loss, current income tax and deferred income tax expenses are recognized in profit and loss.

(B) Current income tax expenses refer to the estimated income tax payable or tax refund receivable calculated on the taxable income or loss of the current year at the tax rate that has been legislated or substantively legislated on the reporting date, including any adjustment made to the income tax payable or refundable of the previous year.

(C) Deferred income tax expenses are calculated and recognized on the temporary difference between the tax base of assets and liabilities and the book amounts reported.

(D) Deferred income tax assets and liabilities are measured at the tax rate applicable when the temporary difference is expected to reverse that has been legislated or substantively legislated on the reporting date. Deferred income tax assets and liabilities can only be applied to offset current income tax assets and liabilities lawfully; also, it is limited to the same taxpayer and the same levying tax authority; or it can be offset by different taxpayers when the intention is to have the net current income tax liabilities and assets offset, or the income tax liabilities and assets will be realized at the same time.

(E) The outstanding taxable losses, income tax credit, and deductible temporary differences are recognized as deferred income tax assets to the extent of the potential taxable income that occurred in the future. Also, the deferred income tax assets are evaluated on each reporting day and adjusted down to the extent of the relevant tax benefit unlikely to be realized.

(F) For the domestic subsidiaries of the Group, for the additionally levied business income tax on the unappropriated earnings of the year, the income tax expense of the unappropriated earnings is recognized according to the actual earnings distribution that is resolved in the shareholders meeting of the following year.

(22) Earnings per share

The GROUP presents the current basic and diluted earnings per share attributable to the common stock shareholders of the Company. Basic earnings per share is calculated by having the profit and loss attributable to the common stock shareholders of the Company divided by the current weighted average outstanding common stock shares. Diluted earnings per share is calculated by having all the dilutive potential common stock shares and the adjusted profit and loss attributable to the common stock shareholders of the Company divided by all the dilutive potential common stock shares and the adjusted current outstanding weighted average stock shares.

(23) Operating department reports

The operating department is an integral part of the GROUP and is engaged in operating activities that may generate income and incur expenses (including income and expenses from the transactions conducted with other components of the GROUP). The main business decision-maker of the GROUP will review the operating results periodically for deciding the distribution of resources and assessing departmental performance; also, the said department is with separate financial information available.

(24) Government grants

(A) The GROUP will have government grants recognized with certainty that all requirements for eligibility will be met and the GROUP is probably to receive it.

(B) The asset-related government grants are recognized in profit and loss systematically in the period when the cost of the funded asset is recognized as an expense by the GROUP. The government grants that are used to compensate the occurred expenses or losses will be recognized in profit and loss during the period when it is collectible.

(C) Government grants are presented in the consolidated financial statements as follows: Unrealized government grants (that is, the benefits of deferred government grants) are classified as liabilities in the consolidated balance sheet; realized government grants are debited to the relevant expenses or other income in the consolidated income statement.

5. MAIN CAUSES OF UNCERTAINTY TO MATERIAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The management must make judgments, estimations, and assumptions when preparing the Group's consolidated financial report, which will affect the reported amount of income, expenses, assets, and liabilities. The uncertainties of these material assumptions and estimations may cause significant adjustments to the book amount of assets and liabilities in the future, that is, actual results may differ from estimates.

(1) The management's judgments regarding the significant impact on the amounts recognized in the consolidated financial statements during the process of adopting accounting policies: Please refer to Note 6.(10)(A) to the consolidated financial statements for the classification of investment property.

(2) The other main sources of information related to the uncertainties of assumptions and estimation that may have resulted in significant adjustments to the book value of assets and liabilities in the next financial year on the reporting date are described as follows:

(A) Employee benefits - measurement of the defined benefit obligation

As stated in Note 6.(16) to the consolidated financial statements, the defined benefit obligations and expenses are measured with actuarial assumptions made, including demographic and financial assumptions related to the employees eligible for benefits in the future. Any change in the actuarial assumptions may result in actuarial profit and loss and thus affect the net defined benefit liability.

The Company's net defined benefit liability for an amount of NT$62,014 thousand was booked on December 31, 2021. If the discount rate adopted for the Company's actuarial assumptions and the expected salary increase rate were increased / decreased by 0.5%, the book value of the net defined benefit liability would be decreased by NT$9,945 thousand or increased by NT$13,179 thousand, and increased by NT$13,004 thousand or decreased by NT$9,932 thousand, respectively.

The impact of changes in one single assumption is analyzed in the preceding paragraph with all other assumptions remained intact; however, the impact of changes in actual actuarial assumptions is interactive in reality. The approaches adopted for sensitivity analysis are consistent with the approaches adopted for the measurement of the net defined benefit liability, and the approaches and assumptions used are the same as that of in the prior period.

(B) Fair value of financial instruments

As stated in Note 4.(8) of the consolidated financial statements, financial assets-noncurrent measured at fair value through other comprehensive profit and loss are financial instruments without an active market; therefore, their fair value is determined with appropriate evaluation techniques adopted. The said valuation techniques include the recent arm's-length transactions conducted in the market, reference to the current fair value of another financial instrument that is substantially equivalent, and other valuation models. The measurement of the fair value could be affected by any change in assumptions and estimates. Please refer to Note 12.(2)(D) to the consolidated financial statements for details.

The book value of the GROUP's unlisted (non-TPEx) stock shares that were measured at fair value through other comprehensive profit and loss was NT$299,338 thousand on December 31, 2021.

(C) Impairment of accounts receivable

As stated in Note 4.(10), 6.(4), and 6.(5) to the consolidated financial statements, allowance for loss of the accounts receivable is measured simply at the expected credit loss during the duration on the reporting date. Receivables are classified according to the nature of the common risks that indicate the customer's ability to pay all payables in accordance with the contractual terms, taking into account the consideration of the reasonable and verifiable information (obtainable on the reporting date without excessive costs or inputs) related to past events, current conditions, and forecasts of future economic conditions; also, the expected credit loss is estimated on the basis of the probability of default and the expected credit loss rate. If the classification of receivables and the estimation of the probability of

default and the expected credit loss rate is changed by the management of the GROUP or is changed due to the economic conditions, the estimated allowance for losses of the receivables will be affected inevitably.

The GROUP's net receivables amounted to NT$1,573,672 thousand [including net notes receivable, net accounts receivable (including related parties), and other receivables] on December 31, 2021, net of the estimated allowance for loss of NT$30,641 thousand.

(D) Inventory evaluation

As stated in Note 4.(11) of the consolidated financial statements, the yearend inventory is measured at the lower of cost or net realizable value. The comparison of cost and net realizable value is itemized, except for inventories of the same category. The net realizable value refers to the amount resulted from the estimated selling price in the course of business net of the estimated additional cost needed for project completion and the estimated sales expenses after the project completion. The said estimation is based on the current market conditions and historical sales experience in similar products, which could be significantly affected by the changes in market conditions.

The book value of the GROUP's inventories was NT$1,092,347 thousand on December 31, 2021, net of the allowance for inventory loss in valuation amounted to NT$89,397 thousand.

6. DESCRIPTION OF IMPORTANT ACCOUNTING ITEMS

(1) Cash and cash equivalents

	December 31, 2021	December 31,2020
Cash and petty cash	$5,396	$5,058
Checking deposit and savings deposit	1,383,723	973,561
Time deposits	1,843,161	2,155,968
Total	$3,232,253	$3,134,587

(A) The aforementioned time deposits can be converted into a fixed amount of cash at any time and with limited risk of value changes.

(B) The aforementioned bank deposits had not been provided as collateral or mortgaged.

(2) Financial assets-current measured at fair value through profit and loss

	December 31, 2021	December 31,2020
Financial assets measured at fair value through profit and loss mandatorily		
Acquisition cost:		
Funds	$145,869	$118,886
Bonds	1,080,732	1,013,585
SWAP contracts	-	-
Subtotal	1,226,601	1,132,471
Evaluation adjustment:		
Funds	$73	$530
Bonds	(85,134)	(32,711)
SWAP contracts	-	889
Subtotal	(85,061)	(31,292)
Total	$1,141,540	$1,101,179
Financial liabilities held for trading:		
Acquisition cost:		
SWAP contracts	$-	$-
Evaluation adjustment:		
SWAP contracts	1,671	-
Total	$1,671	$-

(A) The SWAP contracts and structured instruments signed with financial institutions for the 2021 and 2020, were the financial hedging operations of the company mainly for hedging changes in claims/obligations exchange rate and interest rate, but it is not specified as a hedging tool. The company's derivative instruments of the available-for-trade financial assets that are not subject to the hedging accounting are detailed as follows:

Financial instrument	Nominal principal (NT$ Thousand)	Currency	Due date
December 31, 2021			
SWAP contract	USD 2,970	USD:NTD	01.05.2022
SWAP contract	USD 1,080	USD:NTD	02.10.2022
SWAP contract	USD 1,900	USD:NTD	02.25.2022
SWAP contract	USD 2,000	USD:NTD	03.25.2022
SWAP contract	USD 1,350	USD:NTD	06.02.2022
SWAP contract	USD 3,300	USD:NTD	06.21.2022
SWAP contract	USD 1,230	USD:NTD	07.08.2022
SWAP contract	USD 1,000	USD:NTD	08.05.2022
SWAP contract	USD 4,200	USD:NTD	09.16.2022
SWAP contract	USD 3,300	USD:NTD	12.12.2022
Total	USD 22,330		

Financial instrument	Nominal principal (NT$ Thousand)	Currency	Due date
December 31, 2020			
SWAP contract	USD 7,500	USD:NTD	03.10.2021
SWAP contract	USD 3,000	USD:NTD	03.22.2021
Total	USD 10,500		

The net losses arising from foreign exchange transactions were NT$7,935 thousand and NT$8,127 thousand, for the years ended December 31, 2021 and 2020, respectively.

(B) The Group's valuation losses of financial assets and liabilities at fair value through income were NT$36,290 thousand and NT$32,575 thousand for the years ended December 31, 2021 and 2020, respectively, which were booked in the "Non-operating income and expenses - other profit and loss" account.

(C) The aforementioned financial assets measured at fair value through profit and loss had not been provided as collateral or mortgaged.

(D) Please refer to Note 12.(2)(C)(a) and (b) of the consolidated financial report for the disclosure of the market risk and credit risk of the Group's financial assets measured at fair value through profit and loss.

(3) Financial assets-current measured at amortized cost

	December 31, 2021	December 31, 2020
RMB time wealth management instruments	$-	$22,708
Less: Allowance for loss	-	-
Net amount	$-	$22,708

(A) Financial assets measured at amortized cost refers to the business model of collecting contractual cash flow with the financial assets held, and the contractual cash flow is entirely applied to pay for the principal and the interest of the outstanding principal; therefore, it is classified to be measured at amortized cost.

(B) The aforementioned financial assets measured at amortized cost had not been provided as collateral or mortgaged.

(C) Please refer to Note 12.(2)(C)(b) of the consolidated financial report for the disclosure of the credit risk of the Group's financial asset measured at amortized cost.

(4) Notes receivable - net

	December 31, 2021	December 31, 2020
Notes receivable	$55,848	$80,901
Less: Allowance for loss	-	-
Net amount	$55,848	$80,901

(5) Accounts receivable - net

	December 31, 2021	December 31, 2020
Accounts receivable	$1,516,389	$1,180,904
Less: Allowance for loss	(30,641)	(32,248)
Net amount	$1,485,748	$1,148,656

(A) The allowance for loss of the Group's notes receivable, accounts receivable, and other receivable is simply measured by the expected credit losses amount throughout the duration. The notes receivable and accounts receivable are classified according to the common risk characteristics of the customers' ability to pay all due amounts in accordance with the contract terms, taking into account the reasonable and provable information related to past events, current conditions, and future economic conditions (obtainable without excessive cost or investment on the reporting date), and estimating the expected credit loss according to the estimated default rate and expected credit loss rate.

(B) The increase or decrease of allowance for loss of the Group's notes receivable, accounts receivable, and other receivable is as follows:

	For the years ended December 31,	
	2021	2020
Balance - beginning	$32,248	$26,500
Allowance account for the impairment of notes receivable, accounts receivable, and other receivables	5,505	5,461
Allowance reversal account for the impairment of notes receivable, accounts receivable, and other receivables	-	-
Write off other uncollectible receivables	(6,831)	-
Exchange difference	(281)	(287)
Balance - ending	$30,641	$32,248

(C) Please refer to Note 12.(2)(C)(b) of the consolidated financial report for the disclosure of the credit risk of the Group's notes receivable, accounts receivable, and other receivables.

(6) Inventory

	December 31, 2021		
	Cost	Allowance for loss of inventory in valuation	Book amount
Raw materials	$377,481	$14,017	$363,464
Substances	23,746	369	23,377
Work-in-process goods	257,038	41,701	215,337
Finished goods	508.098	32,167	475,931
Merchandise trade	15,381	1,143	14,238
Total	$1,181,744	$85,973	$1,092,347

	December 31, 2020		
	Cost	Allowance for loss of inventory in valuation	Book amount
Raw materials	$243,238	$18,784	$224,454
Substances	40,857	64	40,793
Work-in-process goods	200,263	29,747	170,516
Finished goods	324,561	23,135	301,426
Merchandise trade	12,812	4,580	8,232
Total	$821,731	$76,310	$745,421

(A) Cost of goods sold related to inventory is as follows:

	For the years ended December 31,	
	2021	2020
Inventory booked in “cost of goods sold”	$4,499,997	$3,422,042
Inventory cost debited to “net cash value”	13,799	-
Recovery of the net cash value of inventory	-	(217)
Inventory loss	10,886	12,611
Total operating cost	$4,524,682	$3,434,436

(B) Due to the recovery of raw material price or the use of raw material that was with allowance for inventory loss in valuation appropriated for the years ended December 31, 2021, or the work-in-process goods completed and transferred to the finished goods and sold or the finished goods sold, so the reason for the net cash value of inventory lower than the cost had disappeared and the booked net cash value of inventory increased; resulting in the cost of goods sold decreased by NT$217 thousand.

(C) The aforementioned inventory had not been provided as collateral or mortgaged.

(7) Other financial assets-current

	December 31, 2021	December 31, 2020
Time deposit	$18,818	$61,301
Restricted assets – bank deposit	1,074	3,962
Special account for transferring overseas funds back to Taiwan		
Savings deposit	20,055	2,586
Time deposit	5,534	27,711
Total	$45,481	$95,560

Please refer to Note 8 of the consolidated financial report for the other financial assets-current provided as collateral or mortgaged.

(8) Financial assets-noncurrent measured at fair value through other comprehensive profit and loss

	December 31, 2021	December 31, 2020
Equity instrument		
Unlisted stocks	$27,006	$27,006
Equity instrument investment evaluation adjustment	272,332	178,348
Total	$299,338	$205,354

(A) Equity instrument investment measured at fair value through other comprehensive profit and loss was not an available-for-trade investment; therefore, the Group chose to have it designated as measured at fair value through other comprehensive profit and loss.

(B) The Group had recognized dividend income from the investment in equity instrument measured at fair value through other comprehensive profit and loss were NT$8,482 thousand, and NT$10,178 thousand for the years ended December 31, 2021 and 2020, respectively.

(C) The Group did not have cumulative profit or loss transferred within equity for the years ended December 31, 2021 and 2020.

(D) The aforementioned financial assets measured at fair value through other comprehensive profit and loss had not been provided as collateral or mortgaged.

(E) Please refer to Note 12.(2)(C)(a) and (b) of the consolidated financial report for the disclosure of the market risk and credit risk of the Group's financial asset measured at fair value through other comprehensive profit and loss.

(9) Investment under the equity method

(A) The Group's invested companies under the equity method are individually insignificant affiliated companies with the book amount and equity holding ratio as follows:

Affiliated enterprises	December 31, 2021	Equity holding ratio (%)	December 31, 2020	Equity holding ratio (%)
SUNFLEX TECHNOLOGY CO., LTD. (Note 3)	$157,750	14.74	$146,510	14.74
CHANG HONG SHEN HARDWARE CO., LTD. (Note 2)	-	-	-	-
OASIS WORLD CO., LTD. (Note 1)	-	-	-	-
Total	$157,750		$146,510	

Note 1: The company's board of directors had resolved to have the subsidiary, OASIS WORLD CO., LTD., dissolved and liquidated on November 7, 2019 due to the needs of business operation and management. Therefore, the said subsidiary was not included in the consolidated financial report since the said date. The liquidation procedure was completed on May 22, 2020.

Note 2: The Group decided to terminate the investment in CHANG HONG SHEN HARDWARE CO., LTD. (referred to as "CHANG HONG SHEN HARDWARE" hereinafter) according to the evaluation result with an agreement reached with the operating shareholders of CHANG HONG SHEN HARDWARE in May 2020. The company had recognized an investment loss of RMB 183,680 (equivalent to NT$782 thousand) according to the book amount of RMB 683,680 at the end of April 2020, net of the equipment payable of RMB 350,000 to CHANG HONG SHEN HARDWARE , and the recovered investment of RMB 150,000, which was booked in the "loss from the disposal of investment".

Note 3: The Group is the largest single shareholder of SUNFLEX TECHNOLOGY CO., LTD. with 14.74% voting shares. The shareholding of other top-ten shareholders (not related parties) exceeds the Group, and the shareholders have not agreed to discuss or make decisions collectively; apparently, the Group has no actual ability to lead relevant decision-making. Therefore, it is concluded that the Group has no control over SUNFLEX TECHNOLOGY CO., LTD., but only significant influence.

(B) The Group's shareholding in each individual insignificant affiliated company is summarized as follows:

	For the years ended December 31,	
	2021	2020
Net profit (loss) of the continuing business unit – current	$4,809	$(18,307)
Other comprehensive profit and loss (after tax) - current	8,421	(703)
Total comprehensive profit and loss - current	$13,230	$(19,010)

(C) The increase or decrease of the Group's investments under the equity method is as follows:

	For the years ended December 31,	
	2021	2020
Balance - beginning	$146,510	$173,537
Dividends pay from associates	(1,990)	(4,975)
Profit (loss) amount - current	4,809	(18,307)
Value of investment under the equity method for the current term disposition	-	(2,415)
Losses on Disposal of Equity Investments under the Equity Method	-	(786)
Changes in the affiliated enterprises under the equity method	-	159
The exchange difference amount from the conversion of the financial statements of foreign operating institutions	-	(76)
The unrealized valuation profit (loss) amount of the financial assets measured at fair value through other comprehensive profit and loss	39	(86)
Earnings from equity instruments at fair value through other comprehensive income are retained by division	8,382	(541)
Balance - ending	$157,750	$146,510

(D) The aforementioned investments under the equity method had not been provided as collateral or mortgaged.

(10) Property, plant and equipment

(A) The change in the Group's property, plant and equipment is as follows:

For the years ended December 31, 2021

Cost	Land	House & building	Machinery equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment yet to be tested	Total
Balance at January 1, 2021	$135,721	$1,023,778	$2,199,454	$96,652	$82,518	$224,324	$5,260	$3,767,707
Addition	-	18,709	125,147	12,685	17,465	16,077	5,369	195,452
Disposition	-	-	(25,425)	(6,945)	(5,241)	(2,816)	-	(40,427)
Reclassification	-	5,067	18,325	-	5,652	(18,567)	(10,477)	-
Exchange difference	(3,644)	(15,224)	(31,478)	(2,157)	(2,019)	(3,508)	(62)	(58,362)
Balance at December 31, 2021	132,077	1,032,330	2,285,753	100,235	98,375	215,510	90	3,864,370
Accumulated depreciation:								
Balance at January 1, 2021	-	587,284	1,677,535	65,903	67,577	156,056	-	2,554,355
Depreciation	-	41,323	84,414	8,399	4,098	10,886	-	149,120
Disposition	-	-	(23,207)	(5,919)	(4,758)	(2,594)	-	(36,478)
Reclassification	-	-	3,441	-	-	(3,441)	-	-
Exchange difference	-	(8,495)	(26,615)	(1,480)	(1,814)	(2,999)	-	(41,403)
Balance at December 31, 2021	-	620,112	1,715,568	66,903	65,103	157,908	-	2,625,594
Carrying amount at December 31, 2021	$132,077	$412,218	$570,185	$33,332	$33,272	$58,602	$90	$1,238,776

For the years ended December 31, 2020

Cost	Land	House & building	Machinery equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment yet to be tested	Total
Balance at January 1, 2020	$138,206	$1,015,145	$2,144,727	$94,403	$85,382	$207,608	$5,829	$3,691,300
Addition	-	2,937	103,848	11,056	1,836	18,559	7,098	145,334
Disposition	-	-	(52,475)	(7,832)	(3,544)	(2,243)	-	(66,094)
Reclassification	-	4,842	1,832	-	(521)	671	(7,755)	(931)
Exchange difference	(2,485)	854	1,522	(975)	(635)	(271)	88	(1,902)
Balance at December 31, 2021	135,721	1,023,778	2,199,454	96,952	82,518	224,324	5,260	3,767,707
Accumulated depreciation:								
Balance at January 1, 2020	-	547,596	1,634,855	66,842	66,809	145,707	-	2,461,809
Depreciation	-	38,774	89,507	6,803	4,370	12,675	-	152,132
Disposition	-	-	(46,674)	(7,103)	(3,214)	(2,033)	-	(59,024)
Reclassification	-	-	-	-	-	-	-	-
Exchange difference	-	914	(153)	(639)	(388)	(296)	-	(562)
Balance at December 31, 2021	-	587,284	1,677,535	65,903	67,577	156,056	-	2,554,355
Carrying amount at December 31, 2021	$135,721	$436,494	$521,919	$30,749	$14,941	$68,268	$5,260	$1,213,352

(B) The Group's major building constituents mainly include the main plant buildings, workshops, and plant decoration, which are depreciated according to their service life of 3-50 years.

(C) The Group did not acquire property, plant and equipment that caused the capitalization of the loan cost for the years ended December 31, 2021 and 2020.

(D) The Group did not have any impairment occurred to the property, plant and equipment for the years ended December 31, 2021 and 2020.

(E) The aforementioned property, plant and equipment had not been provided as collateral or mortgaged.

(F) The acquired property, plant and equipment listed in the consolidated cash flow statement:

	For the years ended December 31,	
	2021	2020
The current addition of property, plant and equipment listed in Note 6(10)(A) of the consolidated financial report	$195,452	$145,334
Add: Equipment payable – beginning	4,556	3,258
Less: Equipment payable – ending	(16,537)	(4,556)
Disposal of the investment price using the equity method minus the payable on equipment	-	(1,469)
Cash outflow for the acquisition of property, plant and equipment	$183,471	$142,567

(G) The Group's leased assets are as follows:

	December 31, 2021	December 31,2020
House and building	$1,340	$1,340
Less: Accumulated depreciation	(969)	(932)
Leased assets - net	$371	$408

(a) The company had part of the plant building leased to BAIYUE PRECISION CO., LTD. (hereinafter referred to as "BAIYUE") for a period from October 1, 2019 to September 30, 2020. The lease contract was renewed on September 30, 2020 for a lease period from October 1, 2020 to September 30, 2021. The lease contract was renewed on September 30, 2021 for a lease period from October 1, 2021 to September 30, 2022.

(b) SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. of the Group had part of the plant building leased to CHANG HONG SHEN HARDWARE CO., LTD. (hereinafter referred to as "CHANG HONG SHEN HARDWARE") for a period from March 1, 2019 to February 28, 2024. The said two parties agreed to have the lease contract terminated in May 2020.

(c) The Group had part of the plant building leased to BAIYUE and CHANG HONG SHEN HARDWARE. The said plant building could not be sold independently; also, the said plant building owned by the Group was mainly for the purpose of product production, service providing, and management; therefore, the proprietary plant was not classified as an investment property.

(11) Right-of-use assets

(A) The increase and decrease of the Group's right-of-use assets are as follows:

	For the years ended December 31,2021		
Cost	Land	House & building	Total
Balance at January 1, 2021	$66,045	$125,053	$191,098
Addition	-	-	-
Due/transfer amount	-	(5,702)	(5,702)
Exchange difference	(1,635)	(1,664)	(3,299)
Balance at December 31, 2021	64,410	117,687	182,097
Accumulated depreciation			
Balance at January 1, 2021	4,036	27,933	31,969
Depreciation	1,888	18,458	20,346
Due/transfer amount	-	-	-
Exchange difference	(97)	(515)	(612)
Balance at December 31, 2021	5,827	45,876	51,703
Carrying amount at December 31, 2021	$58,583	$71,811	$130,394

	For the years ended December 31,2020		
Cost	Land	House & building	Total
Balance at January 1, 2020	$66,166	$98,874	$165,040
Addition	-	24,407	24,407
Due/transfer amount	-	-	-
Exchange difference	(121)	1,772	1,651
Balance at December 31, 2020	66,045	125,053	191,098
Accumulated depreciation			
Balance at January 1, 2020	$1,926	$12,671	$14,597
Depreciation	1,892	14,807	16,699
Due/transfer amount	-	-	-
Exchange difference	218	455	673
Balance at December 31, 2020	4,036	27,933	31,969
Carrying amount at December 31, 2021	$62,009	$97,120	$159,129

(B) The Group did not have the right-of-use assets sublet for the years ended December 31, 2021 and 2020.

(C) The Group did not have any impairment occurred to the right-of-use assets for the years ended December 31, 2021 and 2020.

(D) The aforementioned right-of-use assets had not been provided as collateral or mortgaged.

(12) Intangible assets

(A) The increase or decrease of the Group's intangible assets-computer software is as follows:

	Years ended December 31,	
Cost	2021	2020
Balance - beginning	$8,598	$7,200
Addition - current	477	1,798
Decrease in the current period – delisted on the due date	(3,420)	(357)
Exchange difference	(43)	(43)
Balance - ending	5,612	8,598
Accumulated depreciation		
Balance - beginning	(5,225)	(3,229)
Amortization - current	(2,275)	(2,394)
Decrease in the current period – delisted on the due date	3,420	357
Exchange difference	43	41
Balance - ending	(4,037)	(5,225)
Book amount - ending	$1,575	$3,373

(B) The Group did not have any impairment occurred to the intangible assets for the years ended December 31, 2021 and 2020.

(13) Short-term loans

	December 31, 2021	December 31,2020
Credit loans	$1,260,000	$1,222,202
Guaranteed loans	-	13,622
Total	$1,260,000	$1,235,824

(A) The Group's short-term loan interest rate is as follows:

Nature of loan	December 31, 2021	December 31,2020
Credit loan	0.704%-1.269%	0.700%-1.325%
Guaranteed loan	-	3.990%-4.350%

(B) Please refer to Note 8 of the consolidated financial report for the Group's short-term loans provided as collateral.

(14) Long-term loans

Creditor	Nature of loan	Contract period	Amount	Repayment method
December 31, 2021				
Fubon Bank	Credit loan	2020/01/03~2025/01/03	$3,242	(Note 1)
Fubon Bank	Credit loan	2020/02/05~2025/01/03	1,598	(Note 1)
Fubon Bank	Credit loan	2020/02/07~2025/02/07	16,461	(Note 2)
Fubon Bank	Credit loan	2020/03/05~2025/01/03	1,904	(Note 1)
Fubon Bank	Credit loan	2020/04/01~2025/01/03	1,789	(Note 1)
Fubon Bank	Credit loan	2020/05/05~2025/01/03	1,753	(Note 1)
Fubon Bank	Credit loan	2020/06/05~2025/01/03	2,023	(Note 1)
Fubon Bank	Credit loan	2020/07/03~2025/01/03	1,719	(Note 1)
Fubon Bank	Credit loan	2020/07/20~2025/01/03	867	(Note 1)
Fubon Bank	Credit loan	2020/08/05~2025/01/03	1,873	(Note 1)
Fubon Bank	Credit loan	2020/08/07~2025/02/07	2,276	(Note 2)
Fubon Bank	Credit loan	2020/09/04~2025/01/03	1,938	(Note 1)
Fubon Bank	Credit loan	2020/10/05~2025/01/03	1,895	(Note 1)
Fubon Bank	Credit loan	2020/11/05~2025/01/03	2,151	(Note 1)
Fubon Bank	Credit loan	2020/12/04~2025/01/03	2,017	(Note 1)
Fubon Bank	Credit loan	2021/01/05~2025/01/03	2,175	(Note 1)
Fubon Bank	Credit loan	2021/01/20~2025/01/03	1,591	(Note 1)
Fubon Bank	Credit loan	2021/02/05~2025/01/03	2,086	(Note 1)
Fubon Bank	Credit loan	2021/03/05~2025/01/03	2,490	(Note 1)
Fubon Bank	Credit loan	2021/04/01~2025/01/03	2,157	(Note 1)
Fubon Bank	Credit loan	2021/05/05~2025/01/03	2,634	(Note 1)
Fubon Bank	Credit loan	2021/06/04~2025/01/03	2,444	(Note 1)
Fubon Bank	Credit loan	2021/07/05~2025/01/03	2,426	(Note 1)
Fubon Bank	Credit loan	2021/07/20~2025/01/03	672	(Note 1)
Fubon Bank	Credit loan	2021/08/05~2025/01/03	2,452	(Note 1)
Fubon Bank	Credit loan	2021/09/03~2025/01/03	3,050	(Note 1)
Fubon Bank	Credit loan	2021/10/05~2025/01/03	2,790	(Note 1)
Fubon Bank	Credit loan	2021/11/05~2025/01/03	3,378	(Note 1)
Fubon Bank	Credit loan	2021/12/03~2025/01/03	2,473	(Note 1)
Total			76,324	
Less: Long-term loans due within one year			-	
Long-term loans due after one year			$76,324	

Creditor	Nature of loan	Contract period	Amount	Repayment method
December 31, 2021				
Fubon Bank	Credit loan	2020/01/03~2025/01/03	$3,242	(Note 1)
Fubon Bank	Credit loan	2020/02/05~2025/01/03	1,598	(Note 1)
Fubon Bank	Credit loan	2020/02/07~2025/02/07	16,461	(Note 2)
Fubon Bank	Credit loan	2020/03/05~2025/01/03	1,904	(Note 1)
Fubon Bank	Credit loan	2020/04/01~2025/01/03	1,789	(Note 1)
Fubon Bank	Credit loan	2020/05/05~2025/01/03	1,753	(Note 1)
Fubon Bank	Credit loan	2020/06/05~2025/01/03	2,023	(Note 1)
Fubon Bank	Credit loan	2020/07/03~2025/01/03	1,719	(Note 1)
Fubon Bank	Credit loan	2020/07/20~2025/01/03	867	(Note 1)
Fubon Bank	Credit loan	2020/08/05~2025/01/03	1,873	(Note 1)
Fubon Bank	Credit loan	2020/08/07~2025/02/07	2,276	(Note 2)
Fubon Bank	Credit loan	2020/09/04~2025/01/03	1,938	(Note 1)
Fubon Bank	Credit loan	2020/10/05~2025/01/03	1,895	(Note 1)
Fubon Bank	Credit loan	2020/11/05~2025/01/03	2,151	(Note 1)
Fubon Bank	Credit loan	2020/12/04~2025/01/03	2,017	(Note 1)
BBVA USA	Credit loan	2020/05/04~2022/05/04	859	(Note 3)
Total			44,365	
Less: Long-term loans due within one year			-	
Long-term loans due after one year			$44,365	

Note 1: The first repayment date to Fubon Bank is on January 15, 2023, followed by a monthly installment for a total of 24 payments with the principal paid equally and the interest paid monthly.

Note 2: The first repayment date to Fubon Bank is on February 15, 2023, followed by a monthly installment for a total of 24 payments with the principal paid equally and the interest paid monthly.

Note 3: The interest to Compass Bank is repaid in a lump sum at maturity. The Group meets the repayment exemption for U.S. relief loan and hence has recognized this loan principal under other income for the 2021.

(A) The aforementioned long-term loan from Taipei Fubon Bank is a project loan for Taiwanese businessmen to invest in Taiwan with a loan interest rate of 0.70% per annum on December 31, 2021 and 2020 (for the aforementioned project loan granted to Taiwanese businessmen to invest in Taiwan, in the event of violating law and regulations, or the budget of National Development Fund being freeze up by the Legislative Yuan during the implementation period, policy changes, fund allocation needs, or circumstances that are not attributable to the National Development Fund, starting from the date the National Development Fund stopping the payment of commission fee, the loan interest rate will be changed to "3M TAIBOR+0.50%"

divided by 0.946 with a 3-month floating interest calculated automatically and regularly, which shall not be lower than 1.2% after tax. In addition, the machinery equipment purchased with the project loan may not be pledged or with ownership transferred to others).

(B) The aforementioned long-term loan from BBVA USA is the United States relief loan with an interest rate of 1.00% on December 31, 2020.

(C) The Group did not provide collateral for the aforementioned long-term loans.

(15) Lease liabilities

	Discount rate	December 31, 2021	December 31, 2020
Lease liabilities			
House and building	2.475%-4.750%	$76,845	$100,721
Less: Lease liabilities due within one year		(18,337)	(16,645)
Lease liabilities due after one year		$58,468	$84,076

(A) The Group's subsidiaries, G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD., SHENZHEN G-SHANK PRECISION SDN.BHD., G-SHANK JAPAN CO., LTD., and SHENZHEN G-BAO PRECISION SDN.BHD. had leased factory and dormitory from the Group in September 2007, June 2016, April 2017, and August 2017 for a lease period of 40 years, 5 years 2 years, ad 3 years, respectively, which have been booked as right-of-use assets since January 1, 2019, with a monthly rent paid.

(B) Other rental information is listed as follows:

	Years Ended December 31	
	2021	2020
Short-term lease expense	$5,200	$5,764
Low-value asset lease expenses	$-	$-
Changes in lease expense excluded from the measurement of a lease liability	$-	$-
Total cash outflow of all leases	$26,354	$23,087
Lease liabilities interest	$4,156	$4,283

The Group chose to have the qualified short-term dormitories lease exempted from lease recognition, and no related right-of-use assets and lease liabilities of such lease are recognized.

(16) Retirement benefits

(A) Defined benefit plan

(a) The Company has based on the employee's seniority and the expected salary before retirement to have the employee retirement plan formulated, and has pension reserve appropriated for an amount equivalent to certain percentage of the monthly salary in accordance with the "Labor Standards Act" and then deposited in a special account and used by the Labor Pension Committee. The pension reserve is operated separately from the business operation of the Company; therefore, it is not included in the consolidated financial statements.

(b) The remeasurement of the net defined benefit liability is accumulated and recognized in other comprehensive profit and loss as follows:

	Years Ended December 31	
	2021	2020
Balance - beginning	$(100,528)	$(97,416)
Net defined benefit plan remeasurement	9,034	(3,112)
Balance - ending	$(91,494)	$(100,528)

(c) The reconciliation of the present value of the defined benefit obligation and the fair value of the plan asset is as follows:

	December 31, 2021	December 31, 2020
Present value of defined benefit obligation	$217,887	$238,086
Fair value of plan assets	(155,492)	(155,402)
Plan shortfalls	62,395	82,684
Booked in other payables	(381)	(393)
Net defined benefit obligation	$62,014	$82,291

(d) The changes in the present value of the defined benefit obligation are as follows:

	Years Ended December 31	
	2021	2020
Book value - beginning	$238,086	$239,768
Current service cost	2,082	2,540
Interest expense	928	1,702
Net defined benefit obligation remeasurement		
Actuarial (benefits) losses due to changes in demographic assumptions	(1,840)	298
Actuarial (benefits) losses due to changes in financial assumptions	(8,123)	9,190
Actuarial (benefits) losses resulted from experience adjustments	3,162	(1,070)
Benefits paid	(16,408)	(14,342)
Book value - ending	$217,887	$238,086

(e) The changes in the fair value of plan assets are as follows:

	Years Ended December 31	
	2021	2020
Balance – beginning	$155,402	$144,666
Interest income	606	1,027
Net defined benefit assets remeasurement		
Actuarial benefits of plan assets resulted from experience adjustments	2,233	5,306
Employer's contributions	13,659	18,745
Benefits paid	(16,408)	(14,342)
Balance - ending	$155,492	$155,402

(i) According to the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund," the income and expense, safeguard, and utilization of the Company's plan assets are entrusted to Bank of Taiwan for process by the competent authorities and the Ministry of Finance, of which, the safeguard and utilization of the fund can be entrusted to other financial institutions. The scope of application for the funds includes deposited in domestic and foreign financial institutions, investment in domestic and foreign listed/OTC or private equity securities, investment in domestic and foreign debt securities, investment in domestic public offering or private placement of securities investment trust funds, beneficiary certificates of futures trust funds , mutual trust fund beneficiary securities or collective trust instruments, investment in the beneficiary certificates issued or managed by foreign fund management institutions, fund shares or investment units, investment in domestic and foreign property and its securitized instruments, investment in domestic and foreign spot instruments, engagement in domestic and foreign financial derivatives transactions, marketable securities lending transactions, etc. Moreover, the minimum income distributed from the annual final account may not be less than the interest income calculated according to the local bank's 2-year time deposit interest rate. The information on the utilization of the labor pension fund assets includes the fund appropriation and profit ratio provided by the Bank of Taiwan, the fund assets allocation announced on the website of the Bureau of Labor Funds, Ministry of Labor, the Executive Yuan, etc. Please refer to the website of the Bureau of Labor Funds, Ministry of Labor, the Executive Yuan for more information.

(ii) The Company's pension reserves in the special account with the Bank of Taiwan were NT$155,492 thousand and NT$155,402 thousand on December 31, 2021 and 2020, respectively.

(iii) As of December 31, 2021, the Company's expected appropriation of defined benefit plan in 2022 was NT$22,081 thousand.

(f) The pension expense recognized in profit and loss and booked amount are as follows:

	Years Ended December 31	
	2021	2020
Service cost	$2,082	$2,540
Interest expense	928	1,702
Interest income	(606)	(1,027)
Total	$2,404	$3,215
Operating cost	$2,279	$2,334
Marketing expense	32	219
Management expense	73	499
R&D expense	20	163
Total	$2,404	$3,215

(g) The main actuarial assumptions used in determining the present value of the defined benefit obligation are as follows:

	December 31, 2021	December 31, 2021
Discount rate	0.70%	0.39%
Expected salary increase rate	1.50%	1.50%

Please refer to Note 5.(2)(A) to the consolidated financial statements for the sensitivity analysis regarding the impact on the net defined benefit liabilities due to the reasonable and possible changes in the Company's actuarial assumptions:

(h) Information on the maturity overview of the defined benefit obligation is as follows:

	December 31, 2021	December 31, 2021
Weighted average duration	11 years	12 years
Maturity analysis of future benefit payments		
Within 1 year	$172,857	$170,662
2~5 years	22,514	34,537
Over 6 years	17,055	21,076
Total undiscounted amount	$212,426	$226,275
Present value of benefit payments	$210,990	$225,166

(B) Defined contribution plan

(a) The Company has adopted a defined contribution plan since the implementation of the "Labor Pension Act" in July 2005. The employees may choose to be subject to the pension provisions of the "Labor Standards Act" or the "Labor

Pension Act" with the reservation of the seniority prior to the "Labor Pension Act" took forth. For the employees subject to the "Labor Pension Act," the Company shall assume the pension contribution for an amount not less than 6% of the monthly salary that is to be appropriated on a monthly basis and deposited in the personal account of each employee with the Bureau of Labor Insurance. The Company is without any legal or presumed obligation to make any additional contribution other than the monthly pension contribution.

(b) The GROUP's subsidiaries in mainland China, Malaysia, Indonesia, the United States, Mexico, Thailand, and Japan shall have pension insurance appropriated for an amount equivalent to a certain percentage of the salary in accordance with the local governing law and regulations, which is to be paid to the relevant government departments and then deposited into the personal account of each employee.

(c) The pension expense recognized by the GROUP according to the definite contribution plan is as follows:

	Years Ended December 31	
	2021	2020
Operating cost	$43,539	$18,537
Amortization expense	7,710	4,101
Management expense	9,591	4,921
R&D expense	7,010	2,187
Total	$67,850	$29,746

(17) Capital stock

	Authorized capital stock (1,000 shares)	Common stock shares issued at NT$10 par (including Advance Receipts for Capital Stock)	
		Shares (1,000 shares)	Capital stock
Balance amount on January 1,2020	350,000	184,968	$1,849,683
Balance amount on December 31, 2020	350,000	184,968	$1,849,683
Balance amount on January 1,2021	350,000	184,968	$1,849,683
Employee exercise of stock warrant		2,864	28,640
Balance amount on December 31,2021	350,000	187,832	$1,878,323

(A) As of December 31, 2021 and 2020, the company's authorized capital stock included 20,000 thousand shares reserved for the issuance of an employee stock warrant.

(B) The related rights, priority, and restrictions of the common stock shares issued by the company are as follows:

(a) Each shareholder is entitled to one vote per share.

(b) The distribution of dividends and bonuses are based on the shareholding ratio of each shareholder.

(c) The property net of the debt is distributed proportionally to the shareholding ratio of each shareholder.

(C) The number of the shares in employee stock option 2,864 thousand shares have been exercised in 2021. As of December 31, 2021 and 2020, of 7,780 thousand shares and 4,916 thousand shares were subscribed, respectively, due to the company's issuance of an employee stock warrant. Please refer to Note 6.(24) of the consolidated financial report for the related information on the issuance of an employee stock warrant.

(18) Additional paid-in capital

	December 31, 2021	December 31, 2020
Common stock premium	$287,379	$258,152
Treasury stock transaction	63,306	63,306
The difference between the actual acquisition price of the subsidiary's equity and the book amount	3,563	3,563
Changes in the net equity value of subsidiaries under the equity method and affiliated enterprises	31,847	31,847
Employee stock options	28,752	38,042
Invalid employee stock options	36,240	36,240
Received donation from shareholders	1,657	1,634
Total	$452,744	$432,784

According to the Company Act, the company shall apply the additional paid-in capital to make up for losses only. However, if the company has no loss, the stock premium and all or part of the donation received may be used to distribute new shares or cash proportionally to the shareholders' original shareholding ratio. In addition, the company may apply the additional paid-in capital to supplement the capital loss only when there is an insufficient reserve.

(19) Legal reserve

According to the Company Act, the company after having all taxes paid and ready for earnings distribution shall first appropriate 10% legal reserve and continue to appropriate until the total legal reserve amount equals total capital. The legal reserve can be applied to

make up for the company's losses; also, if the company has no loss, the amount of the legal reserve exceeding 25% of the paid-in capital can be used to distribute new shares or cash proportionally to the shareholders' original shareholding ratio.

(20) Special reserve

The Company has special reserve appropriated and reversed in accordance with Jin-Guan-Zheng-Far-Tzi No. 1010012865 Order, Jin-Guan-Zheng-Far-Tzi No. 1010047490 Order, and "Questions and Answers on the Appropriation of Special Reserves after the Adoption of International Financial Reporting Standards (IFRSs)." When the amount debited to other equity is reversed subsequently, the reversed amount could be distributed. In addition, the Financial Supervisory Commission had issued the Jin-Guan-Zheng-Far-Tzi No. 1090150022 Order on March 31, 2021, then the Jin-Guan-Zheng-Far-TZi No. 1010012865 Order and Jin-Guan-Zheng-Far-Tzi No. 1010047490 Order were revoked on December 31, 2021 and March 31, 2021, respectively. The Company will comply with the relevant letter and orders continuously.

(21) Earnings distribution and dividend policy

(A) According to the company's Articles of Incorporation, the annual earnings, if any, should be applied to pay income tax and make up for the losses of the previous years; also, appropriate 10% legal reserve from the remaining balance, if any. In addition, appropriate or reverse a certain amount of special reserve according to the regulations of the competent authority. Then, for the balance amount, if any, and the unappropriated earnings of the previous year, except for the retained amount, the board of directors shall draft an earnings distribution plan for the resolutions of the shareholders meeting.

(B) The company's dividend policy: the company's current industrial development is growing and will be expanded to support the business development. The earnings distribution shall be handled in accordance with the company's Articles of Incorporation. However, the shareholders' dividends distributed in the current year shall include not more than 50% of the stock dividend and must be more than 50% of the cash.

(C) The aforementioned earnings distribution proposal issued by resolved in the shareholders' meeting is as follows:

	Years Ended December 31	
	2020	2019
Legal reserve	$28,424	$30,591
Special reserve	-	-
Shareholder's dividends		
Cash	$221,962	$240,459
Cash dividend per share	NT$1.20	NT$1.30
Stock (NT$10 par)	-share	-share
Stock dividend per share	-NT$	-NT$

(22) Other equity (net amount after tax)

(A) The exchange difference from the conversion of the financial statements of foreign operating institutions:

	Years Ended December 31	
	2021	2020
Balance -beginning	$(357,177)	$(344,771)
Transactions of current period	(84,675)	(11,805)
Non-controlling interests obtained in current period	-	(525)
Reclassified to (profit) and loss in the current period	-	(76)
Balance -ending	$(441,852)	$(357,177)

(B) Unrealized valuation benefits of financial assets measured at fair value through other comprehensive profit and loss:

	Years Ended December 31	
	2021	2020
Balance - beginning	$177,692	$139,311
Transactions of current period	93,984	38,922
Recognized under the equity method in the current period - affiliated enterprise	8,382	(541)
Reclassified to retained earnings in the current period	(763)	-
Balance - ending	$279,295	$177,692

(23) Non-controlling interests

	Years Ended December 31	
	2021	2020
Balance -beginning	$612,084	$579,189
The amount attributable to non-controlling interests:		
Net income	104,501	69,526
Exchange difference from the conversion of the financial statements of foreign operating institutions	(12,766)	1,862
Book amount of non-controlling interests purchased	-	(13,952)
Cash dividends paid by subsidiaries to non-controlling interests	(102,380)	(24,541)
Balance -ending	$601,439	$612,084

(A) The Group had no subsidiaries with significant non-controlling interests for years ended December 31, 2021 and 2020.

(B) Obtained non-controlling interests

(a) The company purchased 5.86% shareholding for RMB 2,503,481 from the non-controlling interest of the subsidiary, G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD., on January 20, 2020, so the comprehensive shareholding ratio was increased from 94.14% to 100%. The shareholding change of the Group in G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD., has affected the equity attributable to the shareholders of the parent company as follows:

	Amount
Book amount of non-controlling interests purchased	$13,952
Considerations paid for non-controlling interests	(10,914)
Other equity-exchange differences from the conversion of the financial statements of foreign operating institutions	525
The difference between the actual price of equity acquired from the subsidiary and the book amount adjusted to the additional paid-in capital	$3,563

(b) Acquisition of equity from the subsidiaries listed in the consolidated cash flow statement:

	Years Ended December 31	
	2021	2020
The consideration paid for non-controlling interests listed in Note 6.(23)B.(A) to the consolidated financial report	$-	$10,914
Less: Prepaid investment funds at the beginning of the period	-	(3,165)
Cash outflow for acquiring equity from the subsidiary	$-	$7,749

(24) Share-based payment - employee rewards

The company was authorized by the Securities and Futures Bureau of the Financial Supervisory Commission to issue 500,000 units of employee stock warrants on January 13, 2015 and August 22, 2018, respectively. One stock warrant is entitled to subscribe to 10 common stock shares of the company. New shares will be issued for the stock option exercised by employees and the subscription price is the company's common stock closing price on the issuance day. The stock warrant holders can exercise a certain percentage of the stock warrant after 2-year from the issuance date (according to the regulations, the exercisable subscription amount is 40% of the amount available for subscription in each stock warrant issued after 2-year from the issuance date, 60% after 3-year from the issuance date, 80% after 4-year from the issuance date, and 100% after 5 years from the issuance date). The duration of the stock warrant is for seven years. The unexercised stock options after 7 years shall be deemed as being waived, and the subscribers cannot claim their rights to subscribe.

As of December 31, 2021, the issuance of compensatory employee stock warrants is disclosed as follows:

Warrant issuance date	Total warrants issued originally	Total warrants outstanding at yearend	Total warrants available for subscription at yearend	Subscription price (NTD) (Note)
July 27, 2015	300,000	99,200	992,000	$13.40
January 8, 2016	200,000	163,200	1,632,000	15.30
September 12, 2018	290,000	220,400	1,092,000	21.20
August 12, 2019	210,000	187,800	678,000	21.30

Note: The company has the subscription price adjusted when there is a change in common stock share or cash dividend is distributed for common stock shares in accordance with the "Regulations Governing the Issuance of Employee Stock Warrant and Stock Subscription." The stock subscription price per share after adjustment is disclosed as of December 31, 2021.

(A) The company adopts the Black-Scholes stock options model to assess the fair value of the employee stock warrant issued each year. The remuneration cost accrued were NT$4,443 thousand and NT$7,913 thousand, for the years ended December 31, 2021 and 2020, respectively. The input values of the stock option pricing model are as follows:

	2018 Stock option plan	2018 Stock option plan	2014 Stock option plan	2014 Stock option plan
Expected dividend ratio	-%	-%	-%	-%
Expected price fluctuation ratio	18.99%~20.95%	21.38%~22.07%	22.64%~25.43%	22.80%~27.68%
Risk-free interest rate	0.554%~0.582%	0.700%~0.758%	0.663%~0.831%	0.976%~1.203%
Expected duration	4.5~6 years	4.5~6 years	4.5~6 years	4.5~6 years

The assumption of the expected price fluctuation ratio is measured according to the impact of the annual dividend distribution in the past on stock price, and the expected stock price fluctuations in the future period. The stock option duration is the employee exercising stock option period that is deducted from the historical data and current expectation, which may not necessarily match the actual result or actual implementation.

(B) The quantity and weighted average price of the compensatory employee stock option plan issued by the company is disclosed as follows:

	2021		2020	
Employee stock operations	QTY (unit)	Weighted average price per share (NTD)	QTY (unit)	Weighted average price per share (NTD)
Outstanding shares - beginning	957,000	$18.07	967,000	$19.34
Granted in current period	-	-	-	-
Exercised in current period	(286,400)	15.41	-	-
Lost in current period (expired)	-	-	(10,000)	21.80
Outstanding shares - ending	670,600	18.64	957,000	18.07
Exercisable employee stock options - ending	439,400	17.26	554,400	15.80
Average fair value per share of stock options granted to employees in the current period (NTD)	$-		$-	

The weighted average share price is NTD $52.85 of the company's employees did execute stock options for the years ended December 31, 2021. The company's employees did not execute stock options for the years ended December 31, 2020.

As of December 31, 2021, the company's outstanding compensatory employee stock option plan is as follows:

		Outstanding stock options			Exercisable employee stock options	
	Price range per share (NTD)	Outstanding QTY (Unit)	Weighted average expected remaining duration	Weighted average price per share (NTD)	Exercisable QTY (Unit)	Weighted average price per share (NTD)
Decembr 31,2021						
2014 Stock option plan	$13.40	99,200	-	$13.40	99,200	$13.40
2014 Stock option plan	15.30	163,200	-	15.30	163,200	15.30
2018 Stock option plan	21.20	220,400	1.95	21.20	109,200	21.20
2018 Stock option plan	21.30	187,800	2.75	21.30	67,800	21.30
December 31,2020						
2014 Stock option plan	$13.70	300,000	0.12	$13.70	300,000	$13.70
2014 Stock option plan	15.60	179,000	0.31	15.60	143,200	15.60
2018 Stock option plan	21.70	278,000	2.79	21.70	111,200	21.70
2018 Stock option plan	21.80	200,000	3.70	21.80	-	21.80

(25) Net operating income

	Years Ended December 31	
	2021	2020
Sales income		
Parts income	$6,041,433	$4,313,766
Mold income	210,655	261,959
Fixture income	101,730	81,634
Merchandise income	91,755	141,119
Total	6,445,573	4,798,478
Less: Sales return	(12,685)	(10,569)
Sales discount	(12,428)	(8,295)
Net operating income	$6,420,460	$4,779,614

(A) Income classification:

(a) Main merchandise / service

	Years Ended December 31	
	2021	2020
Parts income	$6,018,668	$4,296,392
Mold income	208,400	260,569
Fixture income	101,720	81,596
Merchandise income	91,672	141,057
Total	$6,420,460	$4,779,614

(b) Main regional markets

	Years Ended December 31	
Customer location	2021	2020
Taiwan	$1,247,725	$605,811
Asia (other than Taiwan)	4,520,288	3,679,908
America	300,744	206,932
Others	351,703	286,963
Total	$6,420,460	$4,779,614

(c) Income recognition time

	Years Ended December 31	
	2021	2020
Goods transferred at a certain time	$6,420,460	$4,779,614

(B) Contract liabilities:

	December 31, 2021	December 31, 2020
Contract liabilities	$14,748	$12,415

The significant changes in the contract liability balance are as follows:

	Years Ended December 31	
	2021	2020
Contract liabilities balance -beginning transferred to income in the current period	$(9,858)	$(12,923)
Increase in cash received in advance in the current period	5,033	9,820

(26) Operating costs and expenses

The Group's employee welfare expenses, depreciation, and amortization expenses are summarized as follows:

Function / Nature	For the years ended December 31, 2021			For the years ended December 31, 2020		
	Attributable to operating cost	Attributable to operating expense	Total	Attributable to operating cost	Attributable to operating expense	Total
Employee welfare expenses						
Employee expense (Note 1)	$793,770	$435,482	$1,229,252	$699,678	$418,908	$1,118,586
Labor and health insurance expenses	56,954	35,117	92,071	45,968	30,502	76,470
Pension expenses	45,818	24,436	70,254	20,871	12,090	32,961
Director remuneration	-	5,134	5,134	-	1,758	1,758
Other welfare expenses	26,891	12,518	39,409	22,591	11,120	33,711
Depreciation expenses (Note 2)	122,674	46,755	169,429	117,611	51,120	168,731
Amortization expense	17,346	7,318	24,664	15,998	10,424	26,422

Note 1：(A) According to the company's Articles of Incorporation, the company shall appropriate an amount equivalent to 1-10% of the company's net income before tax before deducting remuneration to employees, directors, and supervisors as remuneration to employees and not more than 3% as remuneration to directors and supervisors. However, it is necessary to reserve a sufficient amount to make up for the losses, if any. The remuneration to employees in the preceding paragraph is paid in the form of stocks or cash, including the employees of the controlled companies who meet the conditions set by the board of directors. The remuneration to directors and supervisors must be paid in cash. The aforementioned matters shall be resolved by the board of directors for implementation and shall be reported to the shareholders meeting.

The amendments to the company's Articles of Incorporation were resolved in the shareholders meeting on June 15, 2020 as follows:

The company shall appropriate an amount equivalent to 1-10% of the company's net income before tax before deducting remuneration to employees and directors as remuneration to employees and not more than 3% as remuneration to directors. However, it is necessary to reserve a sufficient amount to make up for the losses, if any. The remuneration to employees in the preceding paragraph is paid in the form of stocks or cash, including the employees of the controlled companies who meet the conditions set by the board of directors. The remuneration to directors must be paid in cash.

(B) The estimated remuneration payable to employees of the company for 2021 and 2020 were NT$21,000 thousand , respectively, and the remuneration to directors and supervisors was NT$0, respectively. The estimated remuneration to employees was based on a certain percentage of the net income before tax (without considering the impact of employee remuneration) for 2021 and 2020. The estimated remuneration to employees is recognized as the current operating cost or operating expense. However, if there is a change in the distribution amount resolved by the board of directors, it will be treated according to the accounting estimates changes and adjusted to the profit and loss of the following year.

(C) The company's board of directors had resolved on March 10, 2022 to distribute the 2021 remuneration to employees for NT$21,000 thousand in cash and remuneration to directors for NT$0 that were reported in the regular shareholders meeting on July 16, 2021; also, it was not different from the estimated remuneration to employees and directors in the company's 2021 financial report. The company's board of directors had resolved on March 15, 2021 to distribute the 2020 remuneration to employees for NT$21,000 thousand in cash and remuneration to directors and supervisors for NT$0 that were reported in the regular shareholders meeting on July 16, 2021; also, it was not different from the estimated remuneration to employees, directors, and supervisors in the company's 2020 financial report.

(D) Please refer to the Market Observation Post System for the information regarding the remuneration to employees and directors resolved by the company's board of directors.

Note 2: The Group had appropriated the depreciation expenses were NT$169,466 thousand and NT$168,831 thousand for the years ended December 31, 2021 and 2020, respectively. Also, the depreciation expenses of the property, plant and equipment - leased assets were NT$37 thousand and NT$100 thousand, respectively, and listed in the "Other income and expenses - net" account.

(27) Other income and expenses – net

	Years Ended December 31	
	2021	2020
Property, plant and equipment – lease assets		
Rent income	$1,322	$1,579
Depreciation expense	(37)	(100)
Other income and expenses - net	$1,285	$1,479

(28) Non-operating income and expense

(A) Interest income

	Years Ended December 31	
	2021	2020
Bank deposit interest	$35,844	$44,676
Financial assets measured at amortized cost interest income	38	4,849
Other interest income	56,837	41,188
Total	$23,237	$22,381

(B) Other income

Cash dividends	$8,482	$10,178
Other income-other	27,018	23,543
Total	$35,500	$33,721

(C) Other profit and loss

Net loss of financial assets measured at fair value through profit and (loss)	$(36,920)	$(32,575)
Net profit from the disposal of property, plant, and equipment	(1,173)	1,775
Net loss from the disposal of investment	-	(786)
Other expenses	(436)	(1,573)
Total	$(38,529)	$(33,159)

(D) Financial cost

Bank loan interest	$(10,528)	$(9,970)
Lease liability interest	(4,156)	(4,283)
Total	$(14,684)	$(14,253)

(E) Profit (loss) amount from the affiliated enterprises under the equity method

Please refer to Note 6(9)C. of the consolidated financial report for details.

(F) Exchange loss - net

	Years Ended December 31	
	2021	2020
Realized exchange profit (loss) - net	$(8,195)	$(25,125)
Unrealized exchange profit (loss)-net	(35,947)	(37,544)
Total	$(44,142)	$(62,669)

(29) Other comprehensive profit and loss

Other comprehensive profit and loss constituents	Transactions of current period	Reclassification and adjustment of current period	Other comprehensive profit and loss	Income tax expense	Amount after tax
For the years ended December 31, 2021					
Items not reclassified to profit and loss:					
Remeasurements of defined benefit plan	$9,034	$-	$9,034	$-	$9,034
Unrealized appraisal benefits of equity instrument investment measured at fair value through other comprehensive loss	93,984	-	93,984	-	93,984
Remeasurements of defined benefit plan of affiliated enterprises under the equity method	39	-	39	-	39
Unrealized appraisal benefits of equity instrument investment measured at fair value through other comprehensive profit of affiliated enterprises under the equity method	8,382	-	8,382	-	8,382
Total amount of items not reclassified to profit and loss:	111,439	-	111,439	-	111,439
Items that may be reclassified to profit and loss subsequently:					
Exchange difference from the conversion of the financial statements of foreign operating institutions	(97,441)	-	(97,441)	-	(97,441)
Total amount of items that may be reclassified to profit and loss subsequently:	(97,441)	-	(97,441)	-	(97,441)
Total	$13,998	$-	$13,998	$-	$13,998

Other comprehensive profit and loss constituents	Transactions of current period	Reclassification and adjustment of current period	Other comprehensive profit and loss	Income tax expense	Amount after tax
For the years ended December 31, 2020					
Items not reclassified to profit and loss:					
Remeasurements of defined benefit plan	$(3,112)	$-	$(3,112)	$-	$(3,112)
Unrealized appraisal benefits of equity instrument investment measured at fair value through other comprehensive loss	38,922	-	38,922	-	38,922
Remeasurements of defined benefit plan of affiliated enterprises under the equity method	(86)	-	(86)	-	(86)
Unrealized appraisal loss of equity instrument investment measured at fair value through other comprehensive profit of affiliated enterprises under the equity method	(541)	-	(541)	-	(541)
Total amount of items not reclassified to profit and loss:	35,183	-	35,183	-	35,183
Items that may be reclassified to profit and loss subsequently:					
Exchange difference from the conversion of the financial statements of foreign operating institutions	(9,943)	-	(9,943)	-	(9,943)
Exchange difference from the conversion of the financial statements of foreign operating institutions of affiliated enterprises under the equity method	(76)	-	(76)	-	(76)
Total amount of items that may be reclassified to profit and loss subsequently:	(10,019)	-	(10,019)	-	(10,019)
Total	$25,164	$-	$25,164	$-	$25,164

(30) Income tax

(A) The Group's income tax return must be filed by each entity independently instead of filing collectively. The company's business income tax return filed before 2018 (inclusive) and the subsidiary, CHIN DE INVESTMENT CO., LTD., filed before 2019 (inclusive) were reviewed and approved by the tax collection agency.

(B) The income tax expense constituents:

(a) Income tax recognized in profit and loss

	Years Ended December 31	
	2021	2020
Current income tax expense		
In respect of the current year	$280,589	$131,803
Adjustment to previous income tax recognized in current period	2,507	(7,593)
Overseas income tax	7,048	4,582
Deferred income tax expense		
Origin of temporary difference and reversing relevant deferred income tax (benefits) expense	(4,325)	47,555
Income tax expense	$285,819	$176,347

(b) The Group had no income tax related to other comprehensive profit and loss constituents or direct debited or credited to equity for the years ended December 31, 2021 and 2020, respectively.

(C) The relationship between income tax expense and accounting profit

	Years Ended December 31	
	2021	2020
Accounting profit		
Net income before tax of the continuing business unit	$1,038,684	$533,314
Tax calculated according to the applicable tax rate in the respective country	$366,966	$225,770
Domestic unappropriated earnings with business income tax levied additionally	-	-
Adjustments		
Income tax effect of non-deductible expense in tax return	(39,984)	(10,238)
Income tax effect of tax-free income	(38,618)	(30,055)
Income tax effect of temporary differenc	(7,775)	(53,674)
Current income tax expense	280,589	131,803
Adjustment to previous income tax recognized in current period	2,507	(7,593)
Offshore income tax	7,048	4,582
Current income tax expense	290,144	128,792
Deferred income tax (profit) expense	(4,325)	47,555
Income tax expense	$285,819	$176,347

The Company and the domestic subsidiaries were subject to the income tax rate of 20% in R.O.C. in 2021 and 2020, respectively. The tax expenses of foreign subsidiaries were calculated according to the local tax rates applicable in the respective countries where they operated.

(D) The deferred income tax assets and liabilities are analyzed as follows:

	Balance -ending	Recognized in profit and loss	Recognized in other profit and loss	Balance -ending
2021				
Deferred income tax assets				
Unrealized inventory loss in valuation	$6,522	$939	$-	$7,461
Unrealized financial assets loss in valuation	6,364	10,997	-	17,361
Unrealized exchange losses	4,088	(2,064)	-	2,024
Financial and tax difference of property, plant and equipment	2,448	260	-	2,708
Offshore -deferred income tax assets -others	2,160	1,804	-	3,964
Total	$21,582	$11,936	$-	$33,518
Deferred income tax liabilities				
Unrealized long-term equity investment income	$555,982	$7,611	$-	$563,593
2020				
Deferred income tax assets				
Unrealized inventory loss in valuation	$5,319	$1,203	$-	$6,522
Unrealized bonus payable	19	(19)	-	-
Unrealized financial assets loss in valuation	791	5,573	-	6,364
Unrealized exchange loss	6,763	(2,675)	-	4,088
Financial and tax difference of property, plant and equipment	2,188	260	-	2,448
Offshore -deferred income tax assets -others	2,877	(717)	-	2,160
Total	$17,957	$3,625	$-	$21,582
Deferred income tax liability				
Unrealized long-term equity investment income	$504,112	$51,870	$-	$555,982
Offshore -deferred income tax liability -others	690	(690)	-	-
Total	$504,802	$51,180	$-	$555,982

(E) Unrecognized deferred income tax assets:

The GROUP's unrecognized deferred income tax assets were NT$0 as of December 31, 2021 and 2020, respectively.

(31) Earnings per share

(A) Basic earnings per share

The basic earnings per share are calculated by dividing the profit and loss attributable to the company's common stock shareholders by the outstanding weighted average common stock shares in the current period as follows:

	Years Ended December 31	
	2021	2020
Net profit attributable to the company's common stock shareholders	$648,364	$287,441
Outstanding weighted average shares	184,968,298 shares	184,968,298 shares
Employee stock option – subscribing issue new shares (Note)	1,066,291	-
Outstanding weighted average shares	186,034,589 shares	184,968,298 shares
Basic earnings per share (after tax) (NTD)	$3.49	$1.55

Note：Calculated based on the period of circulation of each subscription.

(B) Diluted earnings per share

The diluted earnings per share are calculated by having the dilutive potential common stock share effect adjusted to the profit and loss attributable to the common stock shareholders of the company divided by the dilutive potential common stock share effect adjusted to the outstanding weighted average shares of the period as follows:

	Years Ended December 31	
	2021	2020
Net profit attributable to the company's common stock shareholders	$648,364	$287,441
Add:Potential common stock share effect	-	-
Adjusted net profit attributable to the company's common stock shareholders	$648,364	$287,441
Outstanding weighted average shares	186,034,589 shares	184,968,298 shares
Add:Potential common stock share effect		
Employee stock option hypothesis -subscribing new shares (Note)	4,955,939	1,350,480
Employee Remuneration hypothesis –issuing new shares	411,408	1,296,965
Adjusted weighted average shares	191,401,936 shares	187,615,743 shares
Diluted basic earnings per share (after tax) (NTD)	$3.39	$1.53

Note: The outstanding employee stock options issued by the Company in 2018 and 2019 underwent anti-dilution for the years ended December 31, 2021, which hence is unrecognized in the calculation of diluted earnings per share.

(32) Reconciliation of liabilities from financing activities

Accounting item	Balance -beginning	Cash flow	Changes in non-cash			Balance -ending
			Transaction of current period	Change in exchange rate	Other	
For the years ended December 31,2021						
Short-term loan	$1,235,824	$29,503	$-	$(224)	$(5,103)	$1,260,000
Long-term loan	44,365	32,818	-	(24)	(835)	76,324
Lease liabilities (including current and noncurrent)	100,721	(16,998)	(5,702)	(1,176)	-	76,845
Total	$1,380,910	$45,323	$(5,702)	$(1,424)	$(5,938)	$1,413,169
For the years ended December 31,2020						
Short-term loan	$1,043,000	$192,824	$-	$-	$-	$1,235,824
Long-term loan	-	44,365	-	-	-	44,365
Lease liabilities (including current and noncurrent)	87,972	(13,040)	24,407	1,382	-	100,721
Total	$1,130,972	$224,149	$24,407	$1,382	$-	$1,380,910

7. RELATED PARTY TRANSACTIONS

The account balance amount, transactions, income, and expenses related to the transactions between entities within the Group were written-off at the time of preparing the consolidated financial report. Please refer to Note 13.(1) J. of the consolidated financial report for the business relationships and important transactions between the company and the subsidiaries and among subsidiaries. The relationship and transactions between the Group and related parties are disclosed as follows:

(1) Name of related party and relationship

Name of related party	Relationship with the Group
KUAI LUNG PRECISION INDUSTRY CO., LTD. (KUAI LUNG)	The chairman of KUAI LUNG is the general manager of G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD., the subsidiary of the company.
SUNFLEX TECHNOLOGY CO., LTD. (SUNFLEX)	SUNFLEX is invested by the company under equity method.
SHANG HAI CHANG HONG SHEN HARDWARE CO., LTD. (SHANG HAI CHANG HONG SHEN HARDWARE)	SHANG HAI CHANG HONG SHEN HARDWARE is invested by the company's subsidiary under equity method (Note)
WU HAN CHANG HONG SHEN HARDWARE CO., LTD. (WU HAN CHANG HONG SHEN HARDWARE)	WU HAN CHANG HONG SHEN HARDWARE is transfer-invested by the invested company under equity method of the company's subsidiary (Note)

Note: The Group had terminated the investment in SHANG HAI CHANG HONG SHEN HARDWARE CO., LTD. at the end of May 2020. Therefore, the related party transactions of SHANG HAI CHANG HONG SHEN HARDWARE CO., LTD. and WU HAN CHANG HONG SHEN HARDWARE CO., LTD. were disclosed only up to May 31, 2020. Please refer to Note 6.(9) of the consolidated financial report for details.

(2) Major transactions with related parties

(A) Purchases

	Years Ended December 31	
Related party category/name	2021	2020
Other related parties		
KUAI LUNG	$180	$257
Affiliated enterprises		
SUNFLEX	10,001	1,002
WU HAN CHANG HONG SHEN HARDWARE	-	301
Subtotal	10,001	1,303
Total	$10,181	$1,560

The aforementioned purchase is mostly for molds and parts with special specifications from one single supplier. Therefore, there is no other purchase price available for comparison. The payment term from such a single supplier is OA 30-60 days; while other suppliers are with a payment term of OA 90-120 days.

(B) Sales

	Years Ended December 31	
Related party category/name	2021	2020
Other related parties		
KUAI LUNG	$172	$49
Affiliated enterprises		
SUNFLEX	12	1,007
Total	$184	$1,056

The products sold in the preceding paragraph are mostly equipment, tools, and materials used for production with the price negotiated by both parties by adding a percentage to the cost or by the cost price at the time of trade depending on the type of product traded; also, taking into account the expenses and exchange rate risk. The specifications of products that are sold to related parties are exclusive; therefore, there is no other customer available for comparison. The payment term of sales to a related party is OA 60-90 days; while the general customer is with a payment term of OA 90-120 days.

(C) Rent income

The Group -SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. had part of the plant building leased to SHANG HAI CHANG HONG SHEN HARDWARE CO., LTD. with a lease income of NT$201 thousand for the years ended December 31, 2020, and the rent was collected on a monthly basis. In addition, please refer to Note 6.(10)(G) of the consolidated financial report for details.

(D) Processing expense

(a) The Group - SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD., SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD., HONG JING(SHANGHAI)ELECTRONICS CO., LTD., and HUBEI HANSTAR ELECTRONICS TECHNOLOGY CO., LTD. had contracted the affiliated enterprise, SHANG HAI CHANG HONG SHEN HARDWARE CO., LTD., for product processing with a processing expense of NT$278 thousand incurred for the years ended December 31, 2020.

(b) The company had contracted the affiliated enterprise, SUNFLEX TECHNOLOGY CO., LTD., for product proceeding with a processing expense of NT$14,542 thousand and NT$8,470 thousand incurred for the years ended December 31, 2021 and 2020, respectively.

(E) Claims/obligations arising from the aforementioned transactions

Related party category/name	December 31, 2021	December 31, 2020
(a) Accounts receivable -related party		
Other related parties		
KUAI LUNG	$99	$32
Affiliated enterprises		
SUNFLEX	13	-
Total	$112	$32
(b) Accounts payable -related party		
Other related parties		
KUAI LUNG	$-	$204
Affiliated enterprises		
SUNFLEX	3,913	342
Total	$3,913	$546
(c) Other payable -related party		
Other related parties		
KUAI LUNG	$930	$652
Affiliated enterprises		
SUNFLEX	2,677	1,725
Total	$3,607	$2,377

The claims/obligations between the Group and the related party are without collateral or guarantee received or provided, and a conclusion is made after thorough evaluations that it is no need to appropriate allowance for loss for the Group's claims against the related parties.

(F) Information on total remunerations of key management personnel

The total remunerations to the Group's directors, general manager, vice general manager, and other managerial officers are summarized as follows:

	Years Ended December 31	
Item	2021	2020
Short-term benefits	$10,831	$11,300
Retirement benefits	310	333
Share-based payment	254	522
Total	$11,395	$12,155

The remuneration to key management personnel is determined by the Group's Remuneration Committee with reference to the general standards of the industry and taking into account personal performance, the company operating performance, and related future risks.

8. MORTGAGED ASSETS

As of December 31, 2021 and 2020, the Group had assets provided as collateral to financial institutions for loans, applying for credit line, electricity deposits, materials, contracts, and issuing the letter of credit as follows:

Accounting item	December 31, 2021	December 31, 2020	Mortgage agency	Collateral for loans
Other financial assets - current Bank deposits	$1,074	$3,962	Bank of China	Material deposit, contract deposit, and others
Other noncurrent assets -others Bank deposits	209	236	Bangkok Bank	Electricity deposit
Other noncurrent assets -others Bank deposits	1,203	1,384	Mizuho Bank	Tariff deposits
Property, plant and equipment-House and building	-	31,412	Bank of China	Short-term loan
Right-of-use assets-Land	-	12,751	Bank of China	Short-term loan
Total	$2,486	$49,745		

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

The Group had the following significant contingent liabilities and unrecognized contractual commitments not yet included in the aforementioned consolidated financial report as of December 31, 2021:

(1) The company had had a guaranteed loan from financial institutions for the tariff guarantee amount of NT$500 thousand on December 31, 2021.

(2) The Group's G-SHANK ENTERPRISE (M) SDN. BHD. had a guaranteed loan of NT$26,892 thousand from financial institutions for the introduction of foreign labor and other matters on December 31, 2021.

(3) The Group had a contract signed for the lease of the right-of-use asset-land for an amount of RMB 30,636 thousand with a payable amount of RMB 10,636 thousand.

(4) The Group had entered into contract for the purchase of property, plant and equipment for an amount of RMB 802 thousand, all of which have not been paid yet.

10. SIGNIFICANT DISASTER LOSS

None.

11. MATERIAL POST EVENTS

None.

12. OTHERS

(1) Capital management

(A) The Group's capital management is aimed to ensure the Group's ongoing concern, to continue to provide remuneration to shareholders and benefits to stakeholders, and to maintain the best capital structure in order to reduce capital costs and to set the price of products or services according to the relative risk levels in order to provide shareholders with sufficient remuneration.

(B) The Group bases on the risk ratio to set the capital stock; also, manage and adjust the capital structure appropriately in accordance with the changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the dividends paid to shareholders, refund shareholders by de-capitalization, and issue new shares or sell assets to settle liabilities.

(2) Financial risk management

(A) The Group's main financial instruments include cash and cash equivalents, financial assets measured at fair value through profit and loss, financial assets measured at fair value through other comprehensive profit and loss, financial assets measured at amortized cost, other financial assets (time deposits), short-term loans, long-term loans, lease liabilities, receivables and payables arising from operating activities, etc., also, adjust operating fund needs through such financial instruments. Therefore, the Group's operations are subject to various financial risks, including market risk (including exchange rate risk, interest rate risk, and other price risks), credit risk, and liquidity risk. The purpose of the Group's overall financial risk management is to reduce the potential adverse effects of the Group's exposure to financial risks due to changes in the financial market.

(B) The Finance Department of the Group is responsible for identifying, evaluating, and hedging financial risks through close contact with the business units of the Group,

planning and coordinating the access to domestic and international financial markets, and manages the Group's operation related financial risks by analyzing the degree of risk exposure; also, the Group's board of directors is responsible for supervision and management. In addition, the Group uses derivative financial instruments to hedge risk exposure at an appropriate time to reduce the impact of financial risks. The Group has the procedures for derivative financial instrument transactions stipulated that have been approved by the board of directors and the shareholders meeting. The said procedures include trade principles and policies, risk management measures, internal audit systems, regular evaluation methods, and handling of nonconformities, of which, the risk management includes credit, market prices, liquidity, cash flow, operations, law, etc.

(C) The main risks of the Group's financial instruments are as follows:

(a) Market risk

The main market risks of the Group are exchange rate risks arising from operating activities, such as sales or purchases denominated in non-functional currencies, and interest rate risks or price risks arising from financial instruments transactions.

(i) Exchange rate risk

(01) The Group evaluates and analyzes the overall exchange rate risk. When the listed assets and liabilities and future business transactions are exposed to significant exchange rate risk, within the permitted range of the policy, manage risk through forwarding exchange contract. In addition, the Group's net investment in foreign operating institutions is a strategic investment; therefore, no hedging is performed.

The Group's financial assets and liabilities denominated in non-functional currencies with significant risk exposure of exchange rate fluctuations on the reporting date, and sensitivity analysis information are as follows (the functional currency of the company and some subsidiaries is "NTD," and the functional currency of some subsidiaries is RMB, THB, USD, MYR, IDR, and JPY); sensitivity analysis is regarding the impact of the Group's financial assets and liabilities denominated in non-functional currencies appreciated by 5% against a respective foreign currency that is the functional currency of each overseas subsidiary on the net income before tax or equity on the reporting date; also, when it depreciated by 5%, it will affect the net income before tax and equity reversely:

December 31, 2021	Foreign currency (Thousand)	Exchange rate	Book amount	Sensitive analysis: Change ratio	Sensitive analysis: Increase/ decrease in net income before tax	Sensitive analysis: Decrease in Equity
Financial assets						
Monetary items						
USD	$47,709	27.67	$1,320,115	5%	$66,006	$-
JPY	55,028	0.2406	13,240	5%	662	-
RMB	139,512	4.345	606,178	5%	30,309	-
HKD	8,426	3.551	29,920	5%	1,496	-
EUR	2,418	31.33	75,741	5%	3,787	-
Non-monetary items						
USD	$35,981	27.67	$995,598	5%	$49,780	$-
Derivative financial instrument: None.						
Financial liabilities						
Monetary items						
USD	$816	27.67	$22,574	5%	$1,129	$-
JPY	68,685	0.2406	16,526	5%	826	-
HKD	402	3.551	1,429	5%	71	-
Non-monetary items: None.						
Derivative financial instrument:						
USD	$60	27.67	$1,671 (Note)	5%	$84	$-
December 31, 2020						
Financial assets						
Monetary items						
USD	$40,427	28.48	$1,151,351	5%	$57,568	$-
JPY	42,458	0.2767	11,748	5%	587	-
RMB	63,038	4.38	276,106	5%	13,805	-
HKD	8,216	3.625	29,783	5%	1,489	-
EUR	2,495	35.06	87,487	5%	4,374	-
Non-monetary items						
USD	$35,981	28.48	$980,874	5%	$49,044	$-
Derivative financial instrument:						
USD	$31	28.48	$889 (Note)	5%	$44	$-

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December 31, 2020	Foreign currency (Thousand)	Exchange rate	Book amount	Sensitive analysis: Change ratio	Sensitive analysis: Increase/ decrease in net income before tax	Sensitive analysis: Decrease in Equity
Financial liabilities						
Monetary items						
USD	$464	28.48	$13,220	5%	$661	$-
JPY	21,839	0.2767	6,043	5%	302	-
RMB	725	3.625	2,629	5%	131	-

Non-monetary items: None.

Derivative financial instrument:N0ne

Note: The aforementioned derivatives information refers to the book amount of the SWAP contracts that have not yet been settled on each reporting day. Please refer to Note 6.(2) of the consolidated financial report for the operation position, nominal principal, and due date.

The exchange profit and loss (including realized and unrealized) of the Group's monetary items converted to functional currencies, and the exchange rate for the conversion to the reporting currency of the consolidated financial report are as follows:

	Years Ended December 31			
	2021		2020	
Functional currency	Exchange profit (loss)	Average exchange rate	Exchange profit (loss)	Average exchange rate
NTD	$(18,582)	-	$(15,960)	-
USD	(481)	27.953	(729)	29.536
RMB	(27,735)	4.328	(47,012)	4.282
MYR	3,017	6.747	509	7.038
Others	(361)	-	523	-
Total	$(44,142)		$(62,669)	

(02) In addition, the SWAP contracts held by the Group are a financial hedging operation intended to hedge exchange rate risk arising from the change (mainly including sales and purchases denominated in non-functional currencies, such as USD) in the exchange rate of foreign claims. Regarding the aforementioned SWAP contracts, the profit and loss arising from changes in the exchange rate will

generally offset the profit and loss of the hedged project, so there is no significant market risk. As for the aforementioned hedged project, the net position of foreign currency claims that are not effectively hedged is linked to the market risk of changes in exchange rates, of which, the depreciation or appreciation of USD, RMB, MYR, or JPY will result in the risk of exchange profit or loss.

(ii) Interest rate risk

The Group's interest rate risks include the fair value interest rate risk of the financial instruments with fixed interest rate and the cash flow interest rate risk of financial instruments with floating interest rate. The financial instruments with fixed interest rate refer to the company's time deposits, some financial assets-current measured at fair value through profit and loss, financial assets measured at amortized cost, some other financial assets-current and some bank loans; the financial instruments with floating rate refer to savings deposits, some other financial assets-current, some other noncurrent assets-others, and some bank loans. The Group has interest rate risk evaluated and analyzed on a dynamic basis and controlled the interest rate risk exposure by maintaining an appropriate combination of fixed and floating interest rates. The Group expects no significant interest rate risk.

(01) The Group's financial assets and liabilities with fixed and floating interest rates

	December 31, 2021	December 31, 2020
Fixed interest rate		
Financial assets	$2,863,111	$3,248,563
Financial liabilities	(1,336,845)	(1,337,404)
Net amount	$1,526,266	$1,911,159
Floating interest rate		
Financial assets	$1,304,445	$837,341
Financial liabilities	(76,324)	(43,506)
Net amount	$1,228,121	$793,835

(02) Sensitivity Analysis

For the Group's financial assets and liabilities with a floating interest rate, if the interest rate of market deposits or loans increased by 0.5% on the reporting date, assuming that it is held for an accounting year and all other factors are given, it would cause the Group's net income

before tax increased by NT$6,141 thousand and NT$3,969 thousand for the years of 2021 and 2020, respectively.

(iii) Other price risks

The Group's beneficiary certificates and equity securities, such as financial assets measured at fair value through profit and loss and financial assets measured at fair value through other comprehensive profit and loss, are with price risk resulted. The Group manages the price risk of beneficiary certificates and equity securities by holding investment portfolios with different risks.

Sensitivity Analysis

For the Group's financial assets measured at fair value through profit and loss and financial assets measured at fair value through other comprehensive profit and loss, the impact of the beneficiary certificates and equity securities with a 5% price increase on the net income before tax or equity on the reporting date is as follows; also, the beneficiary certificates and equity securities with a 5% price decrease will affect the net income before tax or equity reversely:

	December 31, 2021	December 31, 2020
Increase in net income before tax		
Financial assets measured at fair value through profit and loss	$57,077	$55,015
Increase in equity		
Financial assets measured at fair value through other comprehensive profit and loss	$14,967	$10,268

(b) Credit risk

(i) The Group's credit risk is mainly the potential impact of the counterparty or other parties' failure in performing financial assets contracts, which includes the concentration of credit risks, constituents, contract amounts, and other receivables of the financial assets transactions of the Group. In order to reduce credit risk, the Group has dealt with all well-known domestic and foreign financial or securities institutions for bank deposits, financial assets measured at fair value through profit and loss, financial assets measured at amortized cost, some other financial assets, which are with low credit risk. For receivables, the Group continues to evaluate the financial status of the counterparties, historical experience, and other

factors to adjust the trade amount and trade method of individual customers appropriately in order to improve the Group's credit-granting quality.

(ii) The Group evaluates and analyzes the overdue or impairment of financial assets on the balance sheet date. The Group's credit risk exposure amount is as follows:

	December 31, 2021	December 31, 2020
Credit risk exposure amount		
Allowance for losses-measured by the expected credit losses amount for 12-month	$-	$-
Allowance loss-measured by the expected credit loss amount throughout the duration - Accounts receivable	30,641	32,248
Total	$30,641	$32,248

The aforementioned credit risk exposure amounts are all from the recovery of accounts receivable. The Group has continuously evaluated the losses that affect the estimated future cash flow of accounts receivable with appropriate allowance accounts appropriated. Therefore, the book amount of accounts receivable is with credit risk properly considered and reflected. In addition, the Group does not hold collateral for the impairment of financial assets that is with an allowance account appropriated.

(iii) The expected credit loss of the Group's notes and accounts receivable as of December 31, 2021 and 2020 is analyzed as follows:

December 31, 2021	Total book amount of notes and accounts receivable	Reserve matrix (loss rate)	Allowance for loss (expected credit loss throughout the duration)
Not overdue	$1,430,581	0%~0.76%	$2,077
30days overdue	70,330	0%~22.30%	430
31-90 days overdue	29,102	0%~31.47%	1,432
91-180 days overdue	16,363	0%~9.50%	1,545
181-365 days overdue	992	0%~29.06%	288
Over 366 days overdue	24,869	100.00%	24,869
Total	$1,572,237		$30,641

December 31, 2020	Total book amount of notes and accounts receivable	Reserve matrix (loss rate)	Allowance for loss (expected credit loss throughout the duration)
Not overdue	$1,129,251	0%~0.9%	$2,182
30days overdue	57,566	0%~23.54%	505
31-90 days overdue	26,400	0%~32.95%	770
91-180 days overdue	17,985	0%~49.03%	991
181-365 days overdue	3,591	0%~65.94%	788
Over 366 days overdue	27,012	100%	27,012
Total	$1,261,805		$32,248

(iv) The concentration of credit risk of accounts receivable is analyzed as follows:

	December 31, 2021	December 31, 2020
The accounts receivable ratio of the top five customers	30.07%	32.37%

(c) Liquidity risk

The Group manages and maintains sufficient cash and cash equivalents to support all contractual obligations for business operations and to minimize the impact of cash flow fluctuations. Bank loans are an important source of liquidity to the Group. The management ensures the repeating bank loans through capital structure management, monitoring the use of bank credit line, and complying with loan contract terms to reduce liquidity risk. The Group's stock investment under the financial assets measured at fair value through other comprehensive profit and loss is exposed to liquidity risk due to lack of an active market. In addition, the exchange rate of the Group's SWAP contract has been determined; therefore, there is no significant cash flow risk.

(i) Bank loan amount

	December 31, 2021	December 31, 2020
Short-term loan	$1,229,500	$1,153,398
Long-term loan	300,000	300,000
Long-term and short-term loan amount	3,676	6,494
Total	$1,533,176	$1,459,892

(ii) Maturity analysis of undiscounted financial liabilities

December 31, 2021	Less than 1 year	More than 1-2 years	More than 2-5 years	Over 5 years	Total
Non-derivative financial liabilities					
Short-term loan	$1,263,014	$-	$-	$-	$1,263,014
Accounts payable	550,041	-	-	-	550,041
Accounts payable – related party	3,913	-	-	-	3,913
Other payables	518,486	10,849	-	23,181	552,516
Other payables – related party	3,607	-	-	-	3,607
Lease liabilities	21,533	10,526	9,532	77,887	119,478
Long-term loan	534	38,568	38,301	-	77,403
Total	$2,361,128	$59,943	$47,833	$101,068	$2,561,972
Derivative financial liabilities:					
Financial assets at fair value through profit or loss - current	$1,671	$-	$-	$-	$1,671

December 31, 2020					
Non-derivative financial liabilities					
Short-term loan	$1,239,758	$-	$-	$-	$1,239,758
Accounts payable	383,577	-	-	-	383,577
Accounts payable – related party	546	-	-	-	546
Other payables	409,547	-	-	41,966	451,513
Other payables – related party	2,377	-	-	-	2,377
Lease liabilities	20,443	21,019	23,809	78,980	144,251
Long-term loans	305	1,163	43,821	-	45,289
Total	$2,056,553	$22,182	$67,630	$120,946	$2,267,311

Derivative financial liabilities: None

(D) Fair value of financial instruments

The book amount of the Group's financial instruments is an amount reasonably close to the fair value.

(a) The methods adopted for the fair value of financial instruments and the assumptions adopted for the use of evaluation techniques

(i) The fair value of short-term financial instruments is estimated according to the book value on the balance sheet. Such financial instruments are with a short maturity date; also, the present value of future cash flows discounted

at the market interest rate is close to the book amount; therefore, the book amount should be a reasonable basis for estimating the fair value. This method is applied to cash and cash equivalents, net notes receivable, net accounts receivable (including related parties), other receivables (including related parties), short-term loans, accounts payable (including related parties), and other payables (including related parties).

(ii) The financial assets measured at fair value through profit and loss are with a market price available for reference; therefore, the said market price is the fair value.

(iii) Financial assets measured at fair value through other comprehensive profit and loss are equity instrument investments without market price available for reference; therefore, the fair value is estimated according to the Market Approach. The company has the fair value estimated according to the prices derived from the market transactions of the same or comparable equity instruments and other relevant information.

(iv) The fair value of other financial assets and other noncurrent assets-restricted assets is estimated according to the book amount, since the present value of future cash collected and discounted at the market interest rate is close to the book amount; therefore, the book amount should be a reasonable basis for estimating the fair value.

(v) The financial assets measured at amortized cost refer to the debt instrument investments that do not have market price available for reference, but with a fixed or decidable amount to be collected. The Group adopts the evaluation method of the cash flow model for estimation.

(vi) The evaluation of derivative financial instruments is based on the evaluation models that are widely accepted in the market, such as, discount method and option pricing model.

(vii) Lease liabilities are discounted at the Group's increment loan interest rate on the unpaid lease expense on the lease starting day and then measured at amortized cost of the effective interest method subsequently. The book amount of the lease liabilities is an amount reasonably close to the fair value.

(viii) The Group's long-term loans are based on floating interest rates with the fair value estimated according to the book amount on the balance sheet, which has been adjusted with reference to market conditions. Therefore, the company's loan interest rate is close to the market interest rate.

(b) Classification of fair value measurement

All assets and liabilities measured or disclosed at the fair value are classified to the respective fair value level according to the lowest level input value critical to the overall fair value measurement. The input values for each level are as follows:

Level 1: The market price (unadjusted) available for the same asset or liability on the measurement date;

Level 2: Direct or indirect observable input values of assets or liabilities, except for those quotations in Level 1;

Level 3: Unobservable input value of assets or liabilities;

The assets and liabilities that were originally measured at fair value on a repetitive basis and recognized on the balance sheet should be reassessed for classification at the end of each reporting period to determine whether there is a swift between the levels of the fair value hierarchy.

(i) The classification of financial instruments measured at fair value and recognized in the balance sheet

The Group does not have assets and liabilities measured at fair value on a non-repetitive basis. The fair value level of assets and liabilities measured at fair value on a repetitive basis is as follows:

December 31, 2021	Lever 1	Level 2	Level 3	Total
Assets:				
Financial assets measured at fair value through profit and loss				
Funds	$145,942	$-	$-	$145,942
Bonds	995,598	-	-	995,598
Financial assets measured at fair value through other comprehensive profit and loss				
Unlisted stocks	-	-	299,338	299,338
Liabilities:				
Financial liability measured at fair value through profit and loss				
Swap contract	$-	$1,671	$-	$1,671

December 31, 2020	Lever 1	Level 2	Level 3	Total
Assets				
Financial assets measured at fair value through profit and loss				
Funds	$119,416	$-	$-	$119,416
Bonds	980,874	-	-	980,874
SWAP contracts	-	889	-	889
Financial assets measured at fair value through other comprehensive profit and loss				
Unlisted stocks	-	-	205,354	205,354

Liabilities: None

(ii) The Group did not have any significant shift between Level 1 and Level 2 of the fair value for the years of 2021 and 2020.

(iii) The adjustment of the fair value measurement in Level 3 is as follows:

	Financial assets measured at fair value through other comprehensive profit and loss	
	Equity instrument investment – Unlisted stocks	
	Years ended December 31	
Items	2021	2020
Balance -beginning	$205,354	$166,432
Total profit Recognized in other comprehensive profit and loss	93,984	38,922
Balance -ending	$299,338	$205,354

The Group had recognized total current profit for an amount of NT$93,984 thousand and NT$38,922 thousand in other comprehensive profit and loss due to change in Level 3 fair value for the years of 2021 and 2020, respectively, and they were booked in the "other comprehensive profit and loss -unrealized appraisal profit of equity instrument investment measured at fair value through other comprehensive profit and loss".

(iv) The evaluation techniques and assumptions adopted to measure the fair value of financial assets.

(01) The fair value of financial assets with standard terms and conditions that are traded in an active market is determined by referring to market price.

(02) The fair value of domestic unlisted equity instrument investment is evaluated with the Market Approach.

(v) Quantitative information on the fair value measurement of significant unobservable input values (Level 3):

	Evaluation technique	Significant unobservable input value	Quantitative information	Relationship between the input value and fair value	Sensitivity analysis of the relationship between the input value and fair value
December 31,2021					
Financial assets					
Financial assets measured at fair valuethrough other comprehensive profit and loss:					
Stock	Market Approach	Similar company's stock price-to-net value ratio	3.28	The higher the stock price-to-net value ratio of similar companies, the higher the estimated fair value	When the stock price-to-net value ratio of similar companies increases (decreases) by 5%, the equity of the Group will increase/decrease by NT$14,967 thousand.
December 31,2020					
Financial assets					
Financial assets measured at fair value through other comprehensive profit and loss:					
Stock	Market Approach	Similar company's stock price-to-net value ratio	2.84	The higher the stock price-to-net value ratio of similar companies, the higher the estimated fair value	When the stock price-to-net value ratio of similar companies increases (decreases) by 5%, the equity of the Group will increase/decrease by NT$10,268 thousand.

(vi) The evaluation process for the fair value measurement of significant unobservable input values (Level 3):

The Accounting Department of the Group is responsible for fair value verification, using independent sources of information to bring the evaluation results closer to the market, confirming that the data source is independent, reliable, consistent with other data resources, and representing executable prices. Also, analyze the value change in the assets and liability that must be re-measured or re-evaluated on the reporting date according to the Group's accounting policies to ensure the reasonableness of the evaluation result.

13. SUPPLEMENTARY DISCLOSURE MATTERS

The transactions between the company and the following subsidiaries and among the subsidiaries were written-off at the time of preparing the consolidated financial report. The information disclosed below is for reference only.

(1) Information on major transactions

Supplementary information of the company and the subsidiaries for the period ended Decmber 31, 2021 is disclosed as follows:

(A) Loans to others:

Unit:NT$ Thousand / USD

No	Lending company	Borrower	Accounting item	Related party	Maximum amount -current	Balance – ending (12.31.2021) (Note 2)	Actual amount implemented (Note 3)	Interest rate range	Nature of loan	Transaction amount	Reason for short-term loan	Allowance for bad debt appropriated	Collateral		Loaning of fund limit to individual (Note 1)	Total loaning of fund limit (Note 1)
													Name	Value		
1	G-SHANK ENTERPRISE CO., LTD.	G-SHANK JAPAN CO., LTD.	Other accounts receivable -related party	Yes	$49,806 (USD1,800,000)	$49,806 (USD1,800,000)	$19,369 (USD700,000)	1%	Short -term loan	$-	Business operation of affiliated enterprise	$-	-	-	$521,774	$2,087,096

Note 1: The total loaning of fund limit refers to an amount equivalent to 40% of the current net value of the lending company. The loaning of fund limit to individual refers to an amount equivalent to 10% of the current net value of the lending company. The current net value is based on the latest financial statements audited by an independent auditor.

Note 2: It is the loaning of fund amount resolved by the company's board of directors.

Note 3: It is the actual outstanding loan amount at yearend.

(B) Provision of endorsements and guarantees to others: None

(C) Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures):

Unit: NT$ Thousand / RMB / THB / USD

Holding company	Type of securities	Name of securities	Relationship with the securities issuer	Accounting title	December 31, 2021				Remarks
					Shares /unit /1,000 shares	Book amount	Shareholding ratio (%)	Fair value /net value	
G-SHANK ENTERPRISE CO., LTD.	Stocks	REEL MASK INDUSTRY CO., LTD.	None	Financial assets-noncurrent measured at fair value through other comprehensive profit and loss	3,392,713	$299,338	9.98	$299,338	
	Bonds	AXA bonds AXASA 4.5 12/29/2049	None	Financial assets-current measured at fair value through profit and loss	700,000	19,510 (USD705,089)	-	19,510 (USD705,089)	
	Bonds	HSBC Holding bonds HSBC 6 RERP (I)	None	Financial assets-current measured at fair value through profit and loss	1,800,000	53,653 (USD1,939,014)	-	53,653 (USD1,939,014)	
	Bonds	Macquarie Group Limited bonds MQGAU 6 1/8 PERP	None	Financial assets-current measured at fair value through profit and loss	1,400,000	41,450 (USD1,498,028)	-	41,450 (USD1,498,028)	
	Bonds	BNP Paribas bonds BNP 5 1/8 PERP (I)	None	Financial assets-current measured at fair value through profit and loss	600,000	17,272 (USD624,198)	-	17,272 (USD624,198)	
	Bonds	Societe Generale bonds SOCGEN 6.75 PERP (I)	None	Financial assets-current measured at fair value through profit and loss	1,020,000	31,099 (USD1,123,918)	-	31,099 (USD1,123,918)	
	Bonds	DB-Deutsche Bank AG bonds DB 6 PERP	None	Financial assets-current measured at fair value through profit and loss	2,800,000	$80,500 (USD2,909,284)	-	$80,500 (USD2,909,284)	
	Bonds	Internationale Nederlanden Group N.V. bonds INTNED 4 7/8 PERP (I)	None	Financial assets-current measured at fair value through profit and loss	600,000	16,775 (USD606,240)	-	16,775 (USD606,240)	
	Bonds	Societe Generale bonds SOCGEN 5 3/8 PERP	None	Financial assets-current measured at fair value through profit and loss	581,000	16,962 (USD613,025)	-	16,962 (USD613,025)	
	Bonds	Standard Chartered bonds STANLN 4 3/4 PERP	None	Financial assets-current measured at fair value through profit and loss	1,900,000	52,294 (USD1,889,930)	-	52,294 (USD1,889,930)	
	Bonds	HSBC Holding bonds HSBC 4.7 PERP (I)	None	Financial assets-current measured at fair value through profit and loss	6,600,000	183,208 (USD6,621,186)	-	183,208 (USD6,621,186)	

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Unit: NT$ Thousand / RMB / THB / USD

Holding company	Type of securities	Name of securities	Relationship with the securities issuer	Accounting title	December 31, 2021				Remarks
					Shares /unit /1,000 shares	Book amount	Shareholding ratio (%)	Fair value /net value	
G-SHANK ENTERPRISE CO., LTD.	Bonds	Societe Generale bonds SOCGEN 6.75 PERP (II)	None	Financial assets-current measured at fair value through profit and loss	1,500,000	45,734 (USD1,652,820)		45,734 (USD1,652,820)	
	Bonds	HSBC Holding bonds HSBC 6 3/8 PERP	None	Financial assets-current measured at fair value through profit and loss	1,000,000	29,750 (USD1,075,180)	-	29,750 (USD1,075,180)	
	Bonds	HSBC Holding bonds HSBC 6 RERP (II)	None	Financial assets-current measured at fair value through profit and loss	300,000	8,942 (USD323,169)	-	8,942 (USD323,169)	
	Bonds	UBS Group AG bonds UBS 5 PERP	None	Financial assets-current measured at fair value through profit and loss	300,000	8,331 (USD301,065)	-	8,331 (USD301,065)	
	Bonds	Internationale Nederlanden Group N.V. bonds INTNED 4 7/8 PERP (II)	None	Financial assets-current measured at fair value through profit and loss	1,348,000	37,687 (USD1,362,019)	-	37,687 (USD1,362,019)	
	Bonds	BNP Paribas bonds BNP 5 1/8 PERP (II)	None	Financial assets-current measured at fair value through profit and loss	1,250,000	35,982 (USD1,300,413)	-	35,982 (USD1,300,413)	
	Bonds	HSBC Holding bonds HSBC 4.7 PERP (II)	None	Financial assets-current measured at fair value through profit and loss	1,100,000	$30,535 (USD1,103,531)	-	$30,535 (USD1,103,531)	
	Bonds	BNP Paribas bonds BNP 5 1/8 PERP (III)	None	Financial assets-current measured at fair value through profit and loss	200,000	5,728 (USD207,026)	-	5,728 (USD207,026)	
	Bonds	HSBC Holding bonds HSBC 6 RERP (III)	None	Financial assets-current measured at fair value through profit and loss	700,000	20,756 (USD750,141)	-	20,756 (USD750,141)	
	Bonds	UBS Group AG bonds UBS 4.375 PERP	None	Financial assets-current measured at fair value through profit and loss	1,000,000	27,332 (USD987,800)	-	27,332 (USD987,800)	
	Bonds	BCS-Barclays Plc bonds BACR 4 3/8 PERP	None	Financial assets-current measured at fair value through profit and loss	3,500,000	95,071 (USD3,435,880)	-	95,071 (USD3,435,880)	
	Bonds	Standard Chartered bonds STANLN 4.3 PERP(I)	None	Financial assets-current measured at fair value through profit and loss	2,900,000	77,362 (USD2,795,890)	-	77,362 (USD2,795,890)	
	Bonds	Standard Chartered bonds STANLN 4.3 PERP(II)	None	Financial assets-current measured at fair value through profit and loss	470,000	12,538 (USD453,127)	-	12,538 (USD453,127)	

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Unit: NT$ Thousand / RMB / THB / USD

Holding company	Type of securities	Name of securities	Relationship with the securities issuer	Accounting title	December 31, 2021				Remarks
					Shares /unit /1,000 shares	Book amount	Shareholding ratio (%)	Fair value /net value	
CHIN DE INVESTMENT CO., LTD.	Funds	First Bank Taiwan Monetary Funds	None	Financial assets-current measured at fair value through profit and loss	209,672	3,244	-	3,244	
	Bonds	HSBC Holding bonds HSBC 6 RERP	None	Financial assets-current measured at fair value through profit and loss	470,000	13,937 (USD503,666)		13,937 (USD503,666)	
	Bonds	HSBC Holding bonds HSBC 4.7 PERP	None	Financial assets-current measured at fair value through profit and loss	1,200,000	$33,190 (USD1,199,508)		$33,190 (USD1,199,508)	
GREAT-SHANK CO., LTD.	Funds	BBL-AIBP12-21	None	Financial assets-current measured at fair value through profit and loss	1,100,000	9,156 (THB11,017,710)	-	9,156 (THB11,017,710)	
	Funds	KFAFIX-A	None	Financial assets-current measured at fair value through profit and loss	981,511	9,146 (THB11,005,680)	-	9,146 (THB11,005,680)	
	Funds	SCBASF6ML5	None	Financial assets-current measured at fair value through profit and loss	7,150,000	59,349 (THB71,418,490)	-	59,349 (THB71,418,490)	
	Funds	SCB-SCBFP	None	Financial assets-current measured at fair value through profit and loss	3,854,147	41,441 (THB49,868,425)	-	41,441 (THB49,868,425)	
	Funds	KTB-KTFix1Y3Y	None	Financial assets-current measured at fair value through profit and loss	2,402,144	23,606 (THB28,407,277)	-	23,606 (THB28,407,277)	

(D) Acquisition or sale of the same security with the accumulated cost exceeding NT$300 million or 20% of the Company's paid-in capital: None

(E) Acquired real estate for an amount of more than NT$300 million or 20% of the paid-in capital: None

(F) Disposed real estate for an amount more than NT$300 million or 20% of the paid-in capital: None

(G) The purchase or sale of goods with the related party for an amount more than NT$100 million or 20% of the paid-in capital:

Purchaser /seller	Counterparty	Relationship with the counterparty	Transactions				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes /accounts receivable (payable)	
HONG JING (SHANGHAI) ELECTRONICS CO., LTD.	SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.	Associates	sales	$148,193 (RMB34,240,490)	99.98%	60 days T/T	(Note)	(Note)	$25,596 (RMB5,890,863)	100.00%	

Note：The specifications of products that are sold to related parties are exclusive; therefore, there is no other customer available for comparison.The payment term for sales to general customers is OA 30-90 days.

(H) Accounts receivable from related parties amounted to more than NT$100 million or 20% of the paid-in capital: None

(I) Engage in derivative instruments transactions: Please refer to Notes 6.(2) and 12 of the consolidated financial statements.

(J) Business relationship and important transactions and transaction amount between the parent company and subsidiaries and among subsidiaries:

No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions	Ratio to total consolidated operating income or total assets (Note 3)
0	G-SHANK ENTERPRISE CO., LTD.	SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.	1	Sales income	$629	Note 4	0.01%
				Other income	34,254	Note 7	0.53%
				Accounts receivable -related party	38		-
				Other payables -related party	32		-
0	G-SHANK ENTERPRISE CO., LTD.	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	1	Other income	1,895	Note 7	0.03%
0	G-SHANK ENTERPRISE CO., LTD.	XIAMEN G-SHANK PRECISION MACHINERY CO., LTD.	1	Other income	3,603	Note 7	0.06%
				Other payables -related party	5		-
0	G-SHANK ENTERPRISE CO., LTD.	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD	1	Sales income	1,674	Note 4	0.03%
				Cost of goods sold	1,468	Note 5	0.02%
				Other income	6,560	Note 7	0.10%
				Accounts receivable -related party	843		0.01%
				Accounts payables -related party	682		0.01%
0	G-SHANK ENTERPRISE CO., LTD.	QINGDAO G-SHANK PRECISION SDN.BHD.	1	Sales income	798	Note 4	0.01%
				Other income	6,717	Note 7	0.10%
				Other payables -related party	4		-

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No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions	Ratio to total consolidated operating income or total assets (Note 3)
0	G-SHANK ENTERPRISE CO., LTD.	SHENZHEN G-SHANK PRECISION SDN.BHD.	1	Sales income	$240	Note 4	-
				Cost of goods sold	275	Note 5	-
				Other income	2,671	Note 7	0.04%
				Accounts receivable -related party	37		-
				Accounts payables -related party	65		-
0	G-SHANK ENTERPRISE CO., LTD.	TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.	1	Sales income	809	Note 4	0.01%
				Other income	6,456	Note 7	0.10%
0	G-SHANK ENTERPRISE CO., LTD.	G-SHANK, INC.	1	Sales income	5,741	Note 4	0.09%
				Accounts receivable -related party	658		0.01%
				Other receivables – related party	204		-
0	G-SHANK ENTERPRISE CO., LTD.	SHENZHEN G-BAO PRECISION SDN.BHD.	1	Sales income	4,514	Note 4	0.07%
				Cost of goods sold	1,186	Note 5	0.02%
				Other income	5,787	Note 7	0.09%
				Accounts receivable -related party	1,967		0.02%
				Accounts payables -related party	115		-
				Other payables -related party	29		-
0	G-SHANK ENTERPRISE CO., LTD.	GREAT-SHANK CO., LTD.	1	Sales income	4,912	Note 4	0.08%
				Other income	3,462	Note 7	0.05%
				Accounts receivable -related party	2,210		0.02%
				Other receivables – related party	1,530		0.02%

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No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions	Ratio to total consolidated operating income or total assets (Note 3)
0	G-SHANK ENTERPRISE CO., LTD.	G-SHANK ENTERPRISE (M) SDN. BHD.	1	Sales income	$9,708	Note 4	0.15%
				Other income	5,378	Note 7	0.08%
				Accounts receivable -related party	2,225		0.02%
				Other receivables – related party	8		-
0	G-SHANK ENTERPRISE CO., LTD.	G-SHANK JAPAN CO., LTD.	1	Sales income	1,207	Note 4	0.02%
				Cost of goods sold	643	Note 5	0.01%
				Other income	205	Note 8	-
				Operating expense	2,432	Note 7	0.04%
				Accounts receivable -related party	42		-
				Other receivables – related party	19,390		0.21%
				Other payables -related party	1,274		0.01%
0	G-SHANK ENTERPRISE CO., LTD.	PT INDONESIA G-SHANK PRECISION	1	Sales income	1,717	Note 4	0.03%
				Accounts receivable -related party	334		-
1	SHANGHAI G-SHANK RECISION	HONG JING (SHANGHAI) ELECTRONICS CO., LTD.	3	Sales income	5,020	Note 6	0.08%
				Cost of goods sold	148,193	Note 6	2.31%
				Other profit and loss	15,581	Note 7	0.24%
				Accounts receivable -related party	707		0.01%
				Other receivables – related party	3,096		0.03%
				Other payables -related party	25,596		0.28%
1	SHANGHAI G-SHANK RECISION	TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.	3	Sales income	2,494	Note 6	0.04%
				Accounts receivable -related party	8		-

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No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions	Ratio to total consolidated operating income or total assets (Note 3)
1	SHANGHAI G-SHANK ECISION	SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD.	3	Sales income	$3,159	Note 6	0.05%
				Cost of goods sold	52,001	Note 6	0.81%
				Other profit and loss	8,656	Note 7	0.13%
				Accounts receivable -related party	408		0.08%
				Other receivables – related party	1,718		0.02%
				Other payables -related party	7,787		0.08%
1	SHANGHAI G-SHANK ECISION	GREAT-SHANK CO., LTD.	3	Sales income	1,807	Note 6	0.03%
				Accounts receivable -related party	358		-
1	SHANGHAI G-SHANK ECISION	G-SHANK JAPAN CO., LTD.	3	Sales income	2,843	Note 6	0.04%
				Cost of goods sold	19,717	Note 6	0.31%
				Accounts receivable -related party	408		-
				Other payables -related party	658		0.01%
1	SHANGHAI G-SHANK ECISION	PT INDONESIA G-SHANK PRECISION	3	Sales income	5,100	Note 6	0.08%
				Accounts receivable -related party	1,716		0.02%
1	SHANGHAI G-SHANK ECISION	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	3	Sales income	43	Note 6	-
				Cost of goods sold	3,848	Note 6	0.06%
				Accounts receivable -related party	20		-
				Accounts payables -related party	104		-
1	SHANGHAI G-SHANK RECISION	G-SHANK ENTERPRISE (M) SDN. BHD.	3	Sales income	1,168	Note 6	0.02%
				Cost of goods sold	757	Note 6	0.01%
				Accounts receivable -related party	78		-
				Accounts payables -related party	194		-

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No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions	Ratio to total consolidated operating income or total assets (Note 3)
1	SHANGHAI G-SHANK RECISION	HUBEI HANSTAR ELECTRONICS TECHNOLOGY CO., LTD.	3	Sales income	$2,190	Note 6	0.03%
				Cost of goods sold	12,083	Note 6	0.19%
				Accounts receivable -related party	163		-
				Accounts payables -related party	791		0.01%
1	SHANGHAI G-SHANK RECISION	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	3	Sales income	30	Note 6	-
				Other receivables – related party	8		-
2	SHENZHEN G-SHANK PRECISION SDN.BHD.	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	3	Cost of goods sold	760	Note 6	0.01%
				Accounts payables -related party	117		-
2	SHENZHEN G-SHANK PRECISION SDN.BHD.	SHENZHEN G-BAO PRECISION SDN.BHD.	3	Sales income	7,297	Note 6	0.11%
				Cost of goods sold	964	Note 6	0.02%
				Accounts receivable -related party	2,297		0.03%
				Accounts payables -related party	381		-
2	SHENZHEN G-SHANK PRECISION SDN.BHD.	XIAMEN G-SHANK PRECISION MACHINERY CO., LTD.	3	Sales income	2,058	Note 6	0.03%
				Accounts receivable -related party	470		0.01%
2	SHENZHEN G-SHANK PRECISION SDN.BHD.	TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.	3	Sales income	375	Note 6	0.01%
2	SHENZHEN G-SHANK PRECISION SDN.BHD.	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	3	Sales income	1,155	Note 6	0.02%
				Accounts receivable -related party	296		-

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No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions	Ratio to total consolidated operating income or total assets (Note 3)
3	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	PT INDONESIA G-SHANK PRECISION	3	Sales income	$7,875	Note 6	0.12%
				Accounts receivable -related party	1,668		0.02%
3	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	G-SHANK JAPAN CO., LTD.	3	Cost of goods sold	183	Note 6	-
3	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	QINGDAO G-SHANK PRECISION SDN.BHD.	3	Cost of goods sold	8	Note 6	-
3	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	DONGGUAN QIAOJUTRADING CO., LTD.	3	Sales income	22	Note 6	-
4	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.	3	Sales income	$314	Note 6	-
				Accounts receivable -related party	54		-
4	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	SHENZHEN G-BAO PRECISION SDN.BHD.	3	Sales income	82	Note 6	-
				Accounts receivable -related party	11		-
4	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	DONGGUAN QIAOJUTRADING CO., LTD.	3	Sales income	17,607	Note 6	0.27%
				Other profit and loss	156		-
				Accounts receivable -related party	3,209		0.03%
				Other receivables – related party	30		-

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No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions	Ratio to total consolidated operating income or total assets (Note 3)
4	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.	3	Sales income	$314	Note 6	-
				Accounts receivable -related party	54		-
4	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	SHENZHEN G-BAO PRECISION SDN.BHD.	3	Sales income	82	Note 6	-
				Accounts receivable -related party	11		-
4	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	DONGGUAN QIAOJU TRADING CO., LTD.	3	Sales income	17,607	Note 6	0.27%
				Other profit and loss	156		-
				Accounts receivable -related party	3,209		0.03%
				Other receivables – related party	30		-
5	G-SHANK ENTERPRISE (M) SDN. BHD.	G-SHANK JAPAN CO., LTD.	3	Sales income	6,885	Note 6	0.11%
				Cost of goods sold	5,333	Note 6	0.08%
				Accounts receivable -related party	1,810		0.02%
				Accounts payables -related party	59		-
				Other payables -related party	1,378		0.02%
5	G-SHANK ENTERPRISE (M) SDN. BHD.	GREAT-SHANK CO., LTD.	3	Sales income	174	Note 6	-
6	HONG JING (SHANGHAI) ELECTRONICS CO., LTD.	SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD.	3	Sales income	26	Note 6	-
				Accounts receivable -related party	1		-

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No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions	Ratio to total consolidated operating income or total assets (Note 3)
7	G-SHANK JAPAN CO., LTD.	SHENZHEN G-BAO PRECISION SDN.BHD.	3	Sales income	$304	Note 6	-
				Cost of goods sold	2,330	Note 6	0.04%
				Accounts receivable -related party	24		-
				Accounts payables -related party	16		-
8	QINGDAO G-SHANK PRECISION SDN.BHD	TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.	3	Sales income	1,701	Note 6	0.03%
				Cost of goods sold	13		-
				Accounts receivable -related party	218		-
8	QINGDAO G-SHANK PRECISION SDN.BHD	XIAMEN G-SHANK PRECISION MACHINERY CO., LTD.	3	Sales income	9	Note 6	-

Note 1: Business transactions conducted between the parent company and subsidiaries should be noted in the "No." column as follows:

(a) Fill in "0" for the parent company;

(b) The subsidiaries are numbered sequentially starting from the Arabic number "1" by the company type.

Note 2: The "relationship with the trading companies" includes three types (The same transaction between parent company and subsidiary or between two subsidiaries needs not to be disclosed repeatedly, for example, if the parent company has already disclosed the transaction conducted with the subsidiary, the subsidiary does not need to have it disclosed again. If one of the two subsidiaries has already disclosed the transaction conducted, the other subsidiary does not need to have it disclosed again), which should be marked as follows:

(a) The parent company to the consolidated subsidiary;

(b) Consolidate subsidiary to parent company;

(c) Consolidated subsidiary to consolidated subsidiary;

Note 3: For the ratio of the transaction amount to the consolidated total operating income or total assets, if it is an asset or liability item, it is calculated for the ratio of the ending balance amount to the consolidated total assets; if it is a profit and loss item, it is calculated for the ratio of the interim cumulative amount to total consolidated operating income.

Note 4: The products sold are mostly equipment, tools, and materials used for production with the price negotiated by both parties by adding a percentage to the cost or by the cost price of trade depending on the type of product traded; also, taking into account the expenses and exchange rate risk. However, the specifications of products that are sold to related parties are exclusive; therefore, there is no other customer available for comparison. The payment term of sales to a related party is OA 60-150 days.

Note 5: The purchase is mostly for molds and parts with special specifications from one single supplier. Therefore, there is no other purchase price available for comparison. The payment term for such single supplier is OA 60-120 days.

Note 6: The collection (payment) term is OA 90-150 days according to the contract signed.

Note 7: It is calculated and collected according to the contract signed.

Note 8: Interest collection and principal repayment are made according to the loan contract signed.

(2) Re-investment business-related information

Supplementary disclosure of information related to the company's direct or indirect significant influence, control, or joint venture equity on the investee company not in Mainland China for the nine-month period ended December 31, 2021.

Unit：NTD Thousand/USD/MYR

Investor Company	Investee Company	Location	Main business operation	Original investment amount (Note 12)		As of December 31, 2021			Current profit (loss) of the Investee Company	Investment profit (loss) recognized in current period (Note 11)	Footnote
				December 31, 2021	December 31, 2020	Number of shares	Ratio (%)	Book amount (Note 11)			
G-SHANK ENTERPRISE CO., LTD.	CHIN DE INVESTMENT CO., LTD.	Note 1	General investment	$50,000	$50,000	5,000,000	100.00	$54,158	$50	$50	
	GRAND STAR ENTERPRISES L.L.C. (Note 2)	Note 2	General investment	588,055	588,055	-	100.00	1,713,946	217,947	218,548	
	G-SHANK, INC.	Note 3	Stamping parts molds, fixtures	36,686	36,686	1,000	100.00	309,672	19,808	19,823	
	G-SHANK ENTERPRISE (M) SDN. BHD.	Note 4	Stamping parts molds, fixtures	85,112	85,112	6,924,750	92.33	373,614	93,638	86,694	
	GREAT-SHANK CO., LTD.	Note 5	Precision progressive die and hardware products	69,509	69,509	7,968,750	85.00	185,520	37,825	32,123	
	G-SHANK JAPAN CO., LTD.	Note 6	International trade	19,749	19,749	1,060	58.89	6,899	6,194	3,648	
	SUNFLEX TECHNOLOGY CO., LTD.	Note 7	Manufacturing and trading of electronic components	40,448	40,448	9,940,956	14.73	157,590	32,620	4,804	
CHIN DE INVESTMENT CO., LTD.	SUNFLEX TECHNOLOGY CO., LTD.	Note 7	Manufacturing and trading of electronic components	217	217	10,000	0.01	160	32,620	5	

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Unit：NTD Thousand/USD/MYR

Investor Company	Investee Company	Location	Main business operation	Original investment amount (Note 12)		As of December 31, 2021			Current profit (loss) of the Investee Company	Investment profit (loss) recognized in current period (Note 11)	Footnote
				December 31, 2021	December 31, 2020	Number of shares	Ratio (%)	Book amount (Note 11)			
G-SHANK ENTERPRISE (M) SDN. BHD.	PT INDONESIA G-SHANK PRECISION	Note 8	Stamping parts molds, fixtures	$47,439 (RM7,144,500)	$47,439 (RM7,144,500)	18,800	94.00	$191,327 (RM28,814,260)	$47,439 (RM7,335,624)	-	
G-SHANK, INC.	G-SHANK DEMEXICO,S.A. DE C.V.	Note 9	Stamping parts molds, fixtures	4,400 (USD159,025)	4,400 (USD159,025)	-	100.00	18,704 (USD675,965)	2,390 (USD85,484)	-	
GRAND STAR ENTERPRISES L.L.C. (Note 2)	GLOBAL STAR INTERNATIONAL CO., LTD.	Note 10	General investment	528,995 (USD19,118,011)	528,995 (USD19,118,011)	19,118,011	100.00	1,703,717	218,194	-	

Note 1: 20F-2, No. 83, Section 1, Chung Hsiao E. Road, Zhongzheng District, Taipei City.

Note 2: 201 Rogers Office Building Edwin Wallace Rey Drive George Hill Anguilla Please refer to Note 4.(2) (Note 3) of the consolidated financial report for the relocation of the former US GRAND STAR ENTERPRISES L.L.C.

Note 3: 1034 Old Port Isabel Rd., Suite 2 Brownsville, TX 78521, U.S.A.

Note 4: Plot 94, Bayan Lepas Industrial Estate 11900 Bayan Lepas, Penang, Malaysia.

Note 5: 116 Moo 1 Hitech Industrial Estate T.Banlane , A.Bang Pa-In , Ayutthaya Thailand 13160

Note 6: 1-17-14, Nishi-Shinbashi ,Excel Annex 8F, Nishi-Shinbashi, Minato-Ku,Tokyo, 105-0003 Japan.

Note 7: No. 522, Nanshang Road, Guishan District, Taoyuan City

Note 8: Jl. Industri Kawasan JABABEKA Tahap Il Block RR 5C-5D Cikarang-Bekasi 17530, Indonesia.

Note 9: NO.15, Gral, Pedro Hinojosa, cd industrial H.Matamoros, Tamps, Mexico.

Note 10: Suite 102, Cannon Place, P.O. Box 712, North Sound Rd., George Town, Grand Cayman, KYl-9006 Cayman Islands.

Note 11: It is calculated according to the financial statements of the invested companies of the same period that have not been reviewed by the independent auditors.

Note 12: The original investment amount at the end of the current period and the end of last year is calculated according to the exchange rate on December 31, 2021.

(3) Investment in China

(A) The name, main business operation, paid-in capital, investment methods, remittance in and out of funds, shareholding ratio, investment profit and loss, investment book amount at yearend, remittance in of investment profit and loss, and investment limits of the invested company in China:

Unit： NTD Thousand/USD/RMB/HKD

Invested company in China	Main business operation	Paid-in capital	Investment method	Cumulative investment amount remitted out of Taiwan in current period - beginning	Investment amount remitted in or out in current period		Cumulative investment amount remitted out of Taiwan in current period - ending	Current profit (loss) of the invested company	The company's direct or indirect investment shareholding ratio (%)	Investment profit (loss) recognized in current period (Note 4)	Book amount of investment - ending	Investment profit remitted into Taiwan as of current period
					Remitted out	Remitted in						
SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.	Precision progressive die and hardware products	USD 10,000,000 (Note 1)	Entrusted investment (Note 2)	USD1,700,000	$-	$-	USD1,700,000	$277,032	85.00	$235,476	$1,282,203	$1,588,560 (USD57,410,906)
HONG JING (SHANGHAI) ELECTRONICS CO., LTD.	Precision progressive die and hardware products	USD1,590,000	Investment through the company set up in the third region (Note 3)	USD1,275,000	-	-	USD1,275,000	29,255	80.19	23,459	77,244	$57,168 (USD2,066,082)
G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	Precision progressive die and hardware products	USD3,000,000	Investment through the company set up in the third region (Note 4)	USD1,530,000	-	-	USD1,530,000	39.245	51.00	20,015	128,865	$18,876 (USD682,168)
XIAMEN G-SHANK PRECISION MACHINERY CO., LTD.	Precision progressive die and hardware products	USD2,500,000	Investment through the company set up in the third region (Note 5)	USD1,990,000	-	-	USD1,990,000	456	79.60	363	96,304	57,281 (USD2,070,148)

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Unit：NTD Thousand/USD/MYR

Invested company in China	Main business operation	Paid-in capital	Investment method	Cumulative investment amount remitted out of Taiwan in current period - beginning	Investment amount remitted in or out in current period		Cumulative investment amount remitted out of Taiwan in current period - ending	Current profit (loss) of the invested company	The company's direct or indirect investment shareholding ratio (%)	Investment profit (loss) recognized in current period (Note 4)	Book amount of investment - ending	Investment profit remitted into Taiwan as of current period
					Remitted out	Remitted in						
G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	Planer, milling machine or die machine, precision continuous die and hardware products	USD1,400,000	Investment through the company set up in the third region (Note 6)	USD1,671,825	$-	$-	USD1,671,825	$26,592	100.00	$26,592	$245,631	$75,033 (USD2,771,713)
QINGDAO G-SHANK PRECISION SDN.BHD.	Precision progressive die and hardware products	USD4,000,000	Investment through the company set up in the third region (Note 7)	USD3,342,000	-	-	USD3,342,000	5,519	92.83	5,124	282,613	$258,693 (USD9,349,241)
TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.	Precision progressive die and hardware products	USD2,500,000	Investment through the company set up in the third region (Note 8)	USD2,205,000	-	-	USD2,205,000	63,682	88.20	56,167	219,192	$35,961 (USD1,299,651)
SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD.	Precision progressive die and hardware products	USD300,000	Investment through the company set up in the third region (Note 9)	USD 255,000	-	-	USD255,000	49,766	85.00	42,301	195,743	$409,413 (USD14,796,288)
SHENZHEN G-SHANK PRECISION SDN.BHD.	Precision progressive die and hardware products	USD2,600,000	Investment through the company set up in the third region (Note 10)	USD2,440,000	-	-	USD2,440,000	8,441	93.85	7,922	114,431	$7,215 (USD260,742)

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Unit：NTD Thousand/USD/MYR

Invested company in China	Main business operation	Paid-in capital	Investment method	Cumulative investment amount remitted out of Taiwan in current period - beginning	Investment amount remitted in or out in current period		Cumulative investment amount remitted out of Taiwan in current period - ending	Current profit (loss) of the invested company	The company's direct or indirect investment shareholding ratio (%)	Investment profit (loss) recognized in current period (Note 4)	Book amount of investment - ending	Investment profit remitted into Taiwan as of current period
					Remitted out	Remitted in						
SHENZHEN G-BAO PRECISION SDN.BHD.	Precision progressive die and hardware products	USD3,150,000	Investment through the company set up in the third region (Note 11)	USD2,880,000	$-	$-	USD2,880,000	$41,556	91.43	$37,994	$358,039	$136,603 (USD4,936,848)
HUBEI HANSTAR ELECTRONICS TECHNOLOGY CO., LTD. (Note 5)	Precision progressive die and hardware products, electroplating processing	RMB30,000,000	Transfer investment of SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD.	-	-	-	-	11,254	100.00	$11,254	$131,282	-
DONGGUAN QIAOJU TRADING CO., LTD. (Note 5)	Plastic hardware wholesale and import/export business	HKD3,000,000	Transfer investment of G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	-	-	-	-	7,662	100.00	7,662	43,059	-

Cumulative investment amount remitted out from Taiwan to China at yearend (Note 1)	Investment amount approved by the Investment Commission, MOEA (Notes 1 and 2)	The investment amount limit stipulated by the Investment Commission, MOEA (Note 3)
$583,453 (USD21,086,140)	$781,884 (USD28,257,472)	$3,491,507

Note 1: It includes the net amount of USD1,797,315 derived from the approved investment of GSYUE DG TOOLING CO.,LTD. for USD2,730,000 and net of the liquidating investment fund remitted in for USD932,685.

Note 2: It includes the capital increase from earnings of SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. in May 2001 and October 2004, and the capital increase from earnings of QINGDAO G-SHANK PRECISION SDN.BHD. in January 2019.

Note 3: According to the "Principles for the Review of Investment or Technical Cooperation in Mainland China" stipulated by the Investment Commission, MOEA the company's investment in China is limited to 60% of the net worth or consolidated net worth, whichever is higher. However, the enterprises that are with the certification document to evidence its meeting the operation scope of the headquarters issued by the Industrial Development Bureau, MOEA is not subject to this limit. The company had applied to the Industrial Development Bureau, MOEA for approval as the corporate operation headquarters on April 18, 2019 that would be valid from March 29, 2021 to March 28, 2024 for the investment in China, which had not violated the investment limit of the Investment Commission, MOEA.

Note 4: The profit and loss amount from the subsidiary under the equity method for the years ended December 31, 2021 was calculated according to the investee company's financial statements not audited by the independent auditors, except for SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.

Note 5: It is an investment made through the invested company in China; therefore, it is unnecessary to report to the Investment Commission MOEA and is not included in the "Cumulative investment amount remitted out from Taiwan to China."

Note 1：SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. had a paid-in capital of US$2,000 thousand originally. It had arranged a capital increase from earnings for an amount of US$2,500 thousand and US$5,500 thousand in May 2001 and October 2004, respectively. As of March 31, 2021, SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. had a paid-in capital of US$10,000 thousand.

Note 2：The company has signed a power of attorney with G-SHANK ENTERPRISE (M) SDN. BHD. (hereinafter referred to as the "trustee"), a business entity of the company in the third region, to indirectly establish SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. in China with the related party, Yuhuang Lin. The main content of the power of attorney is as follows:

A. The company designated the trustee to invest US$1,700,000 (including bank transfer of US$1,250,000 and machinery and equipment for an amount of US$450,000) in SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. in China.

B.The trustee is to apply to the competent authorities in China to invest and establish SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. in the name of the trustee.

C.The trustee upon receiving income or benefits from SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. should have it transferred to the company entirely.

D.If SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. is to return the investment funds due to capital reduction, business termination, or other reasons, the trustee upon receiving such refund shall have it transferred to the company entirely.

E.The trustee shall notify the company when transferring investment funds, benefits, or income due to the reasons stated in the last two preceding paragraphs according to the instruction of the company.

F.The trustee's rights and obligations in SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. are transferred to the company due to this entrusted investment relationship; therefore, the trustee does not guarantee the income and profit and loss.

G.The trustee shall exercise due diligence to manage investment, foreign exchange settlement, and benefit collection.

H.The matters not addressed in the power of attorney shall be handled in accordance with the law and regulations of the Republic of China, domestic and foreign banking practices, and other regulations.

Note 3：HON YEH INVESTMENT CO., LTD., a subsidiary of the company, was approved by the Investment Commission, MOEA by issuing the (90) Tou-Shen-II-Tzi No. 90010260 (Investment Commission, MOEA had the (90) Shen-II-Tzi No. 90010260 amended by issuing the (95) Shen-II-Tzi No. 095004988 on 03.03.2006), and the company was approved by the Investment Commission, MOEA by issuing the Shen-II-Tzi No.

093031757 Letter to invest in GLOBAL STAR INTERNATIONAL CO., LTD. through GRAND STAR ENTERPRISES L.L.C. in the third region and then it indirectly invested in HONG JING (SHANGHAI) ELECTRONICS CO., LTD. HONG JING (SHANGHAI) ELECTRONICS CO., LTD. had arranged a capital increase in cash on November 1, 2012; however, the company did not subscribe shares proportionally to the shareholding ratio; therefore, the company's shareholding ratio was 80.19% thereafter.

Note 4：HON YEH INVESTMENT CO., LTD., a subsidiary of the company, was approved by the Investment Commission, MOEA by issuing the (90) Tou-Shen-II-Tzi No. 90010259 and Jin-Shen-II-Tzi No. 91015965, and the company was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 092042580 Letter and Jin-Shen-II-Tzi No. 093031432 Letter to invest in GLOBAL STAR INTERNATIONAL CO., LTD. through GRAND STAR ENTERPRISES L.L.C. in the third region and then it indirectly invested in G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.

Note 5：HON YEH INVESTMENT CO., LTD., a subsidiary of the company, was approved by the Investment Commission, MOEA by issuing the (90) Tou-Shen-II-Tzi No. 90022866, and the company was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 092042581 Letter and Jin-Shen-II-Tzi No. 093006075 Letter to invest in GLOBAL STAR INTERNATIONAL CO., LTD. through GRAND STAR ENTERPRISES L.L.C. in the third region and then it indirectly invested in XIAMEN G-SHANK PRECISION MACHINERY CO., LTD.

Note 6：HON YEH INVESTMENT CO., LTD., a subsidiary of the company, was approved by the Investment Commission, MOEA by issuing the (90) Tou-Shen-II-Tzi No. 90001835, Jin-Shen-II-Tzi No. 091031112, and Jin-Shen-II-Tzi No. 92008940 to invest in GLOBAL STAR INTERNATIONAL CO., LTD. through GRAND STAR ENTERPRISES L.L.C. in the third region and then it indirectly invested in G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD. Subsequently, 5.86% (investment amount of US$82 thousand) and 2% (investment mount US$28 thousand) of the shareholding was transferred to non-related parties, Mr. Bershin Lo and Mr. Guodong Hsu, in March 2003, respectively. The company's shareholding was reduced to 92.14 % thereafter that was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 092010563 Letter. HON YEH INVESTMENT CO., LTD., a subsidiary of the company, had paid US$23 thousand to acquire the 2% (investment amount US$28 thousand) shareholding from Mr. Guodong Hsu on January 5, 2007 with the shareholding increased to 94.14% thereafter and it was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 09500329480 Letter. The company's board of directors had resolved on June 13, 2019 to acquire the 5.86% (investment amount US$361 thousand) shareholding from the non-related party, Mr. Bershin Lo, and it was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 10800157300 Letter with the comprehensive shareholding increased to 100% thereafter.

Note 7：HON YEH INVESTMENT CO., LTD., a subsidiary of the company, was approved by the Investment Commission, MOEA by issuing the (90) Shen-II-Tzi No. 90010261, Jin-Shen-II-Tzi No. 91039369, Jin-Shen-II-Tzi No. 092003008 Letter, and

Jin-Shen-II-Tzi No. 094008181 to invest in GLOBAL STAR INTERNATIONAL CO., LTD. through GRAND STAR ENTERPRISES L.L.C. in the third region and then it indirectly invested in QINGDAO G-SHANK PRECISION SDN.BHD. Subsequently, 5% (investment amount of US$130 thousand), 2.23% (investment mount US$58 thousand), and 0.58% (investment amount US$15 thousand) of the shareholding was transferred to non-related parties, Mr. Shenwei Guo, Mr. Hongjun Li, and Mr. Bangyong Liu, in March 2003, respectively. The company's shareholding was reduced to 92.19 % thereafter that was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 092010560 Letter. QINGDAO G-SHANK PRECISION SDN.BHD. had arranged capital increase in cash on November 25, 2006; however, the company did not subscribe shares proportionally to the shareholding ratio; therefore, the company's shareholding ratio was 92.83% thereafter. QINGDAO G-SHANK PRECISION SDN.BHD. had a paid-in capital of US$3,600 thousand and then arranged a capital increase from earnings for an amount of US$400 thousand in January 2019 and the paid-in capital of QINGDAO G-SHANK PRECISION SDN.BHD. was US$4,000 thousand thereafter.

Note 8：The Company was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 092044159, Jin-Shen-II-Tzi No. 093005557, and Jin-Shen-II-Tzi No. 093006249 Letter to invest in GLOBAL STAR INTERNATIONAL CO., LTD. through GRAND STAR ENTERPRISES L.L.C. in the third region and then it indirectly invested in TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.

Note 9：The Company was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 095026420 Letter to indirectly invest in SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD. through G-SHANK ENTERPRISE (M) SDN. BHD. in the third region. Then it was approved for amendment by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 095032048 Letter to invest in SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD. through GLOBAL STAR INTERNATIONAL CO., LTD. that was invested by GRAND STAR ENTERPRISES L.L.C. in the third region. The investment fund was transferred through GRAND STAR ENTERPRISES L.L.C. to GLOBAL STAR INTERNATIONAL CO., LTD. for an amount of US$255 thousand on November 18, 2006, and the said amount was then transferred to SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD. on January 20, 2006.

Note 10：The Company was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 09500121350, Jin-Shen-II-Tzi No. 09600108160, and Jin-Shen-II-Tzi No. 09600265810 Letter to invest in GLOBAL STAR INTERNATIONAL CO., LTD. through GRAND STAR ENTERPRISES L.L.C. in the third region and then it indirectly invested in SHENZHEN G-SHANK PRECISION SDN.BHD.

Note 11：The Company was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 09600405610 and Jin-Shen-II-Tzi No. 09700084160 Letter to invest in GLOBAL STAR INTERNATIONAL CO., LTD. through GRAND STAR ENTERPRISES L.L.C. in the third region and then it indirectly invested in SHENZHEN G-BAO PRECISION SDN.BHD. SHENZHEN G-BAO PRECISION SDN.BHD. had arranged capital increase in cash on September 13, 2012; however, the company did not subscribe shares proportionally to the shareholding ratio; therefore, the company's shareholding ratio was reduced to 91.43% thereafter.

(B) Significant transactions conducted with the invested companies in China in the current period：

(a) The purchase amount and percentage and the related payable amount and percentage at yearend: Please refer to Notes 7 and 13.(1) J of the consolidated financial report for details.

(b) The sales amount and percentage and the related receivable amount and percentage at yearend: Please refer to Note 7 and 13.(1) J of the consolidated financial report for details.

(c) The property transaction amount and the profit and loss resulted：None

(d) The ending balance and purpose of notes endorsements/guarantees or collateral provided: None

(e) Maximum balance amount, ending balance amount, interest rate range, and total interest of the current period of loans: None

(f) Other transactions that have a significant impact on the profit and loss or financial status: Please refer to Notes 7 and 13.(1) J of the consolidated financial report for details.

(4) Major Shareholder information

The name, shareholding, and shareholding ratio for more than 5% of the company's shareholders：

Shares / Major shareholders	Shareholding (shares)	Shareholding ratio (%)
JIHONG INVESTMENT CO., LTD.	16,089,465 shares	8.56
CHEN-LIN INVESTMENT COMPANY	10,144,790 shares	5.40

Note 1：The information of the major shareholders in this table is based on the shareholders who have received more than 5% common stock shareholding completed with dematerialized registration (including treasury stock) on the last business day of each quarter that is counted by Taiwan Depository & Clearing Corporation. The capital stock recorded in the company's consolidated financial report and the company's actual number of shares delivered with dematerialized registration may be different due to different calculation bases adopted.

Note 2：If the aforementioned information is regarding shareholders having their shares delivered to the trust, it is disclosed by the individual account of the principal who entrusts the trustee to open a trust account. As for the shareholder's reporting 10% or more of insider's shareholding in accordance with the Securities and Exchange Act, the shareholding includes the principal's shareholding and the shares delivered to the trust that remains under the control of the principal. Please refer to the Market Observation Post System for the insider's equity reporting information.

14. DEPARTMENT INFORMATION

(1) There are two reporting departments within the Group, including the stamping parts department and the general investment department. The stamping parts department is mainly for the manufacturing and production, processing, and trading of stamping components, while the general investment department is engaged in short-term investment and general investment activities. The reportable departmental profit and loss are measured by operating profit and loss before tax (excluding the total management and logistics costs to be amortized, non-operating income and benefits, non-operating expenses and losses, and income tax expenses) and it is the base for performance evaluation. This measurement amount is provided to the operating decision-maker to determine the allocation of resources to each department and to evaluate the performance of each department. The accounting policies of the operating department are the same as the summary of the significant accounting policies described in Note 4. of the consolidated financial report.

Department information

	Stamping parts department	General investment department	Adjustment &write-off	Consolidation
For the years ended December 31, 2021				
Income				
Income from external customers	$6,420,460	$-	$-	$6,420,460
Inter-department income	-	-	-	-
Total income	$6,420,460	$-	$-	$6,420,460
Departmental profit and loss	$1,003,085	$72	$-	$1,003,157
Non-operating income and expense				35,527
Net income before tax of the continuing business unit				$1,038,684
Depreciation and amortization	$194,130	$-	$-	$194,130
Income tax expense	$285,797	$22	$-	$285,819
Departmental noncurrent capital expenditure (Note)	$201,165	$-	$-	$201,165

	Stamping parts department	General investment department	Adjustment &write-off	Consolidation
For the years ended December 31, 2020				
Income				
Income from external customers	$4,779,614	$-	$-	$4,779,614
Inter-department income	-	-	-	-
Total income	$4,779,614	$-	$-	$4,779,614
Departmental profit and loss	$537,311	$(3,025)	$-	$534,286
Non-operating income and expense				(972)
Net income before tax of the continuing business unit				$533,314
Depreciation and amortization	$195,253	$-	$-	$195,253
Income tax expense	$176,422	$(75)	$-	$176,347
Departmental noncurrent capital expenditure (Note)	$166,861	$-	$-	$161,861

Note: Departmental noncurrent capital expenditures do not include deferred income tax assets and financial instruments.

	Stamping parts department	General investment department	Adjustment &write-off	Consolidation
December 31, 2021				
Assets				
Department assets	$7,495,353	$53,518	$-	$7,548,871
Current tax assets	42,031	68	-	42,099
Deferred tax assets	32,681	837	-	33,518
Investment –non-investment department	1,548,097	-	-	1,548,097
Total assets	$9,118,162	$54,423	$-	$9,172,585
Liabilities				
Department liabilities	$2,588,427	$25	$-	$2,588,452
Current tax liabilities	139,108	240	-	139,348
Deferred tax liabilities	563,593	-	-	563,593
Net defined benefit liabilities	62,014	-	-	62,014
Total liabilities	$3,353,142	$265	$-	$3,353,407
December 31, 2020				
Assets				
Department assets	$6,702,263	$53,583	$-	$6,755,846
Current tax assets	48,986	68	-	49,054
Deferred tax assets	21,108	474	-	21,582
Investment –non-investment department	1,451,839	-	-	1,451,839
Total assets	$8,224,196	$54,125	$-	$8,278,321
Liabilities				
Department liabilities	$2,260,630	$25	$-	$2,260,655
Current tax liabilities	51,336	-	-	51,336
Deferred tax liabilities	555,982	-	-	555,982
Net defined benefit liabilities	82,291	-	-	82,291
Total liabilities	$2,950,239	$25	$-	$2,950,264

(2) Disclosure of corporate information

(A) Information by product and service

The GROUP's main products and labor service income are analyzed as follows:

	Years ended December 31	
	2021	2020
Parts income	$6,018,668	$4,296,392
Mold income	208,400	260,569
Fixture income	101,720	81,596
Product income	91,672	141,057
Total	$6,420,460	$4,779,614

(B) Information by regions

(a) The GROUP's income from domestic and foreign external customers:

	Years ended December 31	
Location of customers	2021	2020
Taiwan	$1,247,725	$605,811
Asia (other than Taiwan)	4,520,288	3,679,908
The United States and Canada	300,744	206,932
Europe	351,703	286,963
Total	$6,420,460	$4,779,614

(b) The GROUP's noncurrent assets (excluding deferred income tax assets and financial instruments):

Location of noncurrent assets	December 31, 2021	December 31, 2020
Taiwan	$463,477	$402,824
Japan	2,865	4,744
Mainland China	793,571	843,546
Southeastern Asia	134,003	151,292
The United States and Canada	15,477	17,415
Total	$1,409,393	$1,419,821

(c) Important customer information

The individual customer whose income is accounted for 10% or more of the GROUP's consolidated net operating income is as follows:

		Years ended December 31	
Customer	Reporting department	2021	2020
A	Stamping Part Department	$948,870	$737,221

G-SHANK ENTERPRISE CO., LTD.

Parent Company Only Financial Statements for the Years Ended December 31, 2021 and 2020 and Independent Auditors' Report

Notice to Readers

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

INDEPENDENT AUDITOR'S REPORT

To: G-SHANK ENTERPRISE CO., LTD.

Opinion

We have audited the accompanying parent company only balance sheets of G-SHANK ENTERPRISE CO., LTD. as of December 31, 2021, and 2020, and the related parent company only statements of comprehensive income, retained earnings, and cash flows for the years then ended.

In our opinion, based on our audit and the audit reports of other independent auditors (please refer to the relevant paragraphs for details), the parent company only financial statements referred to above present fairly, in all material respects, the financial position of G-SHANK as of December 31, 2021, and 2020, and the results of its operations and its cash flows for the years then ended in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Firm".

Basis for opinion

We conducted our audit in accordance with the "Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountings" and generally accepted auditing standards. The responsibilities of the independent auditors under these standards will be further explained in the audit performed on the consolidated financial statements. The personnel of the CPA Firm subject to the independence requirement has acted independently from the business operations of G-SHANK in accordance with the Code of Ethics and have performed other responsibilities of the Code of Ethics. We believe that our audit and other CPA's audit reports provide a reasonable basis for our opinion.

Key audit matters

The key audit matters refer to the most important matters in auditing the 2021 parent company only financial statements of G-SHANK in accordance with the professional judgment of the independent auditors. These matters have been handled during the process of reviewing the parent company only financial statements as a whole with audit opinions formed. The independent auditor does not express an independent opinion on these matters. The independent auditor determines that the key audit matters to be communicated in the audit report are as follows:

1. Income recognition

Please refer to Note 4.(15) to the parent company only financial statements for the accounting policy on income recognition. Also, please refer to Note 6.(21) for the operating income in detail.

The operating income of G-SHANK is mainly generated from the production and sales of molds and stamping parts. The timing of income recognition is based on the transaction conditions agreed with each individual customer. An inappropriate timing for income recognition and unreasonable estimation of the refund liabilities for sales returns and sales discounts are key matters for income recognition, which will have an impact on the financial performance of G-SHANK. The independent auditor has the income recognition classified as a key audit matter in auditing the parent company only financial statements of G-SHANK.

The auditing procedures implemented by the independent auditors for the aforementioned key audit matters include: Understanding the sales process of G-SHANK, testing the internal control related to income recognition, reviewing the terms of the sales with the major customers, performing income cut-off tests, and checking the book-entry of sales returns and discounts, the measurement of the estimated refund liabilities for sales returns and sales discounts, and the implementation of analytical procedures.

2. Inventory evaluation

Please refer to Note 4.(9) of the parent company only financial statements for the accounting policy of inventory evaluation. please refer to Note 5.(2)(C) of the parent company only financial statements for the major sources of uncertainty of significant estimates and assumptions. Please refer to Note 6.(5) of the parent company only financial statements for inventory details.

G-SHANK is mainly engaged in the production and sale of molds and stamping parts with the production and sales policies formed that are indirectly affected by the needs of end-user. The cost of inventory could be un-recoverable due to the occurrence of inventory damaged, outdated, or price dropped entirely or partially; also, when the estimated cost to be invested to completion and the estimated sale expenses increased. The use and value of inventories rely on the management's inventory policy and sale forecast. However, a forecast comes with uncertainties. Therefore, the independent director has the inventory evaluation classified as one of the key audit matters in auditing the parent company only financial statements of G-SHANK.

A decisive factor in the value of inventories is the estimated net realizable value, which is based on the most reliable evidence of the expected realizable amount of inventories available at the time of estimation. Therefore, the relevant audit procedures of the independent auditor include reviewing and assessing whether the policy of G-SHANK in determining the net realizable value of inventories can reasonably reflect the forecast of future inventory sales, historical experience and other specific circumstances, inventory aging analysis and testing so to identify whether an allowance for inventory loss in valuation is appropriated reasonably according to historical experience for a specific obsolete inventory, the correlation between the assessment of past events and the yearend situation, and the impact of the price or cost fluctuation related to the said post events on the net realizable value of inventory.

Other matters

Regarding the parent company only financial report of G-SHANK and the relevant information of the investee company disclosed in Note 13. of the parent company only financial report, the financial statements as of December 31, 2021, and 2020 of G-SHANK, INC. are prepared in conformity with the generally accepted principles of the USA, the financial statements as of December 31, 2021, and 2020 of G-S G-SHANK (Thai) Co., Ltd. are prepared in conformity with the generally accepted principles of Thailand, and the financial statements as of December 31, 2021, and 2020 of G-SHANK ENTERPRISE (M) SDN are prepared in conformity with the generally accepted principles of Malaysia, which were audited by other certified public accountants instead of the independent auditor. The financial statements of G-SHANK, INC., G-SHANK (Thai) Co., Ltd., and G-SHANK ENTERPRISE (M) SDN are translated in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Firms" and International Financial Reporting Standards (IFRS) that was recognized by the Financial Supervisory Commission, International Accounting Standards, Interpretations, and Notices (IFRS), Interpretation (IFRIC) and Interpretative Announcement (SIC). The independent auditor has completed all necessary auditing procedures. Therefore, the opinions of the independent auditor on

the unadjusted amounts in the aforementioned financial statements of the subsidiaries are based on the audit reports of other certified public accountants and the results of additional audit procedures performed by them in compliance with the "Regulations Governing the Preparation of Financial Reports by Securities Firms" and generally auditing principles of the ROC. The total assets of the aforementioned subsidiaries were NT$868,806 thousand and NT$844,639 thousand on December 31, 2021, and December 31, 2020, accounting for 11.10% and 12.13% of the total parent company only assets, respectively. The net operating income from January 1 to December 31, 2021, and 2022 were NT$138,640 thousand and NT$79,419 thousand, accounting for 17.30% and 22.31% of the parent company only net operating income, respectively. Recognized the other comprehensive profit and loss of the subsidiaries and affiliated companies for an amount of NT$(53,971) thousand and NT$(52,163) thousand, accounting for (7.99)% and (16.79)% of the total comprehensive profit and loss, respectively.

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

The responsibility of the management is to have the parent alone financial report prepared fairly in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Firms" and maintain the necessary internal control related to the preparation of the parent alone financial report so to assure that the financial report is free of material misstatement.

In the preparation of the parent company only financial statements, the management's responsibility also includes assessing the continuing operation of G-SHANK, the disclosure of the relevant matters, and the adoption of the continuing operation accounting base, unless the management intends to liquidate G-SHANK or cease the business operation, or there is lack of any option except for liquidation or suspension.

The governance unit (including the Audit Committee or supervisors) of G-SHANK is responsible for supervising the financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

The purpose of the independent auditor's auditing of the parent company only financial statements is to obtain reasonable assurance about whether the parent company only financial statements are free of material misstatement arising from frauds or errors and with an audit report issued. Reasonable assurance means high assurance. However, the audit conducted in accordance with generally accepted auditing standards does not guarantee to have any material misstatement in the parent company only financial statements detected. Material misstatement could be arising from frauds or errors. If the misstated amount or aggregated amount is reasonably expected to affect the economic decisions made by the readers of the consolidated financial statements, it is considered significant.

The independent auditors when conducting the audit in accordance with generally accepted auditing standards shall exercise professional judgment and maintain professional suspicion. The independent auditors also perform the following auditing tasks:

1. Identify and evaluate the risk of material misstatement arising from frauds or errors of the parent company only financial statements; design and implement proper responsive measures for the assessed risks; also, obtain sufficient and adequate audit evidence for forming an audit opinion. Frauds may involve conspiracy, forgery, deliberate omission, false declaration, or violation of internal control; therefore, the risk of material misstatement arising from fraud is higher than that caused by errors.
2. Obtain the necessary understanding of the internal control related to the audit in order to design appropriate audit procedures under the circumstance, but the purpose is not to express an opinion on the effectiveness of the internal control of G-SHANK.

3. Assess the appropriateness of the accounting policies adopted by the management; also, the reasonableness of the accounting estimates and related disclosures made.

4. Based on the audit evidence obtained, make conclusions on the suitability of the continuing operation accounting base adopted by the management and whether or not the events or circumstances causing significant doubts to the continuing operation ability of G-SHANK are with significant uncertainties. If the independent auditors believe that such events or circumstances are with significant uncertainties, it is necessary to remind the readers of the parent company only financial statements in the audit report to pay attention to the relevant disclosure or to revise the audit opinion when such disclosures are inappropriate. The conclusion of the independent auditors is based on the audit evidence obtained as of the audit report date. However, future events or circumstances may result in the inability of G-SHANK to continue operating.

5. Assess the overall presentation, structure, and content of the parent company only financial statements (including the relevant notes) and whether or not the relevant transactions and events in the consolidated financial statements are presented fairly.

6. Obtain sufficient and appropriate audit evidence on the financial information of the individual business entity within the G-SHANK in order to express an opinion on the parent company only financial statements. The independent auditors are responsible for guiding, supervising, and implementing the auditing process of the G-SHANK; also, are responsible for forming an opinion on the audit of the G-SHANK.

The matters communicated by the independent auditors to the governing unit include the scope and timing of the planned audit, and the significant findings (including the major nonconformities of internal controls identified in the auditing process).

The independent auditors have provided to the governing unit the declaration of independence of the CPA Firm personnel subject to the Code of Ethics; also, have communicated with the governing unit regarding the relationship and other matters (including the relevant protection measures) that may affect the independence of the independent auditors.

The independent auditors have based on the communications with the governing unit to determine the key audit matters to be performed on the 2021 parent company only financial statements of G-SHANK. The independent auditors shall state the key audit matters in the audit report except for the specific matters prohibited from being disclosed, or, in rare cases; the independent auditors decide not to have specific matters communicated in the audit report since the negative effect of such disclosure can be reasonably expected to be greater than the increase of public interest.

Chiung-hui Tseng Arnico Tseng

Diwan & Company

March 10, 2022

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated 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 accepted and 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 form the original Chinese version prepared and used in the Republic of China. 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-lnguage independent auditors' report and consolidated financial statements shall prevail.

G-SHANK ENTERPRISE CO., LTD.

PARENT COMPANY ONLY BALANCE SHEET

(Expressed in thousands of New Taiwan dollar)

(December 31, 2021 & 2020 have been audited)

ASSETS		Notes	December 31,2021		December 31,2020	
Code	Accounts		AMOUNT	%	AMOUNT	%
11xx	Current assets					
1100	Cash and cash equivalents	4 & 6.(1)	$1,038,389	13	$681,851	10
1110	Financial assets at fair value through profit or loss - current	4 & 6.(2)	948,471	12	967,231	14
1150	Notes receivable, net	4, 5, 6.(3) & 6.(4)	3,864	-	12,862	-
1170	Accounts receivable, net	4, 5 & 6.(4)	560,386	7	228,931	3
1180	Accounts receivable- related parties	4, 5 & 7	8,367	-	5,035	-
1200	Other receivables	4, 5 & 6.(4)	21,365	-	27,154	-
1210	Other receivables - related parties	4, 5 & 7	21,132	-	30,731	-
1220	Current tax assets	4 & 6.(26)	38,483	1	42,090	1
130x	Inventory	4, 5 & 6.(5)	261,098	4	170,349	3
1470	Prepayments and Other current assets		7,668	-	3,445	-
1476	Other financial assets-current	4 & 6.(6)	25,589	1	30,297	-
	Total current assets		2,934,812	38	2,199,976	32
15xx	Noncurrent Asset					
1517	Financial assets at fair value through profit or loss - noncurrent	4, 5, 6.(7) & 6.(19)	299,338	4	205,354	3
1550	Investments accounted for using equity method	4 & 6.(8)	4,097,995	52	4,133,330	59
1600	Property, Plant and Equipment	4 & 6.(8)	441,544	6	389,221	6
1780	Intangible assets	4 & 6.(10)	1,450	-	3,366	-
1840	Deferred tax assets	4 & 6.(26)	28,717	-	18,948	-
1915	Prepayments for business facilities	4	12,769	-	3,759	-
1920	Refundable deposits		480	-	324	-
1990	Other noncurrent assets, others		7,235	-	6,155	-
	Total noncurrent Asset		4,889,528	62	4,760,457	68
1xxx	Total Assets		$7,824,340	100	$6,960,433	100

(CONTINUING)

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

G-SHANK ENTERPRISE CO., LTD.

PARENT COMPANY ONLY BALANCE SHEET

(Expressed in thousands of New Taiwan dollar)

(December 31, 2021 & 2020 have been audited)

Liabilities and Equity		Notes	December 31,2021		December 31,2020	
Code	Accounts		AMOUNT	%	AMOUNT	%
21xx	Current liabilities					
2100	Short-term borrowings	4, 6.(11) & 6.(28)	$1,260,000	16	$1,220,000	18
2120	Financial liabilities at fair value through profit or loss - current	4 & 6.(2)	1,671	-	-	-
2170	Accounts payable	4	204,489	3	96,453	1
2180	Accounts payable-related parties	4 & 7	4,775	-	1,108	-
2200	Other payables	4, 6.(9), 6.(13) & 6.(22)	326,939	4	224,588	3
2220	Other payables-related parties	4 & 7	4,021	-	4,013	-
2230	Current tax liabilities	4 & 6.(26)	81,768	1	-	-
2300	Other current liabilities		16,361	-	11,873	-
	Total current liabilities		1,900,024	24	1,558,035	22
25xx	Non-current liabilities					
2540	Long-term borrowings	4, 6.(12) & 6.(28)	76,324	1	43,506	1
2570	Deferred tax liabilities	4 & 6.(26)	563,593	7	555,982	8
2640	Net defined benefit liabilities- noncurrent	4, 5 & 6.(13)	62,014	1	82,291	1
2645	Guarantee deposits received		4,646	-	4,646	-
	Total non-current liabilities		706,577	9	686,425	10
2xxx	Total liabilities		2,606,601	33	2,244,460	32
31xx	Equity attributable to owners of parent					
3100	Share capital	4, 6(14) & 6.20)				
3110	Ordinary shares		1,878,323	24	1,849,683	27
3200	Capital surplus	4, 6.(15) & 6.(20)	452,744	6	432,784	6
3300	Retained earnings					
3310	Legal reserve	6.(16) & 6.(18)	827,106	10	798,682	11
3320	Special reserve	6.(17)	284,690	4	284,690	4
3350	Unappropriated earnings	6.(18)	1,937,433	25	1,529,619	22
3400	Other equity					
3410	Exchange differences on translation of foreign financial statements	4, 6.(7), 6.(8), 6.(19) & 6.(25)	(441,852)	(6)	(357,177)	(5)
3420	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	4, 6.(7), 6.(8), 6.(19) & 6.(25)	279,295	4	177,692	3
3xxx	Total Equity		5,217,739	67	4,715,973	68
	Total liabilities and equity		$7,824,340	100	$6,960,433	100

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

G-SHANK ENTERPRISE CO., LTD.

PARENT COMPANY ONLY STATEMENT OF COMPREHENSIVE INCOME

(Amounts in thousands of New Taiwan dollars, except for earnings per share amounts)

Code	Accounts	Notes	For the years ended December 31,			
			2021	%	2020	%
4000	Sales revenue	4, 6.(21) & 7	$1,976,474	100	$1,270,409	100
5000	Operating costs	4, 6.(5), 6.(13), 6.(22), 6.(29) & 7	(1,575,825)	(80)	(1,130,417)	(89)
5900	Gross profit from operations		400,649	20	139,992	11
6000	Operating expense	4, 6.(13), 6.(22), 6.(29) & 7				
6100	Selling expense		(100,493)	(5)	(84,099)	(7)
6200	General and administrative expenses		(155,619)	(8)	(157,123)	(12)
6300	Research and development expenses		(44,311)	(2)	(57,391)	(4)
6450	Loss (reversal) of expected credit loss	4, 5 & 6.(4)	(372)	-	(697)	-
	Total operating expense		(300,795)	(15)	(299,310)	(23)
6500	Net other income (expenses)	4, 6.(9) & 6.(23)	1,285	-	1,341	-
6900	Net operating income (loss)		101,139	5	(157,977)	(12)
7000	Non-operating income and expenses					
7100	Interest income	6.(24) & 7	68,979	4	57,069	4
7010	Other income	6.(7), 6.(24) & 7	92,088	5	86,134	7
7020	Other gains and losses	6.(2) & 6.(24)	(32,343)	(2)	(30,434)	(2)
7050	Finance costs	4 & 6.(24)	(10,515)	(1)	(9,822)	(1)
7070	Share of the profit (loss) of associates and subsidiaries for using equity method	4, 6.(5) & 6.(24)	602,724	31	425,007	33
7630	Foreign exchange gains (loss)	4 & 6.(24)	(20,483)	(1)	(14,006)	(1)
	Total non-operating income and expenses		700,450	36	513,948	40
7900	Profit (loss) from continuing operations before tax		801,589	41	355,971	28
7950	Income Tax Expense	4 & 6.(26)	(153,225)	(8)	(68,530)	(5)
8200	Profit (loss) for the period		648,364	33	287,441	23
8300	Other comprehensive income	4, 6.(8), 6.(13), 6.(19) & 6.(25)				
8310	Components of other comprehensive income that will not be reclassified to profit or loss：					
8311	Remeasurements of the defined benefit plan		9,034	-	(3,112)	(1)
8316	Unrealized gain (loss) on financial assets measured at fair through other comprehensive income		93,984	5	38,922	3
8330	Share of the other comprehensive (loss) income of associates for using equity method-will not be reclassified to profit or loss		8,421	-	(627)	-
8349	Income tax benefit (expense) relating to items that will not be reclassified subsequently to profit or loss		-	-	-	-
	Other comprehensive income (loss) that will not be reclassified to profit or loss		111,439	5	35,183	2
8360	Items that may be reclassified subsequently to profit or loss：					
8380	Share of the other comprehensive income of subsidiaries and associates for using equity method-will may be reclassified subsequently to profit or loss		(84,675)	(4)	(11,881)	(1)

(CONTINUING)

G-SHANK ENTERPRISE CO., LTD.

PARENT COMPANY ONLY STATEMENT OF COMPREHENSIVE INCOME

(Amounts in thousands of New Taiwan dollars, except for earnings per share amounts)

Code	Accounts	Notes	For the years ended December 31,			
			2021	%	2020	%
8399	Income tax expense relating to items that may be reclassified subsequently to profit or loss		-	-	-	-
	Total items that may be reclassified subsequently to profit or loss		(84,675)	(4)	(11,881)	(1)
	Total other comprehensive income (loss) for the period		26,764	1	23,302	1
8500	Total comprehensive income for the period		$675,128	34	$310,743	24
	Earnings per share (dollar)	4 & 6.(27)				
9750	Basic		$3.49		$1.55	
9850	Diluted		$3.39		$1.53	

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

G-SHANK ENTERPRISE CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

(Amounts in thousands of New Taiwan dollars)

Accounts	Equity Attributable to Owners of the Corporation							
	Share Capital	Capital Surplus	Retained Earnings			Other Equity		Total
	Ordinary Shares		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gains and Losses on Financial Assets at Fair Value Through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2020	$1,849,683	$421,121	$768,091	$284,690	$1,516,426	$(344,771)	$139,311	$4,634,551
Appropriation of 2019 earnings (Note 6.(18))								
Legal reserve	-	-	30,591	-	(30,591)	-	-	-
Cash dividends to ordinary shareholders	-	-	-	-	(240,459)	-	-	(240,459)
Changes in the net interest of subsidiaries and associates recognized under the equity method	-	159	-	-	-	-	-	159
Received donation from shareholders	-	28	-	-	-	-	-	28
Net profit for 2020	-	-	-	-	287,441	-	-	287,441
Other comprehensive income for 2020	-	-	-	-	(3,198)	(11,881)	38,381	23,302
Total comprehensive income for 2020	-	-	-	-	284,243	(11,881)	38,381	310,743
The difference between the actual price of equity acquired from the subsidiary and the book amount	-	3,563	-	-	-	(525)	-	3,038
Share-based payment expenses	-	7,913	-	-	-	-	-	7,913
BALANCE AT DECEMBER 31, 2020	$1,849,683	$432,784	$798,682	$284,690	$1,529,619	$(357,177)	$177,692	$4,715,973
Appropriation of 2020 earnings (Note 6.(18))								
Legal reserve	-	-	28,424	-	(28,424)	-	-	-
Cash dividends to ordinary shareholders	-	-	-	-	(221,962)	-	-	(221,962)
Share of the other comprehensive income of associates disposal equity instruments designated as at fair value through other comprehensive income	-	-	-	-	763	-	(763)	-
Received donation from shareholders	-	23	-	-	-	-	-	23
Net profit for 2021	-	-	-	-	648,364	-	-	648,364
Other comprehensive income for 2021	-	-	-	-	9,073	(84,675)	102,366	26,764
Total comprehensive income for 2021	-	-	-	-	657,437	(84,675)	102,366	675,128
Share-based payment transaction	28,640	19,937	-	-	-	-	-	48,577
BALANCE AT DECEMBER 31, 2021	$1,878,323	$452,744	$827,106	$284,690	$1,937,433	$(441,852)	$279,295	$5,217,739

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

G-SHANK ENTERPRISE CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

(Amounts in thousands of New Taiwan dollars)

Description	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax from continuing operations	$801,589	$355,971
Adjustments for		
The profit or loss items which did not affect cash flows:		
Depreciation	44,825	42,261
Amortization	9,348	15,973
Expected credit loss	372	697
Net loss on financial assets and liabilities at fair value through profit or loss	32,881	30,814
Interest expenses	10,515	9,822
Interest income	(68,979)	(57,069)
Dividends income	(8,482)	(10,178)
Share-based payment expenses	4,443	7,913
Share of (profit) loss of subsidiaries and associates ventures accounted for using the equity method	(602,724)	(425,007)
(profit) Loss on disposal of property, plant and equipment	(538)	(391)
Property, plant and equipment for recognition as an expense	-	740
Unrealized foreign exchange (gains) losses	10,066	18,163
Changes in operating assets and liabilities：		
Financial assets at fair value through profit or loss	(12,450)	(574,079)
Notes receivables	8,998	16,175
Accounts receivable	(332,402)	(12,555)
Accounts receivable-related parties	(3,345)	1,942
Other receivables	4,402	1,790
Other receivables -related parties	3,325	2,119
Inventories	(90,749)	(3,855)
Prepayments and Other current assets	(4,223)	653
Accounts payable	108,171	(3,513)
Accounts payable-related parties	3,673	(856)
Other payables	89,779	21,500
Other payables-related parties	35	1,334
Other current liabilities	4,488	7,214
Net defined benefit liabilities	(11,243)	(15,525)
Cash inflows and outflows generated from operating activities:	1,775	(567,947)
Interest received	70,366	52,884
Dividends received	8,482	10,178
Interest paid	(10,398)	(9,728)
Income tax paid	(70,008)	(44,468)
Net cash inflows and outflows from operating activities	217	(559,081)

(Continuing)

G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

(Amounts in thousands of New Taiwan dollars)

Description	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using equity method	$-	$(7,749)
Dividends received from investments accounted for using equity method	-	312
Investee companies issue cash dividends for using equity method	561,805	191,792
Acquisition of property, plant and equipment	(84,693)	(63,694)
Proceeds from disposal of property, plant and equipment	538	2,395
Increase in refundable deposits	(156)	(8)
Other receivables -related parties -(increase) decrease in funds loan	6,136	(854)
Acquisition of intangible assets	(343)	(1,798)
Decrease (Increase) in other current financial assets	4,708	(30,297)
Increase in other noncurrent assets	(8,169)	(4,848)
(Increase) Decrease in prepayments for business facilities	(9,010)	11,409
Other investing activities	-	80
Net cash provided by investing activities	470,816	96,740
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in Short-term borrowings	40,000	177,000
Increase in long-term borrowings	32,818	44,336
Repayment of long-term borrowings	-	(830)
Decrease in guarantee doposits received	-	500
Payment of cash dividends	(221,962)	(240,459)
Employee exercise of stock warrant	44,134	-
Other financing activities	23	28
Net cash (used in) provided by financing activities	(104,987)	(19,425)
Effect of changes in exchange rate on cash and cash equivalents	(9,508)	(15,307)
Net (decrease) increase in cash and cash equivalents	356,538	(497,073)
Cash and cash equivalents at the beginning of the period	681,851	1,178,924
Cash and cash equivalents at the end of the period	$1,038,389	$681,851

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

G-SHANK ENTERPRISE CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. COMPANY HISTORY

G-SHANK ENTERPRISE CO., LTD. (hereinafter referred to as "the company") was approved for incorporation on November 14, 1973. The company was registered and operated at No. 1, Jiuzhou Road, Jiudou Li, Hsinwu District, Taoyuan City for the production and sales of molds, stamping parts, fixtures and tools, automatic machines and electrical appliances, and mechanical components.

The company's stock had been listed for trade on the "Taipei Exchange, TPEx" since February 1998, then have been listed for trade on the "Taiwan Stock Exchange Corporation, TWSE" since September 2001.

The company's board of directors had resolved on October 22, 2007 for the merger of the company and the subsidiary "HON YEH INVESTMENT CO., LTD." (Referred to as "HON YEH" hereinafter) with "HON YEH" discontinued and the company continues to operate. The name of the merged company is "G-SHANK ENTERPRISE CO., LTD." still with the merger base date scheduled on December 1, 2007.

"HON YEH," the discontinued company, was approved for incorporation on February 24, 1998 for the operation of a general investment business.

2. FINANCIAL REPORT APPROVAL DATE AND PROCEDURE

The parent company only financial reports of the company (hereinafter referred to as "the company") for the years ended December 31, 2021 and 2020 were submitted to the company's board of directors on March 10, 2022 and then published lawfully.

3. APPLICATION OF THE NEWLY ANNOUNCED AND AMENDED REGULATIONS AND INTERPRETATIONS

(1) Implemented the standards and interpretations recognized and announced with effect by the Financial Supervisory Commission (hereinafter referred to as the "FSC")

The company has been subject to the International Financial Reporting Standards (IFRSs), International Accounting Standards (IAS), Interpretations, and Notices (IFRS), Interpretation (IFRIC) and Interpretative Announcement (SIC) announced on the website of the Securities and Futures Bureau of Financial Supervisory Commission for

implementation in 2021 since January 1, 2021. The company is subject to the aforementioned standards and interpretations that are recognized and issued with effect by the FSC since January 1, 2021, which does not have a significant impact on the parent company only financial statements.

(2) The New/Revision/Amendment Standards and Interpretations announced by the International Accounting Standards Board (IASB), which is recognized and announced with effect by the Financial Supervisory Commission to be applicable in 2022 are as follows:

New/Revision/Amendment Standards and Explanations	Main contents	The IASB's announcement is effective for the years after the following dates announcement
Amendments to IFRS 3	Reference to the Conceptual Framework	January 1, 2022
Amendments to IFRS	Annual Improvements to IFRS Standards 2018–2020	January 1, 2022
Amendments to IAS 16	Property, Plant, and Equipment: Proceeds before Intended Use	January 1, 2022
Amendments to IAS 37	Onerous Contracts - Cost of Fulfilling a Contract	January 1, 2022

The management of the company has assessed the amendments to the aforementioned standards recognized and announced with effect by the Financial Supervisory Commission that is applicable in 2022 will not have a significant impact on the parent company only statements.

(3) The new/amended/revised standards and interpretations announced with effect by IASB but not yet recognized and announced with effect by the FSC: None

(4) The new/amended/revised standards and interpretations announced without effect by IASB and not yet recognized by the FSC

New/amended/revised criteria and interpretation	Main contents	The IASB's announcement is effective for the years after the following dates
IFRS 10 and IAS 28 (amendments)	Sale or investment of assets between investors and their affiliated enterprises or joint ventures	To be determined by IASB
IFRS 17	Insurance contracts	January 1, 2023
IFRS 17 (amendments)	Amendments to IFRS17	January 1, 2023
IFRS 17 (amendments)	First-time application of IFRS 17 and IFRS 9 - comparative information	January 1, 2023
IAS 1 (amendments)	Classification of liabilities as current or non-current and postponing of the effective date	January 1, 2023
IAS 1 (amendments)	Disclosure of accounting policies	January 1, 2023
IAS 8 (amendments)	Definition of accounting estimates	January 1, 2023
IAS 12 (amendments)	Deferred income tax related to assets and liabilities arising from one single transaction	January 1, 2023

The company's management is currently assessing the potential impact of the aforementioned new/amended standards; therefore, it is temporarily unable to reasonably estimate its impact on the parent company only financial statements.

4. SUMMARY OF MAJOR ACCOUNTING POLICIES

The major accounting policies adopted for the preparation of the parent company only financial statements are summarized as follows, unless otherwise provided, these accounting policies are uniformly applicable to all reporting periods：

(1) Financial report preparation and measurement basis

(A) Statement of Compliance

The parent company only financial statements are prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Firms" (hereinafter referred to as the "Regulations") and the International Financial Reporting Standards, International Accounting Standards, Interpretations and Announcement (hereinafter referred to as the "IFRSs") approved by the Financial Supervisory Commission.

(B) Measurement basis

(a) According to Article 21 of the "Regulations Governing the Preparation of Financial Reports by Securities Firms," the profit and loss and other comprehensive profit and loss of the company's parent only financial statements shall be the same as the amortized amount of the profit and loss and other comprehensive profit and loss attributable to the shareholders of the parent company in the consolidated financial statements. Also, the shareholders' equity in the parent alone financial statements shall be the same as the shareholders' equity attributable to the parent company in the consolidated financial statements. Therefore, investments in subsidiaries are included in "investments under the equity method" in the parent-alone financial statements with necessary evaluation adjustments made.

(b) Except for the financial instruments measured at fair value, this parent company only financial report is prepared on the basis of historical cost. For assets, the historical cost refers to the cash, cash equivalents, or the fair value of other considerations paid to obtain assets. For liabilities, the historical cost refers to the amount received when assuming obligations or the amount expected to be paid for liquating liabilities.

(C) Functional and reporting currency

The functional currency of each business entity of the Company is the currency used in the main economic environment where it operates. This parent company only financial report is prepared in New Taiwan Dollar that is the functional currency of the company. All financial information prepared in New Taiwan Dollar is in the unit of "NT$ Thousand," unless otherwise specified.

(2) Criteria for the classification of current and noncurrent assets and liabilities

(A) Current assets include cash and cash equivalents (except for those that cannot be exchanged or used for liquidating liabilities within 12 months after the reporting period), assets held primarily for trading purposes, and assets expected to be realized within 12 months after the reporting period or assets expected to be realized, sold, or consumed within the regular business cycle. Assets other than current assets are classified as noncurrent assets.

(B) Current liabilities include liabilities held primarily for trading purposes, liabilities that are expected to be settled within 12 months after the reporting period or liabilities expected to be settled within the regular business cycle, and liabilities that cannot be unconditionally deferred for 12 months after the reporting period. Liabilities other than current liabilities are classified as noncurrent liabilities.

(3) Foreign currency transactions and conversion of foreign operating entities

(A) New Taiwan Dollar (NTD) is the Company's functional currency that is also

applied for the presentation of the parent company only financial statements. The Company's originally recognized foreign currency transactions are booked by having the foreign currency converted into the functional currency at the spot exchange rate between the functional currency and the foreign currency on the trade date. Monetary items in foreign currency are translated at the closing exchange rate on the reporting date; non-monetary items in foreign currency that are measured at historical cost are not retranslated on the reporting date; non-monetary items in foreign currency that are measured at fair value are translated according to the exchange rate on the date the fair value is determined. The exchange difference of monetary items is recognized as profit and loss upon occurrence. When the profit or loss of non-monetary items is recognized as other comprehensive profit and loss, the exchange component of the profit or loss is also recognized as other comprehensive profit and loss. When the profit or loss of non-monetary items is recognized as profit and loss, the exchange component of the profit or loss is also recognized as profit and loss.

(B) The assets and liabilities of foreign operating entities, including goodwill arising from acquisitions and fair value adjustments to the book value of the assets and liabilities acquired, are presented in their functional currency. When the functional currency is different from the presentation currency in a non-highly inflationary economy, the financial performance and financial position are converted into the presentation currency according to the following procedures:

(A) The assets and liabilities on each balance sheet are translated at the closing exchange rate on the reporting date.

(B) The income and expenses on each consolidated income statement are translated at the average exchange rate of the current period; however, if the exchange rate fluctuates significantly, the exchange rate on the trade date shall prevail.

(C) All exchange differences arising from translation are recognized in "other comprehensive profit and loss."

When the control over a subsidiary or the influence on the affiliated enterprise is lost due to the disposal of a foreign operating entity, the accumulated exchange differences related to the foreign operating entity that has been previously recognized in "other comprehensive profit and loss" and accumulated to the equity shall be reclassified from equity to profit and loss at the time of recognizing disposal profit and loss. If the control is not lost while disposing of subsidiaries partially that include a foreign operating entity, the accumulated exchange differences recognized in other comprehensive profit and loss will be re-classified to the non-controlling interests of the foreign operating entity proportionally. If the

significant influence is not lost while disposing subsidiaries partially that includes an affiliated enterprise of the foreign operating entity, the accumulated exchange differences recognized in other comprehensive profit and loss will be re-classified to the profit and loss proportionally.

If there is not a payment plan in place for the monetary receivables or payables with the foreign operating entity, and it is unlikely to have them paid off in the near future, it will be treated as part of the net investment in the said foreign operating entity; also, the exchange difference resulted thereafter will be recognized in the "other comprehensive profit and loss."

(4) Cash and cash equivalents

It refers to the cash on hand, demand deposits, and short-term and highly liquid time deposits or investments that can be converted into a fixed amount of cash at any time with little risk of value change, and it is held to meet short-term cash commitments other than for investment or other purposes.

(5) Financial instruments

(A) When the parties to the financial instrument contract have financial assets or financial liability recognized in the balance sheet, and when a financial asset is purchased or sold in an arms-length transaction, an equity instrument should be processed according to the trade day accounting; however, a debt instrument, beneficiary certificate, and derivatives should be processed according to the settlement date accounting.

(B) The financial asset or financial liability is measured at fair value when it is initially recognized; however, for those that are not measured at fair value through profit and loss, the transaction cost for the acquisition or issuance should be included.

(C) The components of the financial instruments issued by the Company are classified as financial liabilities, financial assets, or equity instruments at the initial recognition in accordance with the substance of the contractual agreement and the definitions of financial liabilities, financial assets, and equity instruments.

(D) Financial assets and financial liabilities are offset against each other and presented in a net amount on the balance sheet only when the GROUP has a legally enforceable right, intends to have it settled at a net amount, or to realize the asset and settle the liability simultaneously.

(E) The Company's financial instruments are as follows:

(a) Financial assets measured at fair value through profit and loss

Financial assets measured at fair value through profit and loss include financial assets that are mandated to be measured at fair value through profit and loss

and that are designated to be measured at fair value through profit and loss. Financial assets that are mandated to be measured at fair value through profit and loss include the Company's investments in equity instruments not designated to be measured at fair value through other comprehensive profit and loss and investment in debt instruments that are not classified to be measured at amortized cost or measured at fair value through other comprehensive profit and loss. The profit or loss arising from the financial assets measured at fair value through profit and loss is recognized in profit and loss.

(b) Financial assets measured at amortized cost

Financial assets that meet both of the following conditions and are not designated to be measured at fair value through profit or loss are to be measured at amortized cost, including cash and cash equivalents, notes receivable, accounts receivable, financial assets measured at amortized cost, other financial assets, and other receivable on the balance sheet:

(i) The financial asset is held solely for the purpose of collecting contractual cash flows.

(ii) The contractual terms of the financial asset are to generate cash flows on specific dates for the sole purpose of paying back outstanding principal and interest.

For financial assets measured at amortized cost, after initial recognition, it is measured at the cost derived from the total book amount determined with an effective interest method net of the amortized impairment loss. The profit or loss derived from delisting, through amortization procedure, or recognizing impairment profit or loss should be recognized in the profit and loss.

(c) Financial assets measured at fair value through other comprehensive profit and loss

It refers to the investment in debt instruments that meet both of the following conditions and are not designated to be measured at fair value through profit or loss; or, the investment in equity instrument that is not held for trading purpose and is with the change in fair value booked in the "other comprehensive profit or loss," which is an irrevocable decision made at the initial recognition:

(i) The financial asset is held for the purposes of collecting contractual cash flows and for sale.

(ii) The contractual terms of the financial asset are to generate cash flows on specific dates for the sole purpose of paying back outstanding principal and interest.

It is measured at fair value subsequently; also, the changes in its value, except for the impairment loss of investment in debt instrument, exchange profit and loss of monetary financial assets, interest calculated with the effective interest method, and dividends from the investment in equity instrument that is not conspicuously representing the investment cost recovery, should be recognized in other comprehensive profit and loss before delisting or reclassification. For the accumulated profit or loss previously recognized in other comprehensive profit and loss at the time of delisting, the investment in debt instrument is reclassified from equity to profit and loss; and the investment in equity instrument is reclassified to retained earnings. In addition, the dividends from the investment in equity instrument are recognized when the right to receive dividends is acquired.

(d) Financial liabilities measured at amortized cost

Financial liabilities that are not measured at fair value through profit or loss are financial liabilities measured at amortized cost, including short-term loans, accounts payable, other payables, long-term loans, and lease liabilities, which are measured at the amortized cost derived with the use of the effective interest method; however, short-term payables without interest paid, if it is without the significant impact of discounting, are measured at the original transaction amount.

(e) The non-hedging derivatives and embedded derivatives

The non-hedging derivatives are initially recognized at fair value at the time of signing a contract, and are subsequently measured at fair value on the balance sheet date. The profit or loss resulting from subsequent measurement is directly recognized as profit and loss; however, the timing for recognizing the profit or loss of the derivatives that are designated as effective hedging instruments depends on the nature of the hedging relationship. When the fair value of derivatives is positive, it is classified as a financial asset. When the fair value is negative, it is classified as a financial liability. If the derivatives embedded in the master contract are classified as a financial asset subject to IFRS 9 “Financial Instruments” (hereinafter referred to as IFRS 9), the classification of financial assets is determined according to the terms of the overall hybrid contract. If the derivatives embedded in the master contract are not classified as a financial asset subject to IFRS 9 “Financial Instruments,” it is necessary to assess whether the embedded derivative instrument is closely related to the master contract. If not, the embedded derivatives should be separated from the master contract and processed as derivatives unless the overall hybrid contract is measured at fair value through profit and loss.

(6) Measurement at fair value

(A) The fair value is the price that the assets could be sold or liabilities could be transferred in an orderly arm's-length transaction that is fair for both the buyer and the seller on the measurement date. The structure of fair value measurement is with the characteristics of a particular asset or liability taken into consideration, including the condition and location of the asset, and the restrictions on the sale or use of the asset, and assuming that the sale of the asset or the transfer of the liability occurs in the primary market where it belongs, or, if there is no primary market available, occurs in the most favorable market for the asset or liability; the aforementioned primary market or the most favorable market must be accessible to the GROUP for trading; also, assumes that the market participants have the price determined based on their best economic interests.

For the non-financial asset measured at fair value, the consideration is whether a market participant has exhausted the good use of the asset or sold the asset to another market participant who will exhaust the good use of the asset in order to generate economic benefits.

(B) The fair value measured with a valuation technique means it is measured with an appropriate valuation technique with sufficient information available under the circumstances, including maximized relevant observable inputs and minimized unobservable inputs.

(7) Delisting of financial assets and liabilities

(A) Financial assets

Financial assets are delisted and the rights and obligations resulted or retained from such transfer will be recognized as assets or liabilities only when the contractual rights to the cash flows derived from the financial asset are terminated, or, the financial asset has been transferred along with almost all risks and rewards related to the ownership of the asset, or, almost all risks and rewards related to the ownership of the financial asset have not been transferred nor retained and without control over the financial asset. The difference between the book value of the delisted portion of financial assets measured at amortized cost and the consideration received is recognized in profit and loss on the delisting day. The difference between the book value of the investment in equity instrument measured at fair value through other comprehensive profit and loss and the sum of the consideration received and the cumulative profit or loss recognized in other comprehensive profit and loss is recognized in retained earnings; however, the investment in debt instrument is recognized in profit and loss. For the financial assets not delisted entirely, the respective book value is amortized based on the relative fair value of the

continuously recognized portion of the assets. If a financial asset does not qualify for the de-listing transfer, the entire transferred asset is recognized continuously, and the consideration received is recognized as a financial liability.

(B) Financial liabilities

Financial liabilities are delisted entirely or partially only when the contractual obligations are performed, canceled, or expired with the financial liabilities eliminated. If the debtor and creditor have the debt instrument containing significantly different terms exchanged or have the incumbent financial liabilities terms modified entirely or partially, the incumbent financial liability is delisted and a new financial liability is recognized simultaneously. The difference between the book value of a financial liability that is eliminated or transferred to another party entirely or partially and the consideration paid is recognized in profit and loss.

(8) Asset impairment

(A) Impairment of financial assets

(a) The Company has allowances recognized for expected credit loss derived from the financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, other financial assets, notes receivable, accounts receivable, other receivables, etc.).

(b) The Company has the expected credit loss of financial assets measured by reflecting the amount determined with an unbiased and probability-weighted method after evaluating all possible results, the time value of money, and reasonable and verifiable information related to past events, current conditions, and forecasts of future economic conditions (available on the reporting day without excessive cost or investment). Except for notes receivable, accounts receivable, and other receivables handled with a simplified approach by having the allowance for loss measured at the expected credit loss amount during the duration on the reporting date, for cash and cash equivalents and financial assets measured at amortized cost, if the credit risk on the reporting date is low or the credit risk has not increased significantly since the original recognition, the allowance for loss is measured at the 12-month expected credit loss. If the aforementioned credit risk of financial assets has increased significantly on the reporting date since the original recognition, it is measured at the expected credit loss during the duration.

(c) The book value of the aforementioned financial assets is adjusted down with the allowance for losses. The appropriation and reversal of the allowance for loss are recognized in profit and loss.

(B) Impairment of non-financial assets

For the assets subject to IAS 36 “Impairment of Assets,” except for goodwill, intangible assets with an undetermined useful life, and intangible assets not yet available for use are with an impairment test performed annually and when there are indications that they may be impaired, the Company assesses assets to determine whether there is any indication of impairment on each reporting date. If there is an indication of impairment, the recoverable amount of the asset is estimated. The recoverable amount refers to the fair value of the assets or the cash-generating unit net of the cost of sales and the values in use whichever is higher. If the recoverable amount of the asset is lower than the book value, the said book value must be reduced to be equal to the recoverable amount and the amount of reduction is the impairment loss that is to be recognized in profit and loss. If there is any indication of the recovery or decrease of the previously recognized impairment loss of assets, except for goodwill, on the reporting date subsequently, the recoverable amount of the asset should be re-estimated. If the estimated recoverable amount of the assets is increased as a result of a change in the estimation, the impairment loss should be reversed. However, the increased book value of the asset arising from the reversal of the impairment loss shall not exceed the book value of the asset net of the amortization or depreciation, but before recognizing the impairment.

For a cash-generating unit with goodwill amortized, an impairment test is performed by comparing its book value containing the goodwill to its recoverable amount. If the book value of the said unit exceeds the recoverable amount, an impairment loss is recognized. The impairment loss recognized is to be deducted from the cash-generating unit’s book value with goodwill amortized, and the insufficient amount for deduction is allocated to the book value of the respective asset of the unit proportionally. The recognized impairment loss of goodwill shall not be reversed in the subsequent periods.

(9) Inventory

Inventory cost includes all purchase costs, processing costs, and other costs incurred for bringing the inventory to its current location and condition. It is calculated in accordance with the weighted average cost method to allocate inventory cost. The yearend inventory is measured at the lower cost or net realizable value. The comparison of cost and net realizable value is itemized, except for inventories of the same category. The net realizable value refers to the amount resulted from the estimated selling price in the course of business net of the estimated additional cost to completion and the estimated sales expenses after the completion.

(10) Investments under the equity method

(A) The Company’s controlled entities are the Company’s subsidiaries. The Company’s investment in subsidiaries is evaluated with the equity method. According to Article

21 of the "Regulations Governing the Preparation of Financial Reports by Securities Firms," the "investment under the equity method" comes with necessary evaluation adjustments so to have had the profit and loss and other comprehensive profit and loss of the Company's parent alone financial statements same as the amortized amount of the profit and loss and other comprehensive profit and loss attributable to the shareholders of the parent company in the consolidated financial statements; also, the shareholders' equity in the parent alone financial statements same as the shareholders' equity attributable to the parent company in the consolidated financial statements.

(B) An affiliated enterprise is an entity that is significantly influenced but not controlled by the Company, that is, the Company holds more than 20% but less than 50% of the voting rights of the invested company directly or indirectly, or holds less than 20% of the voting rights but can clearly prove that the Company has a significant influence on the affiliated enterprise. The investment in the affiliated enterprise is valued under the equity method starting from the date when it becomes an affiliated enterprise of the Company.

(C) The investment under the equity method is recognized at cost initially and adjusted subsequently according to the changes in the ownership of the affiliated enterprise's net assets proportionally. When the Company's loss from the ownership of the subsidiaries net assets exceeds the equity owned in the subsidiaries, the loss should be recognized by shareholding proportion continually; When the Company's loss from the ownership of the affiliated enterprise net assets exceeds the equity owned in the affiliated enterprise, no loss should be recognized further, and the Company will only recognize additional losses and liabilities within the scope of legal obligation, presumed obligation, or payment made on behalf of the affiliated enterprise. If the investment cost exceeds the Company's share of the net fair value of the identifiable assets and liabilities of the subsidiaries and affiliated enterprise on the acquisition date, the difference is the goodwill related to the subsidiaries and affiliated enterprise that is included in the book value of the investment and shall not be amortized; otherwise, it is to be recognized in profit immediately after the reassessment.

(D) If the changes in the Company's ownership interests in subsidiaries do not result in the loss of control, it is to be processed as an equity transaction. The difference between the book value of the investment and the fair value of the consideration paid or received is directly recognized as equity.

(E) When there is a change in equity that is non-profit and loss and other comprehensive profit and loss occurred to the subsidiaries and affiliated enterprise; also, it does not affect the shareholding ratio of the subsidiaries and affiliated

enterprise, the Company will have the change in the equity of the subsidiaries and affiliated enterprise recognized in the "additional paid-in capital" proportionally to the shareholdings.

(F) When the affiliated enterprise issues new shares, if the Company does not subscribe it proportionally to the shareholdings, resulting in a change in the shareholding ratio and thus causing an increase or decrease in the net equity value of the investment, the increase or decrease amount shall be adjusted to the "investment under the equity method" and "additional paid-in capital" when the significant influence is intact. If the aforementioned adjustment is debited to the "additional paid-in capital," and there is an insufficient balance of additional paid-in capital from the investment under the equity method, the difference should be debited to the "retained earnings." However, if it is not subscribed proportionally to the shareholdings and results in a decrease in the ownership interest, in addition to the aforementioned adjustment, the profit or loss related to the decrease in the ownership interest that has been previously recognized in other comprehensive profit and loss, which has also been reclassified to profit and loss when the relevant assets or liabilities are disposed, shall be reclassified to profit and loss proportionally to the decreased amount.

(G) When the Company loses control or significant influence on subsidiaries and the affiliated enterprise, the Company recognizes the remaining investment in the former subsidiaries and affiliated enterprise at the fair value on the date of losing control or significant influence. The difference between the fair value of the remaining investment and any disposal price and the book value of the investment on the date of losing control or significant influence is recognized in profit and loss. For the amounts recognized in other comprehensive profit and loss related to the subsidiaries and affiliated enterprise, the accounting base is the same as if the related assets or liabilities are disposed directly by the Company.

(H) The unrealized profit and loss of the transactions conducted between the Company and subsidiaries or affiliated enterprise is written off within the scope of its equity related to the Company.

(11) Property, plant and equipment

(A) Property, plant and equipment are used for production or labor services, leased to others, or held for management purposes. It is recognized and subsequently measured at cost, which is an amount net of the accumulated depreciation and accumulated impairment losses. The cost of assets refers to the cash, cash equivalents, or the fair value of the consideration paid to acquire or construct the assets, including the cost related to dismantling, removing, and recovering the

location. When the useful lives of the significant components of property, plant and equipment are different, it should be processed as an item separated from the property, plant and equipment.

(B) Property, plant and equipment, except for land, is depreciated in accordance with the straight-line method, over the useful life indicated below. The residual value of assets, useful life, and the depreciation method should be examined at the end of each year. If the expected value is different from the estimation, or the expected consumption pattern of the future economic benefits of the asset has changed significantly, and it becomes necessary to have the depreciation method changed to reflect the changed pattern, such change should be treated as a change in accounting estimate. For the property, plant and equipment with asset impairment losses recognized, the depreciation expense of the asset in the future period shall be adjusted by deducting its residual value from the amended book value of the asset and amortized in accordance with the straight-line method over the remaining useful life:

House, building, and auxiliary equipment	3-50	years
Machinery equipment	2-12	years
Transportation equipment	4-10	years
Office equipment	3-10	years
Other equipment	3-15	years

(C) Replacement and significant inspection costs are recognized in the book value of the property, plant and equipment. Routine maintenance expenses incurred are recognized in profit and loss. The cost of loans that are used to acquire, construct, or produce qualified assets is capitalized and incorporated into the cost of the assets.

(D) The property, plant and equipment are delisted at the book value when it is disposed of or when it cannot generate future economic effect through use or disposition. The profit or loss resulted from the delisting is recognized in profit and loss; also, the profit may not be classified as income.

(12) Lease

(A) The Company is the lessor

When a lease is for the purpose of having the asset ownership and the related substantial risks and rewards transferred to the lessee, it is classified as a financial lease. A lease other than a financial lease is classified as an operating lease.

(a) The net investment amount in a financial lease is measured at the sum of the present value of the amount payable by the lessee and the unguaranteed residual value plus the original direct cost, which is booked as financial lease receivables. The financial lease income is recognized at a fixed rate of return

that reflects the Company's unexpired net lease investment on each lease period.

(b) The operating lease income is recognized in accordance with the straight-line method over the lease period. If the lease contract offers incentives to the lessee so to have the lease contract signed, the total cost of such incentives should be credited to the total lease income in accordance with the straight-line method over the lease period. The original direct costs incurred in negotiating and arranging an operating lease are added to the book value of the underlying asset and recognized as an expense in accordance with the straight-line method over the lease period.

The variable rent, if any, in the lease agreement that is not dependent on an index or rate is recognized as income upon occurrence.

(B) The Company is the lessee

Except for the short-term leases and lease payments for low-value assets are recognized as expenses in accordance with the straight-line method over the lease period, other leases are recognized as right-of-use assets and lease liabilities on the lease commencement date.

(a) The right-of-use asset is originally recognized at cost and subsequently measured at cost too. Also, it is booked at the cost net of the accumulated depreciation, accumulated impairment losses, and adjusted lease liability remeasurement. The right-of-use asset is depreciated in accordance with the straight-line method over the period from the lease commencement date to the expiry date of the useful life of the right-of-use asset or the lease expiry date, whichever is earlier.

(b) The lease lability is originally recognized at the present value of the lease payables on the lease commencement date. If the implied interest rate of the lease is easy to determine, the lease payment is discounted at the implied interest rate, but if the implied interest rate is hard to determine, it is to be discounted at the lessee's incremental loan rate. It is subsequently measured at amortized cost in accordance with the effective interest method. The lease liability remeasurement is adjusted to the right-of-use asset; however, if the book value of the right-of-use asset is zero, the remaining remeasurement is recognized in profit and loss.

The variable rent, if any, in the lease agreement that is not dependent on an index or rate is recognized as expense upon occurrence.

(13) Intangible assets

(A) Computer software, etc., acquired independently that are intangible assets with limited service-life, is measured at cost in accordance with the straight-line method over the average useful life of 3 years. Examine the amortization period and amortization method of the intangible assets with limited service-life on each reporting date. If the estimated useful life is different from the estimation, the amortization period will be changed accordingly. If the expected consumption pattern of the future economic benefits of the asset has changed, the amortization method will be adjusted to reflect the said change, which will be processed as a change in accounting estimate. Once the tangible assets with limited useful life is with impairment loss recognized, the amortization expense of the asset in the future period is adjusted based on the amended book value of the assets in accordance with the straight-line method over the remaining useful life.

(B) The intangible asset is delisted when it is disposed of or when it cannot generate future economic effect through use or disposition. The profit or loss resulted from the delisting is recognized in profit and loss; also, the profit may not be classified as income.

(C) The expenses incurred in the research phase are expensed. The expenses incurred in the development stage are recognized as intangible assets when the specified conditions are met, but expenses that do not meet the requirements will be expensed upon incurred in the research phase.

(14) Equity instrument

Equity instrument refers to the contract that represents the Company's remaining interest in assets net of all liabilities. The Company's equity instruments are recognized at the price received, net of direct issuance costs.

(15) Income recognition

Income is measured at the consideration that is expected to receive after having goods or labor service transferred. The Company recognizes income when the control of the goods or labor services is transferred to the customer to fulfill the Company's performance obligations. The Company's main income items are as follows:

Sale of goods

The Company mainly manufactures and sells molds and stamping parts with income recognized at the time of having the control of the products transferred to the customers and in return with the right to collect considerations. Therefore, the Company usually recognizes income when the goods have been delivered and the legal title has been passed on to the customers. If the sales discount or sales return in the future can be

reliably estimated, and liability for refunds can be recognized based on past experience and other relevant factors, it is to be credited to the sales income when the sales are recognized.

The Company has accounts receivable recognized when the control of the goods is transferred and in return with the right to collect the considerations unconditionally. If the goods have been transferred to the customer without the right to collect the considerations unconditionally, it is recognized as a contract asset. If the right to collect the consideration from the customer is obtained or is to be obtained before the transfer of the goods to the customer, also, the Company has no obligation to have the goods transferred to the customer under the circumstance, it is recognized as a contract liability.

If the timing of contractual payment for the transfer of goods provides the customer or the Company with significant financial benefits, either explicitly or implicitly, the Company shall adjust the promised consideration amount to reflect the time value of money. If a sale contract is signed to have goods transferred to the customer and the period from the date the goods transferred to the date the payment made by the customer is for less than 1 year, the Company does not adjust the promised consideration amount.

(16) Loan cost

It refers to the interest and other cost related to the loans. The loan cost that is directly attributable to the acquisition, construction, or production of qualified assets (referring to the assets that take a long time to reach the intended use or sale status) is capitalized as an integral part of the cost of the asset, while other loan cost is recognized as an expense upon occurrence. When a specific loan is invested temporarily before the expenditure incurred for the qualified assets, the investment income arising from such loan investment should be deducted from the actual loan cost incurred. The capitalization of loan cost is stopped when almost all the necessary activities to reach the intended state of use or sale have been completed for the qualified assets. If the active development of the qualified assets is suspended for a long period of time, the capitalization of loan cost will be suspended for the said period.

(17) Employee welfare

(A) Short-term employee welfare

It refers to the employee benefits (except for employment termination benefits) that are expected to be fully paid within 12 months after the annual reporting period for the services provided by employees, which is measured at the undiscounted amount expected to be paid in exchange for employee services, and it is recognized as an expense and liability. The expected cost of profit sharing and dividend payment is recognized as an expense and liability in accordance with the provision stated in the

preceding paragraph due to a current legal or presumed payment obligation arising from past events with an amount that can be estimated reliably.

(B) Employee benefits - retirement benefits

(a) All full-time employees of the company are entitled to the retirement plan. The entire employee pension fund is deposited in the pension fund account and managed by the Labor Retirement Reserve Committee. The aforementioned pension fund is deposited in the name of the Labor Retirement Reserve Committee that is completely separated from the company; therefore, it is not included in the aforementioned consolidated financial report. The retirement plan for employees of foreign subsidiaries is handled in accordance with local law and regulations.

(b) For a defined contribution plan, the company's monthly employee pension contribution rate shall not be less than 6% of the employee's monthly salary, and the contributed amount is recognized as the current expense. Foreign subsidiaries are to appropriate a certain percentage of the salary as pension according to the local law; also, it is recognized as a current expense.

(c) For a defined benefit plan, the actuarial pension amount should be appropriated on the annual reporting date according to the Projected Unit Credit Method. The re-measured amount is included in other comprehensive profits and losses when it occurs; also, it is immediately recognized in the retained earnings.

(18) Share-based payment

(A) For share-based payment transactions with equity delivered to the employees, the fair value of the labor service received from the employees is based on the fair value of the equity instrument on the delivery day. If the delivered equity instrument is immediately vested without providing labor service in a specific period, the labor services received are recognized in full on the delivery date with the equity increased relatively. If it is not immediately vested until the labor services are completed in a specific period, it is presumed that the labor service provided by the counterparty as the consideration for the equity instrument will be received in the future vested period, and it is recognized as a remuneration expense in the vested period with the equity increased relatively. The recognition of remuneration expense is based on the best estimate of the equity instruments expected to be vested during the vested period. If the expected vested equity instruments are subsequently found to be different from the estimation, the said estimation will be amended, if necessary, so to match up with the final vested equity instrument on the vested day.

(B) The fair value of equity instruments is measured according to the market price

available on the measurement date and the terms and conditions related to the decision-making in vesting equity instruments. If the market price is not available, apply appropriated estimation techniques to estimate the price of the delivered equity instruments on the measurement date in an arms-length transaction between the two parties who are fully understanding and willing to trade in order to estimate the fair value of the equity instruments. Also, the aforementioned evaluation techniques are consistent with generally accepted evaluation techniques for financial instrument pricing, and all the elements and assumptions related to the pricing are considered by the traders who are fully understanding and willing to trade are included.

(19) Income tax

(A) Income tax expenses include current and deferred income taxes. Except for those related to business mergers, directly recognized in equity, or other comprehensive profit and loss, current income tax and deferred income tax expenses are recognized in profit and loss.

(B) Current income tax expenses refer to the estimated income tax payable or tax refund receivable calculated on the taxable income or loss of the current year at the tax rate that has been legislated or substantively legislated on the reporting date, including any adjustment made to the income tax payable or refundable of the previous year.

(C) Deferred income tax expenses are calculated and recognized on the temporary difference between the tax base of assets and liabilities and the book amounts reported.

(D) Deferred income tax assets and liabilities are measured at the tax rate applicable when the temporary difference is expected to reverse that has been legislated or substantively legislated on the reporting date. Deferred income tax assets and liabilities can only be applied to offset current income tax assets and liabilities lawfully; also, it is limited to the same taxpayer and the same levying tax authority; or it can be offset by different taxpayers when the intention is to have the net current income tax liabilities and assets offset, or the income tax liabilities and assets will be realized at the same time.

(E) The outstanding taxable losses, income tax credit, and deductible temporary differences are recognized as deferred income tax assets to the extent of the potential taxable income that occurred in the future. Also, the deferred income tax assets are evaluated on each reporting day and adjusted down to the extent of the relevant tax benefit unlikely to be realized.

(F) For the domestic subsidiaries of the Company, for the additionally levied business income tax on the unappropriated earnings of the year, the income tax expense of

the unappropriated earnings is recognized according to the actual earnings distribution that is resolved in the shareholders meeting of the following year..

(20) Earnings per share

The Company presents the current basic and diluted earnings per share attributable to the common stock shareholders of the Company. Basic earnings per share is calculated by having the profit and loss attributable to the common stock shareholders of the Company divided by the current weighted average outstanding common stock shares. Diluted earnings per share is calculated by having all the dilutive potential common stock shares and the adjusted profit and loss attributable to the common stock shareholders of the Company divided by all the dilutive potential common stock shares and the adjusted current outstanding weighted average stock shares.

(21) Government grants

(A) The Company will have government grants recognized with certainty that all requirements for eligibility will be met and the Company is probably to receive it.

(B) The asset-related government grants are recognized in profit and loss systematically in the period when the cost of the funded asset is recognized as an expense by the Company. The government grants that are used to compensate the occurred expenses or losses will be recognized in profit and loss during the period when it is collectible.

(C) Government grants are presented in the consolidated financial statements as follows: Unrealized government grants (that is, the benefits of deferred government grants) are classified as liabilities in the consolidated balance sheet; realized government grants are debited to the relevant expenses or other income in the consolidated income statement.

5. MAIN CAUSES OF UNCERTAINTY TO MATERIAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The management must make judgments, estimations, and assumptions when preparing the parent company only financial report, which will affect the reported amount of income, expenses, assets, and liabilities. The uncertainties of these material assumptions and estimations may cause significant adjustments to the book amount of assets and liabilities in the future, that is, actual results may differ from estimates.

(1) The management's judgments regarding the significant impact on the amounts recognized in the parent company only financial statements during the process of adopting accounting policies: Please refer to Note 6.(9)(G) to the parent company only financial statements for the classification of investment property.

(2) The other main sources of information related to the uncertainties of assumptions and estimation that may have resulted in significant adjustments to the book value of assets and liabilities in the next financial year on the reporting date are described as follows:

(A) Employee benefits - measurement of the defined benefit obligation

As stated in Note 6.(13) to the parent company only financial statements, the defined benefit obligations and expenses are measured with actuarial assumptions made, including demographic and financial assumptions related to the employees eligible for benefits in the future. Any change in the actuarial assumptions may result in actuarial profit and loss and thus affect the net defined benefit liability.

The Company's net defined benefit liability for an amount of NT$62,014 thousand was booked on December 31, 2021. If the discount rate adopted for the Company's actuarial assumptions and the expected salary increase rate were increased/decreased by 0.5%, the book value of the net defined benefit liability would be decreased by NT$9,945 thousand or increased by NT$13,179 thousand, and increased by NT$13,004 thousand or decreased by NT$9,932 thousand, respectively.

The impact of changes in one single assumption is analyzed in the preceding paragraph with all other assumptions remained intact; however, the impact of changes in actual actuarial assumptions is interactive in reality. The approaches adopted for sensitivity analysis are consistent with the approaches adopted for the measurement of the net defined benefit liability, and the approaches and assumptions used are the same as that of in the prior period.

(B) Impairment of accounts receivable

As stated in Note 4.(8), 6.(3) and 6.(4) to the parent company only financial statements, allowance for loss of the accounts receivable is measured simply at the expected credit loss during the duration on the reporting date. Receivables are classified according to the nature of the common risks that indicate the customer's ability to pay all payables in accordance with the contractual terms, taking into account the consideration of the reasonable and verifiable information (obtainable on the reporting date without excessive costs or inputs) related to past events, current conditions, and forecasts of future economic conditions; also, the expected credit loss is estimated on the basis of the probability of default and the expected credit loss rate. If the classification of receivables and the estimation of the probability of default and the expected credit loss rate is changed by the management of the Company or is changed due to the economic conditions, the estimated allowance for losses of the receivables will be affected inevitably.

The Company's net receivables amounted to NT$615,114 thousand [including net

notes receivable, net accounts receivable (including related parties), and other receivables] on December 31, 2021, net of the estimated allowance for loss of NT$1,069 thousand.

(C) Inventory evaluation

As stated in Note 4.(9) of the parent company only financial statements, the yearend inventory is measured at the lower of cost or net realizable value. The comparison of cost and net realizable value is itemized, except for inventories of the same category. The net realizable value refers to the amount resulted from the estimated selling price in the course of business net of the estimated additional cost needed for project completion and the estimated sales expenses after the project completion. The said estimation is based on the current market conditions and historical sales experience in similar products, which could be significantly affected by the changes in market conditions.

The book value of the Company's inventories was NT$261,098 thousand on December 31, 2021, net of the allowance for inventory loss in valuation amounted to NT$37,303 thousand.

(D) Fair value of financial instruments

As stated in Note 4.(6) of the parent company only financial statements, financial assets-noncurrent measured at fair value through other comprehensive profit and loss are financial instruments without an active market; therefore, their fair value is determined with appropriate evaluation techniques adopted. The said valuation techniques include the recent arm's-length transactions conducted in the market, reference to the current fair value of another financial instrument that is substantially equivalent, and other valuation models. The measurement of the fair value could be affected by any change in assumptions and estimates. Please refer to Note 12.(2)(D) to the parent company only financial statements for details.

The book value of the Company's unlisted (non-TPEx) stock shares that were measured at fair value through other comprehensive profit and loss was NT$299,338 thousand on December 31, 2021.

6. DESCRIPTION OF IMPORTANT ACCOUNTING ITEMS

(1) Cash and cash equivalents

	December 31, 2021	December 31,2020
Cash and petty cash	$2,397	$2,201
Checking deposit and savings deposit	232,475	80,962
Time deposits	803,517	598,688
Total	$1,038,389	$681,851

(A) The aforementioned time deposits can be converted into a fixed amount of cash at any time and with limited risk of value changes.

(B) The aforementioned bank deposits had not been provided as collateral or mortgaged.

(2) Financial assets-current measured at fair value through profit and loss

	December 31, 2021	December 31,2020
Financial assets measured at fair value through profit and loss mandatorily		
Acquisition cost:		
Bonds	$1,029,473	$998,956
SWAP contracts	-	-
Subtotal	1,029,473	998,956
Evaluation adjustment:		
Bonds	(81,002)	(32,614)
SWAP contracts	-	889
Subtotal	(81,002)	(31,725)
Total	$948,471	$967,231

Financial liabilities held for trading:		
Acquisition cost:		
SWAP contracts	$-	$-
Evaluation adjustment:		
SWAP contracts	1,671	-
Total	$1,671	$-

(A) The SWAP contracts and structured instruments signed with financial institutions for the 2021 and 2020, were the financial hedging operations of the company mainly for hedging changes in claims/obligations exchange rate and interest rate, but it is not specified as a hedging tool. The company's derivative instruments of the available-for-trade financial assets that are not subject to the hedging accounting are detailed as follows:

Financial instrument	Nominal principal (NT$ Thousand)	Currency	Due date
December 31, 2021			
SWAP contract	USD 2,970	USD:NTD	01.05.2022
SWAP contract	USD 1,080	USD:NTD	02.10.2022
SWAP contract	USD 1,900	USD:NTD	02.25.2022
SWAP contract	USD 2,000	USD:NTD	03.25.2022
SWAP contract	USD 1,350	USD:NTD	06.02.2022
SWAP contract	USD 3,300	USD:NTD	06.21.2022
SWAP contract	USD 1,230	USD:NTD	07.08.2022
SWAP contract	USD 1,000	USD:NTD	08.05.2022
SWAP contract	USD 4,200	USD:NTD	09.16.2022
SWAP contract	USD 3,300	USD:NTD	12.12.2022
Total	USD 22,330		
December 31, 2020			
SWAP contract	USD 7,500	USD:NTD	03.10.2021
SWAP contract	USD 3,000	USD:NTD	03.22.2021
Total	USD 10,500		

The net losses arising from foreign exchange transactions were NT$7,935 thousand and NT$8,127 thousand, for the years ended December 31, 2021 and 2020, respectively.

(B) The Group's valuation (losses) profits of financial assets and liabilities at fair value through income were NT$(32,881) thousand and NT$(30,814) thousand for the years ended December 31, 2021 and 2020, respectively, which were booked in the "Non-operating income and expenses - other profit and loss" account.

(C) The aforementioned financial assets measured at fair value through profit and loss had not been provided as collateral or mortgaged.

(D) Please refer to Note 12.(2)(C)(a) and (b) of the consolidated financial report for the disclosure of the market risk and credit risk of the Company's financial assets measured at fair value through profit and loss.

(3) Notes receivable - net

	December 31, 2021	December 31, 2020
Notes receivable	$3,864	$12,862
Less: Allowance for loss	-	-
Net amount	$3,864	$12,862

(4) Accounts receivable - net

	December 31, 2021	December 31, 2020
Accounts receivable	$561,455	$229,628
Less: Allowance for loss	(1,069)	(697)
Net amount	$560,386	$228,931

(A) The allowance for loss of the Company's notes receivable, accounts receivable, and other receivable is simply measured by the expected credit losses amount throughout the duration. The notes receivable and accounts receivable are classified according to the common risk characteristics of the customers' ability to pay all due amounts in accordance with the contract terms, taking into account the reasonable and provable information related to past events, current conditions, and future economic conditions (obtainable without excessive cost or investment on the reporting date), and estimating the expected credit loss according to the estimated default rate and expected credit loss rate.

(B) The increase or decrease of allowance for loss of the Company's notes receivable, accounts receivable, and other receivable is as follows:

	For the years ended December 31,	
	2021	2020
Balance - beginning	$697	$-
Allowance account for the impairment of notes receivable, accounts receivable, and other receivables	372	697
Allowance reversal account for the impairment of notes receivable, accounts receivable, and other receivables	-	-
Balance - ending	$1,069	$697

(C) Please refer to Note 12.(2)(C)(b) of the parent company only financial report for the disclosure of the credit risk of the Company's notes receivable, accounts receivable, and other receivables.

(5) Inventory

	December 31, 2021		
	Cost	Allowance for loss of inventory in valuation	Book amount
Raw materials	$88,974	$2,417	$86,557
Substances	12,382	316	12,066
Work-in-process goods	113,464	28,431	85,033
Finished goods	81,957	5,965	75,992
Merchandise trade	1,624	174	1,450
Total	$298,401	$37,303	$261,098

	December 31, 2020		
	Cost	Allowance for loss of inventory in valuation	Book amount
Raw materials	$41,322	$1,538	$39,784
Substances	28,377	19	28,358
Work-in-process goods	74,074	22,923	51,151
Finished goods	57,876	7,937	49,939
Merchandise trade	1,310	193	1,117
Total	$202,959	$32,610	$170,349

(A) Cost of goods sold related to inventory is as follows:

	For the years ended December 31,	
	2021	2020
Inventory booked in "cost of goods sold"	$1,565,828	$1,117,769
Inventory cost debited to "net cash value"	4,693	6,014
Inventory loss	5,304	6,634
Total operating cost	$1,575,825	$1,130,417

(B) The aforementioned inventory had not been provided as collateral or mortgaged.

(6) Other financial assets-current

	December 31, 2021	December 31, 2020
Special account for transferring overseas funds back to Taiwan		
Savings deposit	$20,055	$2,586
Time deposit	5,534	27,711
Total	$25,589	$30,297

The aforementioned "other financial assets-current" is free of any guarantee or pledge.

(7) Financial assets-current measured at fair value through other comprehensive profit and loss

	December 31, 2021	December 31, 2020
Equity instrument		
Unlisted stocks	$27,006	$27,006
Equity instrument investment evaluation adjustment	272,332	178,348
Total	$299,338	$205,354

(A) Equity instrument investment measured at fair value through other comprehensive profit and loss was not an available-for-trade investment; therefore, the Company chose to have it designated as measured at fair value through other comprehensive profit and loss.

(B) The Company had recognized dividend income from the investment in equity instrument measured at fair value through other comprehensive profit and loss were NT$8,482 thousand, and NT$10,178 thousand for the years ended December 31, 2021 and 2020, respectively.

(C) The Company did not have cumulative profit or loss transferred within equity for the years ended December 31, 2021 and 2020.

(D) The aforementioned financial assets measured at fair value through other comprehensive profit and loss had not been provided as collateral or mortgaged.

(E) Please refer to Note 12.(2)(C)(a) and (b) of the parent company only financial report for the disclosure of the market risk and credit risk of the Company's financial asset measured at fair value through other comprehensive profit and loss.

(8) Investment under the equity method

(A) The Company's investments under the equity method are as follows:

Investee company	December 31, 2021	Equity holding ratio (%)	December 31, 2020	Equity holding ratio (%)
CHIN DE INVESTMENT CO., LTD.	$54,158	100.00	$54,100	100.00
G-SHANK, INC.	309,672	100.00	298,541	100.00
GRAND STAR ENTERPRISES L.L.C. (Note)	1,713,946	100.00	1,585,510	100.00
G-SHANK ENTERPRISE (M) SDN. BHD	373,614	92.33	347,140	92.33
SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.	1,282,203	85.00	1,485,067	85.00
GREAT-SHANK CO., LTD.	185,520	85.00	198,958	85.00
G-SHANK JAPAN CO., LTD.	6,899	58.89	3,950	58.89
SUNFLEX TECHNOLOGY CO., LTD. (SUNFLEX)	157,590	14.73	146,361	14.73
G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	14,393	5.86	13,703	5.86
Total	$4,097,995		$4,133,330	

Note: GRAND STAR ENTERPRISES L.L.C. was the U.S. GRAND STAR ENTERPRISES L.L.C. and it had relocated from the United States to Anguilla on December 7, 2020, and with the approval of the Investment Commission, MOEA on January 11, 2021.

(B) The Company's shareholding in each individual insignificant affiliated company is summarized as follows:

	For the years ended December 31,	
	2021	2020
Net profit (loss) of the continuing business unit – current	$4,804	$(18,216)
Other comprehensive profit and loss (after tax) - current	8,413	(626)
Total comprehensive profit and loss - current	$13,217	$(18,842)

(C) The increase or decrease of the Company's investments under the equity method is as follows:

	For the years ended December 31,	
	2021	2020
Balance - beginning	$4,133,330	$3,898,824
The investment made in the current period	-	10,914
Dividends pay from subsidiaries and associates	(561,805)	(191,792)
Profit amount - current	602,724	425,007
Liquidation and collection of the remaining investment amount	-	(312)
Changes in the subsidiaries and affiliated enterprises under the equity method	-	3,722
The exchange difference amount from the conversion of the financial statements of foreign operating institutions	(84,675)	(12,406)
The unrealized valuation profit (loss) amount of the financial assets measured at fair value through other comprehensive profit and loss	39	(86)
Earnings from equity instruments at fair value through other comprehensive income are retained by division	8,382	(541)
Balance - ending	$4,097,995	$4,133,330

(D) The Company recognized the equity investment changes in the aforementioned subsidiaries and affiliated enterprises in 2021 and 2020, which were calculated based on the audited financial statements of the invested companies for the same period.

(E) The Company acquired 5.86% shareholding of the non-controlling interests from the subsidiary, G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD., for an amount of RMB 2,503,481 on January 20, 2020. The Company's comprehensive shareholding ratio increased from 94.14% to 100%. The changes in the Company's equity investment in G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD. are as follows:

	Amount
Book value of the non-controlling interests acquired	$13,952
Consideration paid for the non-controlling interests acquired	(10,914)
Other Equity - Exchange differences from the conversion of financial statements of foreign operating institutions	525
The difference between the acquisition price and book value of the equity acquired from subsidiaries adjusted to the additional paid-in capital	$3,563

(F) The Company for the needs of overall business operation and management had initiated the dissolution and liquidation of OASIS WORLD CO., LTD. which was invested by GRAND STAR ENTERPRISES L.L.C through GLOBL STAR INTERNATIONAL CO., LTD. according to the resolution reached in the board meeting on November 7, 2019, including stopped applying the equity method; also, the liquidation procedure was completed on May 22, 2020.

(G) The Company's subsidiaries, except for the entities dissolved and liquidated by the resolution of the board of directors that could no longer be included in the consolidated statements, were all included in the 2021 and 2020 consolidated financial reports.

(H) The aforementioned "investment under the equity method" is free of any guarantee or pledge.

(9) Property, plant and equipment

(A) The change in the Company's property, plant and equipment is as follows:

For the years ended December 31, 2021

Cost	Land	House & building	Machinery equipment	Transportation equipment	Office equipment	Other equipment	Total
Balance at January 1, 2021	$102,911	$246,282	$524,117	$28,852	$991	$93,648	$996,801
Addition	-	6,266	75,968	5,113	-	9,801	97,148
Disposition	-	-	(4,858)	(881)	-	(337)	(6,076)
Reclassification -current	-	-	18,568	-	-	(18,568)	-
Balance at December 31, 2021	102,911	252,548	613,795	33,084	991	84,544	1,087,873
Accumulated depreciation:							
Balance at January 1, 2021	-	154,526	375,106	23,342	989	53,617	607,580
Depreciation	-	7,754	29,811	2,029	2	5,229	44,825
Disposition	-	-	(4,858)	(881)	-	(337)	(6,076)
Reclassification -current	-	-	3,441	-	-	(3,441)	-
Balance at December 31, 2021	-	162,280	403,500	24,490	991	55,068	646,329
Book amount at December 31, 2021	$102,911	$90,268	$210,295	$8,594	$-	$29,476	$441,544

For the years ended December 31, 2020

Cost	Land	House & building	Machinery equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment yet to be tested	Total
Balance at January 1, 2020	$102,911	$246,282	$500,209	$27,696	$991	$76,675	$2,629	$957,393
Addition	-	-	48,161	1,156	-	16,410	-	65,727
Disposition	-	-	(25,391)	-	-	(108)	-	(25,499)
Reclassification -current	-	-	1,138	-	-	671	(2,629)	(820)
Balance at December 31, 2021	102,911	246,282	524,117	28,852	991	93,648	-	996,801
Accumulated depreciation:								
Balance at January 1, 2020	-	147,486	371,958	21,228	982	47,160	-	588,814
Depreciation	-	7,040	26,535	2,114	7	6,565	-	42,261
Disposition	-	-	(23,387)	-	-	(108)	-	(23,495)
Reclassification -current	-	-	-	-	-	-	-	-
Balance at December 31, 2021	-	154,526	375,106	23,342	989	53,617	-	607,580
Carrying amount at December 31, 2021	$102,911	$91,756	$149,011	$5,510	$2	$40,031	$-	$389,221

(B) The Company's major building constituents mainly include the main plant buildings, workshops, and plant decoration, which are depreciated according to their service life of 3-50 years.

(C) The Company did not acquire property, plant and equipment that caused the capitalization of the loan cost for the years ended December 31, 2021 and 2020.

(D) The Company did not have any impairment occurred to the property, plant and equipment for the years ended December 31, 2021 and 2020.

(E) The aforementioned property, plant and equipment had not been provided as collateral or mortgaged.

(F) The acquired property, plant and equipment listed in the parent company only cash flow statement:

	For the years ended December 31,	
	2021	2020
The current addition of property, plant and equipment listed in Note 6(9)(A) of the parent company only financial report	$97,148	$65,727
Add: Equipment payable – beginning	4,082	2,049
Less: Equipment payable – ending	(16,537)	(4,082)
Cash outflow for the acquisition of property, plant and equipment	$84,693	$63,694

(G) The Company's leased assets are as follows:

	December 31, 2021	December 31,2020
House and building	$1,340	$1,340
Less: Accumulated depreciation	(969)	(932)
Leased assets - net	$371	$408

(a) The company had part of the plant building leased to BAIYUE PRECISION CO., LTD. (hereinafter referred to as "BAIYUE") for a period from October 1, 2019 to September 30, 2020. The lease contract was renewed on September 30, 2020 for a lease period from October 1, 2020 to September 30, 2021. The lease contract was renewed on September 30, 2021 for a lease period from October 1, 2021 to September 30, 2022.

(b) The Comapny had part of the plant building leased to BAIYUE. The said plant building could not be sold independently; also, the said plant building owned by the Group was mainly for the purpose of product production, service providing, and management; therefore, the proprietary plant was not classified as an investment property.

(10) Intangible assets

(A) The increase or decrease of the Company's intangible assets-computer software is as follows:

	For the years ended December 31,	
Cost:	2021	2020
Balance - beginning	$7,409	$5,968
Addition - current	343	1,798
Decrease in the current period - delisted on the due date	(2,677)	(357)
Balance - ending	5,075	7,409
Accumulated depreciation:		
Balance - beginning	(4,043)	(2,154)
Amortization - current	(2,259)	(2,246)
Decrease in current period - delisted on the due date	2,677	357
Balance - ending	(3,625)	(4,043)
Book amount - ending	$1,450	$3,366

(B) The Company did not have any impairment occurred to the intangible assets for the years ended December 31, 2021 and 2020.

(11) Short-term loans

	December 31, 2021	December 31,2020
Credit loans	$1,260,000	$1,220,000

(A) The Group's short-term loan interest rate is as follows:

Nature of loan	December 31, 2021	December 31,2020
Credit loan	0.704%-1.269%	0.70%-1.325%

(B) The Company did not provide collateral for the aforementioned short-term loans.

(12) Long-term loans

Creditor	Nature of loan	Contract period	Amount	Repayment method
December 31, 2021				
Fubon Bank	Credit loan	2020/01/03~2025/01/03	$3,242	(Note 1)
Fubon Bank	Credit loan	2020/02/05~2025/01/03	1,598	(Note 1)
Fubon Bank	Credit loan	2020/02/07~2025/02/07	16,461	(Note 2)
Fubon Bank	Credit loan	2020/03/05~2025/01/03	1,904	(Note 1)
Fubon Bank	Credit loan	2020/04/01~2025/01/03	1,789	(Note 1)
Fubon Bank	Credit loan	2020/05/05~2025/01/03	1,753	(Note 1)
Fubon Bank	Credit loan	2020/06/05~2025/01/03	2,023	(Note 1)
Fubon Bank	Credit loan	2020/07/03~2025/01/03	1,719	(Note 1)
Fubon Bank	Credit loan	2020/07/20~2025/01/03	867	(Note 1)
Fubon Bank	Credit loan	2020/08/05~2025/01/03	1,873	(Note 1)

Creditor	Nature of loan	Contract period	Amount	Repayment method
Fubon Bank	Credit loan	2020/08/07~2025/02/07	2,276	(Note 2)
Fubon Bank	Credit loan	2020/09/04~2025/01/03	1,938	(Note 1)
Fubon Bank	Credit loan	2020/10/05~2025/01/03	1,895	(Note 1)
Fubon Bank	Credit loan	2020/11/05~2025/01/03	2,151	(Note 1)
Fubon Bank	Credit loan	2020/12/04~2025/01/03	2,017	(Note 1)
Fubon Bank	Credit loan	2021/01/05~2025/01/03	2,175	(Note 1)
Fubon Bank	Credit loan	2021/01/20~2025/01/03	1,591	(Note 1)
Fubon Bank	Credit loan	2021/02/05~2025/01/03	2,086	(Note 1)
Fubon Bank	Credit loan	2021/03/05~2025/01/03	2,490	(Note 1)
Fubon Bank	Credit loan	2021/04/01~2025/01/03	2,157	(Note 1)
Fubon Bank	Credit loan	2021/05/05~2025/01/03	2,634	(Note 1)
Fubon Bank	Credit loan	2021/06/04~2025/01/03	2,444	(Note 1)
Fubon Bank	Credit loan	2021/07/05~2025/01/03	2,426	(Note 1)
Fubon Bank	Credit loan	2021/07/20~2025/01/03	672	(Note 1)
Fubon Bank	Credit loan	2021/08/05~2025/01/03	2,452	(Note 1)
Fubon Bank	Credit loan	2021/09/03~2025/01/03	3,050	(Note 1)
Fubon Bank	Credit loan	2021/10/05~2025/01/03	2,790	(Note 1)
Fubon Bank	Credit loan	2021/11/05~2025/01/03	3,378	(Note 1)
Fubon Bank	Credit loan	2021/12/03~2025/01/03	2,473	(Note 1)
Total			76,324	
Less: Long-term loans due within one year			-	
Long-term loans due after one year			$76,324	

Creditor	Nature of loan	Contract period	Amount	Repayment method
December 31, 2020				
Fubon Bank	Credit loan	2020/01/03~2025/01/03	$3,242	(Note 1)
Fubon Bank	Credit loan	2020/02/05~2025/01/03	1,598	(Note 1)
Fubon Bank	Credit loan	2020/02/07~2025/02/07	16,461	(Note 2)
Fubon Bank	Credit loan	2020/03/05~2025/01/03	1,904	(Note 1)
Fubon Bank	Credit loan	2020/04/01~2025/01/03	1,789	(Note 1)
Fubon Bank	Credit loan	2020/05/05~2025/01/03	1,753	(Note 1)
Fubon Bank	Credit loan	2020/06/05~2025/01/03	2,023	(Note 1)
Fubon Bank	Credit loan	2020/07/03~2025/01/03	1,719	(Note 1)
Fubon Bank	Credit loan	2020/07/20~2025/01/03	867	(Note 1)
Fubon Bank	Credit loan	2020/08/05~2025/01/03	1,873	(Note 1)
Fubon Bank	Credit loan	2020/08/07~2025/02/07	2,276	(Note 2)
Fubon Bank	Credit loan	2020/09/04~2025/01/03	1,938	(Note 1)
Fubon Bank	Credit loan	2020/10/05~2025/01/03	1,895	(Note 1)
Fubon Bank	Credit loan	2020/11/05~2025/01/03	2,151	(Note 1)

Creditor	Nature of loan	Contract period	Amount	Repayment method
Fubon Bank	Credit loan	2020/12/04~2025/01/03	2,017	(Note 1)
Total			43,506	
Less: Long-term loans due within one year			-	
Long-term loans due after one year			$43,506	

Note 1: The first repayment date to Fubon Bank is on January 15, 2023, followed by a monthly installment for a total of 24 payments with the principal paid equally and the interest paid monthly.
Note 2: The first repayment date to Fubon Bank is on February 15, 2023, followed by a monthly installment for a total of 24 payments with the principal paid equally and the interest paid monthly.

(A) The aforementioned long-term loan is a project loan for Taiwanese businessmen to invest in Taiwan with a loan interest rate of 0.70% per annum on December 31, 2021 and 2020 (for the aforementioned project loan granted to Taiwanese businessmen to invest in Taiwan, in the event of violating law and regulations, or the budget of National Development Fund being freeze up by the Legislative Yuan during the implementation period, policy changes, fund allocation needs, or circumstances that are not attributable to the National Development Fund, starting from the date the National Development Fund stopping the payment of commission fee, the loan interest rate will be changed to "3M TAIBOR+0.50%" divided by 0.946 with a 3-month floating interest calculated automatically and regularly, which shall not be lower than 1.2% after tax. In addition, the machinery equipment purchased with the project loan may not be pledged or with ownership transferred to others).

(B) The Company did not provide collateral for the aforementioned long-term loans.

(13) Retirement benefits

(A) Defined benefit plan

(a) The Company has based on the employee's seniority and the expected salary before retirement to have the employee retirement plan formulated, and has pension reserve appropriated for an amount equivalent to certain percentage of the monthly salary in accordance with the "Labor Standards Act" and then deposited in a special account and used by the Labor Pension Committee. The pension reserve is operated separately from the business operation of the Company; therefore, it is not included in the consolidated financial statements.

(b) The remeasurement of the net defined benefit liability is accumulated and recognized in other comprehensive profit and loss as follows:

	2021	2020
Balance - beginning	$(100,528)	$(97,416)
Net defined benefit plan remeasurement	9,034	(3,112)
Balance - ending	$(91,494)	$(100,528)

(c) The reconciliation of the present value of the defined benefit obligation and the fair value of the plan asset is as follows:

	December 31, 2021	December 31, 2020
Present value of defined benefit obligation	$217,887	$238,086
Fair value of plan assets	(155,492)	(155,402)
Plan shortfalls	62,395	82,684
Booked in other payables	(381)	(393)
Net defined benefit obligation	$62,014	$82,291

(d) The changes in the present value of the defined benefit obligation are as follows:

	2021	2020
Book value - beginning	$238,086	$239,768
Current service cost	2,082	2,540
Interest expense	928	1,702
Net defined benefit obligation remeasurement		
Actuarial (benefits) losses due to changes in demographic assumptions	(1,840)	298
Actuarial (benefits) losses due to changes in financial assumptions	(8,123)	9,190
Actuarial (benefits) losses resulted from experience adjustments	3,162	(1,070)
Benefits paid	(16,408)	(14,342)
Book value - ending	$217,887	$238,086

(e) The changes in the fair value of plan assets are as follows:

	2021	2020
Balance – beginning	$155,402	$144,666
Interest income	606	1,027
Net defined benefit assets remeasurement		
Actuarial benefits of plan assets resulted from experience adjustments	2,233	5,306
Employer's contributions	13,659	18,745
Benefits paid	(16,408)	(14,342)
Balance - ending	$155,492	$155,402

(i) According to the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund," the income and expense, safeguard, and utilization of the Company's plan assets are entrusted to

Bank of Taiwan for process by the competent authorities and the Ministry of Finance, of which, the safeguard and utilization of the fund can be entrusted to other financial institutions. The scope of application for the funds includes deposited in domestic and foreign financial institutions, investment in domestic and foreign listed/OTC or private equity securities, investment in domestic and foreign debt securities, investment in domestic public offering or private placement of securities investment trust funds, beneficiary certificates of futures trust funds , mutual trust fund beneficiary securities or collective trust instruments, investment in the beneficiary certificates issued or managed by foreign fund management institutions, fund shares or investment units, investment in domestic and foreign property and its securitized instruments, investment in domestic and foreign spot instruments, engagement in domestic and foreign financial derivatives transactions, marketable securities lending transactions, etc. Moreover, the minimum income distributed from the annual final account may not be less than the interest income calculated according to the local bank's 2-year time deposit interest rate. The information on the utilization of the labor pension fund assets includes the fund appropriation and profit ratio provided by the Bank of Taiwan, the fund assets allocation announced on the website of the Bureau of Labor Funds, Ministry of Labor, the Executive Yuan, etc. Please refer to the website of the Bureau of Labor Funds, Ministry of Labor, the Executive Yuan for more information.

(ii) The Company's pension reserves in the special account with the Bank of Taiwan were NT$155,492 thousand and NT$155,402 thousand on December 31, 2021 and 2020, respectively.

(iii) As of December 31, 2021, the Company's expected appropriation of defined benefit plan in 2022 was NT$22,081 thousand.

(f) The pension expense recognized in profit and loss and booked amount are as follows:

	2021	2020
Service cost	$2,082	$2,540
Interest expense	928	1,702
Interest income	(606)	(1,027)
Total	$2,404	$3,215
Operating cost	$2,279	$2,334
Marketing expense	32	219
Management expense	73	499
R&D expense	20	163
Total	$2,404	$3,215

(g) The main actuarial assumptions used in determining the present value of the defined benefit obligation are as follows:

	12.31.2021	12.31.2020
Discount rate	0.70%	0.39%
Expected salary increase rate	1.50%	1.50%

Please refer to Note 5.(2)(A) to the consolidated financial statements for the sensitivity analysis regarding the impact on the net defined benefit liabilities due to the reasonable and possible changes in the Company's actuarial assumptions:

(h) Information on the maturity overview of the defined benefit obligation is as follows:

	December 31, 2021	December 31, 2020
Weighted average duration	11 years	12 years

Maturity analysis of future benefit payments

	December 31, 2021	December 31, 2020
Within 1 year	$172,857	$170,662
2~5 years	22,514	34,537
Over 6 years	17,055	21,076
Total undiscounted amount	$212,426	$226,275
Present value of benefit payments	$210,990	$225,166

(B) Defined contribution plan

(a) The Company has adopted a defined contribution plan since the implementation of the "Labor Pension Act" in July 2005. The employees may choose to be subject to the pension provisions of the "Labor Standards Act" or the "Labor Pension Act" with the reservation of the seniority prior to the "Labor Pension Act" took forth. For the employees subject to the "Labor Pension Act," the Company shall assume the pension contribution for an amount not less than 6% of the monthly salary that is to be appropriated on a monthly basis and deposited in the personal account of each employee with the Bureau of Labor Insurance. The Company is without any legal or presumed obligation to make any additional contribution other than the monthly pension contribution.

(b) The pension expense recognized by the Company according to the definite contribution plan is as follows:

	2021	2020
Operating cost	$10,530	$9,559
Amortization expense	1,806	1,820
Management expense	3,154	3,130
R&D expense	1,344	1,596
Total	$16,834	$16,105

(14) Capital stock

	Authorized capital stock (1,000 shares)	Common stock shares issued at NT$10 par (including Advance Receipts for Capital Stock)	
		Shares (1,000 shares)	Capital stock
Balance amount on January 1,2020	350,000	184,968	$1,849,683
Balance amount on December 31, 2020	350,000	184,968	$1,849,683
Balance amount on January 1,2021	350,000	184,968	$1,849,683
Employee exercise of stock warrant		2,864	28,640
Balance amount on December 31,2021	350,000	187,832	$1,878,323

(A) As of December 31, 2021 and 2020, the company's authorized capital stock included 20,000 thousand shares reserved for the issuance of an employee stock warrant.

(B) The related rights, priority, and restrictions of the common stock shares issued by the company are as follows:

(a) Each shareholder is entitled to one vote per share.

(b) The distribution of dividends and bonuses are based on the shareholding ratio of each shareholder.

(c) The property net of the debt is distributed proportionally to the shareholding ratio of each shareholder.

(C) The number of the shares in employee stock option 2,864 thousand shares have been exercised in 2021. As of December 31, 2021 and 2020, of 7,780 thousand shares and 4,916 thousand shares were subscribed, respectively, due to the company's issuance of an employee stock warrant. Please refer to Note 6.(20) of the parent company only financial report for the related information on the issuance of an employee stock warrant.

(15) Additional paid-in capital

	December 31, 2021	December 31, 2020
Common stock premium	$287,379	$258,152
Treasury stock transaction	63,306	63,306
The difference between the actual acquisition price of the subsidiary's equity and the book amount	3,563	3,563
Changes in the net equity value of subsidiaries under the equity method and affiliated	31,847	31,847

	December 31, 2021	December 31, 2020
enterprises		
Employee stock options	28,752	38,042
Invalid employee stock options	36,240	36,240
Received donation from shareholders	1,657	1,634
Total	$452,744	$432,784

According to the Company Act, the company shall apply the additional paid-in capital to make up for losses only. However, if the company has no loss, the stock premium and all or part of the donation received may be used to distribute new shares or cash proportionally to the shareholders' original shareholding ratio. In addition, the company may apply the additional paid-in capital to supplement the capital loss only when there is an insufficient reserve.

(16) Legal reserve

According to the Company Act, the company after having all taxes paid and ready for earnings distribution shall first appropriate 10% legal reserve and continue to appropriate until the total legal reserve amount equals total capital. The legal reserve can be applied to make up for the company's losses; also, if the company has no loss, the amount of the legal reserve exceeding 25% of the paid-in capital can be used to distribute new shares or cash proportionally to the shareholders' original shareholding ratio.

(17) Special reserve

The Company has special reserve appropriated and reversed in accordance with Jin-Guan-Zheng-Far-Tzi No. 1010012865 Order, Jin-Guan-Zheng-Far-Tzi No. 1010047490 Order, and "Questions and Answers on the Appropriation of Special Reserves after the Adoption of International Financial Reporting Standards (IFRSs)." When the amount debited to other equity is reversed subsequently, the reversed amount could be distributed. In addition, the Financial Supervisory Commission had issued the Jin-Guan-Zheng-Far-Tzi No. 1090150022 Order on March 31, 2021, then the Jin-Guan-Zheng-Far-Zi No. 1010012865 Order and Jin-Guan-Zheng-Far-Tzi No. 1010047490 Order were revoked on December 31, 2021 and March 31, 2021, respectively. The Company will comply with the relevant letter and orders continuously.

(18) Earnings distribution and dividend policy

(A) According to the company's Articles of Incorporation, the annual earnings, if any, should be applied to pay income tax and make up for the losses of the previous years; also, appropriate 10% legal reserve from the remaining balance, if any. In addition, appropriate or reverse a certain amount of special reserve according to the regulations of the competent authority. Then, for the balance amount, if any, and the

unappropriated earnings of the previous year, except for the retained amount, the board of directors shall draft an earnings distribution plan for the resolutions of the shareholders meeting.

(B) The company's dividend policy: the company's current industrial development is growing and will be expanded to support the business development. The earnings distribution shall be handled in accordance with the company's Articles of Incorporation. However, the shareholders' dividends distributed in the current year shall include not more than 50% of the stock dividend and must be more than 50% of the cash.

(C) The aforementioned earnings distribution proposal issued by resolved in the shareholders' meeting is as follows:

	2020	2019
Legal reserve	$28,424	$30,591
Special reserve	-	-
Shareholder's dividends		
Cash	$221,962	$240,459
Cash dividend per share	NT$1.20	NT$1.30
Stock (NT$10 par)	-share	-share
Stock dividend per share	-NT$	-NT$

(19) Other equity (net amount after tax)

(A) The exchange difference from the conversion of the financial statements of foreign operating institutions:

	For the years ended December 31,	
	2021	2020
Balance -beginning	$(357,177)	$(344,771)
Transactions of current period	(84,675)	(11,805)
Subsidiaries equity obtained in current period	-	(525)
Reclassified to loss (profit) under the equity method in the current period	-	(76)
Reclassified to (profit) and loss in the current period	-	-
Balance -ending	$(441,852)	$(357,177)

(B) Unrealized valuation benefits of financial assets measured at fair value through other comprehensive profit and loss:

	For the years ended December 31,	
	2021	2020
Balance - beginning	$177,692	$139,311
Transactions of current period	93,984	38,922
Recognized under the equity method in the current period - affiliated enterprise	8,382	(541)
Reclassified to retained earnings in the current period	(763)	-

Balance - ending	$279,295	$177,692

(20) Share-based payment - employee rewards

The company was authorized by the Securities and Futures Bureau of the Financial Supervisory Commission to issue 500,000 units of employee stock warrants on January 13, 2015 and August 22, 2018, respectively. One stock warrant is entitled to subscribe to 10 common stock shares of the company. New shares will be issued for the stock option exercised by employees and the subscription price is the company's common stock closing price on the issuance day. The stock warrant holders can exercise a certain percentage of the stock warrant after 2-year from the issuance date (according to the regulations, the exercisable subscription amount is 40% of the amount available for subscription in each stock warrant issued after 2-year from the issuance date, 60% after 3-year from the issuance date, 80% after 4-year from the issuance date, and 100% after 5 years from the issuance date). The duration of the stock warrant is for seven years. The unexercised stock options after 7 years shall be deemed as being waived, and the subscribers cannot claim their rights to subscribe.

As of December 31, 2021, the issuance of compensatory employee stock warrants is disclosed as follows:

Warrant issuance date	Total warrants issued originally	Total warrants outstanding at yearend	Total warrants available for subscription at yearend	Subscription price (NTD) (Note)
07.27.2015	300,000	99,200	992,000	$13.40
01.08.2016	200,000	163,200	1,632,000	15.30
09.12.2018	290,000	220,400	1,092,000	21.20
08.12.2019	210,000	187,800	678,000	21.30

Note: The company has the subscription price adjusted when there is a change in common stock share or cash dividend is distributed for common stock shares in accordance with the "Regulations Governing the Issuance of Employee Stock Warrant and Stock Subscription." The stock subscription price per share after adjustment is disclosed as of December 31, 2021.

(A) The company adopts the Black-Scholes stock options model to assess the fair value of the employee stock warrant issued each year. The remuneration cost accrued were NT$1,118 thousand, NT$1,994 thousand, NT$3,325 thousand, and NT$6,180 thousand, for the years ended December 31, 2021 and 2020, respectively. The input values of the stock option pricing model are as follows:

	2018 Stock option plan	2018 Stock option plan	2014 Stock option plan	2014 Stock option plan
Expected dividend ratio	-%	-%	-%	-%
Expected price	18.99%	21.38%	22.64%	22.80%

fluctuation ratio	~20.95%	~22.07%	~25.43%	~27.68%
Risk-free interest rate	0.554% ~0.582%	0.700% ~0.758%	0.663% ~0.831%	0.976% ~1.203%
Expected duration	4.5~6 years	4.5~6 years	4.5~6 years	4.5~6 years

The assumption of the expected price fluctuation ratio is measured according to the impact of the annual dividend distribution in the past on stock price, and the expected stock price fluctuations in the future period. The stock option duration is the employee exercising stock option period that is deducted from the historical data and current expectation, which may not necessarily match the actual result or actual implementation.

(B) The quantity and weighted average price of the compensatory employee stock option plan issued by the company is disclosed as follows:

	2021		2020	
Employee stock operations	QTY (unit)	Weighted average price per share (NTD)	QTY (unit)	Weighted average price per share (NTD)
Outstanding shares - beginning	957,000	$18.07	967,000	$19.34
Granted in current period	-	-	-	-
Exercised in current period	(286,400)	15.41	-	-
Lost in current period (expired)	-	-	(10,000)	21.80
Outstanding shares - ending	670,600	18.64	957,000	18.07
Exercisable employee stock options - ending	439,400	17.26	554,400	15.80
Average fair value per share of stock options granted to employees in the current period (NTD)	$-		$-	

The weighted average share price is NTD $52.85 of the company's employees did execute stock options for the years ended December 31, 2021. The company's employees did not execute stock options for the years ended December 31, 2020.

As of December 31, 2021, the company's outstanding compensatory employee stock option plan is as follows:

		Outstanding stock options			Exercisable employee stock options	
	Price range per share (NTD)	Outstanding QTY (Unit)	Weighted average expected remaining duration	Weighted average price per share (NTD)	Exercisable QTY (Unit)	Weighted average price per share (NTD)
Decembr 31,2021						
2014 Stock option plan	$13.4	99,200	-	$13.40	99,200	$13.40
2014 Stock option plan	15.3	163,200	-	15.3	163,200	15.3
2018 Stock option plan	21.2	220,400	1.95	21.2	109,200	21.2
2018 Stock option plan	21.3	187,800	2.75	21.3	67,800	21.3

	Price range per share (NTD)	Outstanding stock options			Exercisable employee stock options	
		Outstanding QTY (Unit)	Weighted average expected remaining duration	Weighted average price per share (NTD)	Exercisable QTY (Unit)	Weighted average price per share (NTD)
December 31,2020						
2014 Stock option plan	$13.7	300,000	0.12	$13.70	300,000	$13.70
2014 Stock option plan	15.6	179,000	0.31	15.6	143,200	15.6
2018 Stock option plan	21.7	278,000	2.79	21.7	111,200	21.7
2018 Stock option plan	21.8	200,000	3.7	21.8	-	21.8

(21) Net operating income

	For the years ended December 31,	
	2021	2020
Sales income		
Parts income	$1,737,212	$1,039,859
Mold income	107,131	121,505
Fixture income	79,734	66,545
Merchandise income	63,429	49,385
Total	1,987,506	1,277,294
Less: Sales return	(3,707)	(2,085)
Sales discount	(7,325)	(4,800)
Net operating income	$1,976,474	$1,270,409

(A) Income classification:

(a) Main merchandise / service

	For the years ended December 31,	
	2021	2020
Parts income	$1,728,483	$1,034,448
Mold income	104,883	120,115
Tools income	79,724	66,506
Merchandise income	63,384	49,340
Total	$1,976,474	$1,270,409

(b) Main regional markets

	For the years ended December 31,	
Customer location	2021	2020
Taiwan	$1,246,571	$605,447
Asia (other than Taiwan)	695,390	627,298
Europe	18,783	24,774
America	15,730	12,890
Total	$1,976,474	$1,270,409

(c) Income recognition time

	For the years ended December 31,	
	2021	2020
Goods transferred at a certain time	$1,976,474	$1,270,409

(22) Operating costs and expenses

The Company's employee welfare expenses, depreciation, and amortization expenses are summarized as follows:

Function / Nature	For the years ended December 31, 2021			For the years ended December 31, 2020		
	Attributable to operating cost	Attributable to operating expense	Total	Attributable to operating cost	Attributable to operating expense	Total
Employee welfare expenses						
Employee expense (Note 1)	$348,619	$177,998	$526,617	$315,523	$185,754	$501,277
Labor and health insurance expenses	31,302	15,344	46,646	27,791	15,036	42,827
Pension expenses	12,809	6,429	19,238	11,893	7,427	19,320
Director remuneration	-	4,654	4,654	-	1,758	1,758
Other welfare expenses	9,747	2,950	12,697	6,880	2,352	9,232
Depreciation expenses (Note 2)	39,097	5,691	44,788	34,832	7,392	42,224
Amortization expense	5,418	3,930	9,348	11,758	4,215	15,973

Note 1：

(A) According to the company's Articles of Incorporation, the company shall appropriate an amount equivalent to 1-10% of the company's net income before tax before deducting remuneration to employees, directors, and supervisors as remuneration to employees and not more than 3% as remuneration to directors and supervisors. However, it is necessary to reserve a sufficient amount to make up for the losses, if any. The remuneration to employees in the preceding paragraph is paid in the form of stocks or cash, including the employees of the controlled companies who meet the conditions set by the board of directors. The remuneration to directors and supervisors must be paid in cash. The aforementioned matters shall be resolved by the board of directors for implementation and shall be reported to the shareholders meeting.

The amendments to the company's Articles of Incorporation were resolved in the shareholders meeting on June 15, 2020 as follows:

The company shall appropriate an amount equivalent to 1-10% of the company's net income before tax before deducting remuneration to employees and directors as remuneration to employees and not more than 3% as remuneration to directors. However, it is necessary to reserve a sufficient amount to make up for the losses, if any. The remuneration to employees in the preceding paragraph is paid in the form of stocks or cash, including the employees of the controlled companies who meet the conditions set by the board of directors. The remuneration to directors must be paid

in cash.

(B) The estimated remuneration payable to employees of the company for 2021 and 2020 were both NT$21,000 thousand, and the remuneration to directors and supervisors was NT$0, respectively. The estimated remuneration to employees was based on a certain percentage of the net income before tax (without considering the impact of employee remuneration) for 2021 and 2020. The estimated remuneration to employees is recognized as the current operating cost or operating expense. However, if there is a change in the distribution amount resolved by the board of directors, it will be treated according to the accounting estimates changes and adjusted to the profit and loss of the following year.

(C) The company's board of directors had resolved on March 10, 2022 to distribute the 2021 remuneration to employees for NT$21,000 thousand in cash and remuneration to directors for NT$0 that were reported in the regular shareholders meeting on July 16, 2021; also, it was not different from the estimated remuneration to employees and directors in the company's 2021 financial report. The company's board of directors had resolved on March 15, 2021 to distribute the 2020 remuneration to employees for NT$21,000 thousand in cash and remuneration to directors and supervisors for NT$0 that were reported in the regular shareholders meeting on July 16, 2021; also, it was not different from the estimated remuneration to employees, directors, and supervisors in the company's 2020 financial report.

(D) Please refer to the Market Observation Post System for the information regarding the remuneration to employees and directors resolved by the company's board of directors.

Note 2:

The Company had appropriated the depreciation expenses were NT$44,825 thousand and NT$42,261 thousand for the years ended December 31, 2021 and 2020, respectively. Also, the depreciation expenses of the property, plant and equipment - leased assets were both NT$37 thousand, and listed in the "Other income and expenses - net" account.

Note 3:

(A) The Company's average number of employees at the end of each month in 2021 and 2020 was 772 persons and 734 persons, respectively; also, there were 5 directors and 3 directors not an employee of the Company in 2021 and 2020, respectively.

(B) The Company's average employee benefit expenses were NT$789 thousand and NT$784 thousand in 2021 and 2020, respectively.

(C) The Company's average employee salary was NT$687 thousand and NT$686 thousand in 2021 and 2020, respectively. The average employee salary was an

increase of 0.15% in 2021 from the year 2020.

(D) The Company's remuneration to supervisors in 2020 (the Company has set up an Audit Committee to replace the supervisory function of the supervisors since June 15, 2020) was NT$441 thousand.

(E) The Company's remuneration policy (including directors, supervisors, managerial officers, and employees) is as follows:

(a) Director and supervisor's traveling allowance: The Company's board of directors has resolved a monthly traveling allowance for the board directors and supervisors for an amount of NT$20,000.

(b) Remuneration to directors and supervisors from the earnings distribution: The Company's board of directors and supervisors have currently waived their remuneration with a letter of consent issued and filed, respectively.

(c) Remuneration to directors and supervisors: All board directors and supervisors, except for the Chairman and several board directors, do not receive remuneration for their services.

(d) Remuneration to managerial officers and employees, each one of them is compensated reasonably by taking into consideration of the Company's overall operational performance, the contribution of each position holder to the Company's performance, and the respective connection to future risks.

Please refer to Note 1(1) for the remuneration to employees and directors stipulated in the Company's Articles of Incorporation.

(23) Other income and expenses – net

	For the years ended December 31,	
	2021	2020
Property, plant and equipment – lease assets		
Rent income	$1,322	$1,378
Depreciation expense	(37)	(37)
Other income and expenses - net	$1,285	$1,341

(24) Non-operating income and expense

	For the years ended December 31,	
A. Interest income	2021	2020
Bank deposit interest	$13,767	$15,951
Other interest income	55,212	41,118
Total	$68,979	$57,069

B. Other income	For the years ended December 31, 2021	2020
Cash dividends	$8,482	$10,178
Other income-other	83,606	75,956
Total	$92,088	$86,134

C. Other profit and loss	For the years ended December 31, 2021	2020
Net loss of financial assets measured at fair value through profit and (loss)	$(32,881)	$(30,814)
Net profit from the disposal of property, plant, and equipment	538	391
Other expenses	-	(11)
Total	$(32,343)	$(30,434)

D. Financial cost	For the years ended December 31, 2021	2020
Bank loan interest	$(10,515)	$(9,822)

E. Profit (loss) amount from the subsidiaries and affiliated enterprises under the equity method

Please refer to Note 6.(8)(C) of the parent company only financial report for details.

F. Exchange loss - net	For the years ended December 31, 2021	2020
Realized exchange profit (loss) - net	$(10,417)	$4,157
Unrealized exchange profit (loss)-net	(10,066)	(18,163)
Total	$(20,483)	$(14,006)

(25) Other comprehensive profit and loss

Other comprehensive profit and loss constituents	Transactions of current period	Reclassification and adjustment of current period	Other comprehensive profit and loss	Income tax expense	Amount after tax
For the years ended December 31, 2021					
Items not reclassified to profit and loss:					
Remeasurements of defined benefit plan	$9,034	$-	$9,034	$-	$9,034
Unrealized appraisal benefits of equity instrument investment measured at fair value through other comprehensive loss	93,984	-	93,984	-	93,984
Remeasurements of defined benefit plan of affiliated enterprises under the equity method	39	-	39	-	39
Unrealized appraisal benefits of equity instrument investment measured at fair value through other comprehensive profit of affiliated enterprises under the equity method	8,382	-	8,382	-	8,382
Total amount of items not reclassified to profit and loss:	111,439	-	111,439	-	111,439
Items that may be reclassified to profit and loss subsequently:					
Exchange difference from the conversion of	(84,675)	-	(84,675)	-	(84,675)

Other comprehensive profit and loss constituents	Transactions of current period	Reclassification and adjustment of current period	Other comprehensive profit and loss	Income tax expense	Amount after tax
the financial statements of foreign operating institutions of subsidiaries under the equity method					
Total amount of items that may be reclassified to profit and loss subsequently:	(84,675)	-	(84,675)	-	(84,675)
Total	$26,764	$-	$26,764	$-	$26,764
For the years ended December 31, 2020					
Items not reclassified to profit and loss:					
Remeasurements of defined benefit plan	$(3,112)	$-	$(3,112)	$-	$(3,112)
Unrealized appraisal benefits of equity instrument investment measured at fair value through other comprehensive loss	38,922	-	38,922	-	38,922
Remeasurements of defined benefit plan of affiliated enterprises under the equity method	(86)	-	(86)	-	(86)
Unrealized appraisal benefits of equity instrument investment measured at fair value through other comprehensive profit of affiliated enterprises under the equity method	(541)	-	(541)	-	(541)
Total amount of items not reclassified to profit and loss:	35,183	-	35,183	-	35,183
Items that may be reclassified to profit and loss subsequently:					
Exchange difference from the conversion of the financial statements of foreign operating institutions of subsidiaries under the equity method	(11,881)	-	(11,881)	-	(11,881)
Total amount of items that may be reclassified to profit and loss subsequently:	(11,881)	-	(11,881)	-	(11,881)
Total	$23,302	$-	$23,302	$-	$23,302

(26) Income tax

(A) The Company's business income tax return filed before 2018 (inclusive) were reviewed and approved by the tax collection agency.

(B) The income tax expense constituents:

(a) Income tax recognized in profit and loss

	2021	2020
Current income tax expense		
Current income tax expense	$145,828	$16,137
Adjustment to previous income tax recognized in current period	2,507	-
Overseas income tax	7,048	4,582
Deferred income tax expense		
Origin of temporary difference and reversing relevant deferred income tax (benefits) expense	(2,158)	47,811
Income tax expense	$153,225	$68,530

(b) The Group had no income tax related to other comprehensive profit and loss constituents or direct debited or credited to equity for the years ended December 31, 2021 and 2020, respectively.

(C) The relationship between income tax expense and accounting profit

	2021	2020
Accounting profit		
Net income before tax of the continuing business unit	$801,589	$355,971
Tax calculated according to the applicable tax rate in the respective country	$160,318	$71,194
Unappropriated earnings with business income tax levied additionally	-	-
Adjustments		
Income tax effect of non-deductible expense in tax return	(4,548)	(687)
Income tax effect of temporary difference	(9,942)	(54,370)
Current income tax expense	145,828	16,137
Adjustment to previous income tax recognized in current period	2,507	-
Offshore income tax	7,048	4,582
Current income tax expense	155,383	20,719
Deferred income tax (profit) expense	(2,158)	47,811
Income tax expense	$153,225	$68,530

(D) The deferred income tax assets and liabilities are analyzed as follows:

	Balance -ending	Recognized in profit and loss	Recognized in other profit and loss	Balance -ending
2021				
Deferred income tax assets				
Unrealized inventory loss in valuation	$6,522	$939	$-	$7,461
Unrealized financial assets and liabilities loss in valuation	6,345	10,190	-	16,535
Unrealized exchange losses	3,633	(1,620)	-	2,013
Financial and tax difference of property, plant and equipment	2,448	260	-	2,708
Total	$18,948	$9,769	$-	$28,717
Deferred income tax liabilities				
Unrealized long-term equity investment income	$555,982	$7,611	$-	$563,593

	Balance -ending	Recognized in profit and loss	Recognized in other profit and loss	Balance -ending
2020				
Deferred income tax assets				
Unrealized inventory loss in valuation	$5,319	$1,203	$-	$6,522
Unrealized bonus payable	19	(19)	-	-
Unrealized financial assets loss in valuation	791	5,554	-	6,345
Unrealized exchange loss	6,572	(2,939)	-	3,633
Financial and tax difference of property, plant and equipment	2,188	260	-	2,448
Total	$14,889	$4,059	$-	$18,948
Deferred income tax liability				
Unrealized long-term equity investment income	$504,112	$51,870	$-	$555,982

(E) Unrecognized deferred income tax assets:

The Company's unrecognized deferred income tax assets were NT$0 as of December 31, 2021 and 2020, respectively.

(27) Earnings per share

(A) Basic earnings per share

The basic earnings per share are calculated by dividing the profit and loss attributable to the company's common stock shareholders by the outstanding weighted average common stock shares in the current period as follows:

	For the years ended December 31,	
	2021	2020
Net profit attributable to the company's Common stock shareholders	$648,364	$287,441
Outstanding weighted average shares	184,968,298 shares	184,968,298 shares
Employee stock option – subscribing issue new shares (Note)	1,066,291 shares	-
Outstanding weighted average shares	186,034,589 shares	184,968,298 shares
Basic earnings per share (after tax) (NTD)	$3.49	$1.55

Note：Calculated based on the period of circulation of each subscription.

(B) Diluted earnings per share

The diluted earnings per share are calculated by having the dilutive potential common stock share effect adjusted to the profit and loss attributable to the common

stock shareholders of the company divided by the dilutive potential common stock share effect adjusted to the outstanding weighted average shares of the period as follows:

	For the years ended December 31,	
	2021	2020
Net profit to the company's common stock shareholders	$648,364	$287,441
Add: Potential common stock share effect	-	-
Adjusted net profit to the company's common stock shareholders	$648,364	$287,441
Outstanding weighted average shares	186,034,589 shares	184,968,298 shares
Add: Potential common stock share effect		
Employee stock option hypothesis -subscribing new shares (Note)	4,955,939 shares	1,350,480 shares
Employee Remuneration hypothesis –issuing new shares	411,408 shares	1,296,965 shares
Adjusted weighted average shares	191,401,936 shares	187,615,743 shares
Diluted basic earnings per share (after tax) (NTD)	$3.39	$1.53

Note: The outstanding employee stock options issued by the Company in 2018 and 2019 underwent anti-dilution for the years ended December 31, 2020, which hence is unrecognized in the calculation of diluted earnings per share.

(28) Reconciliation of liabilities from financing activities

Accounting item	Balance -beginning	Cash flow	Changes in non-cash			Balance -ending
			Transaction of current period	Change in exchange rate	Other	
For the years ended December 31,2021						
Short-term loan	$1,220,000	$40,000	$-	$-	$-	$1,260,000
Long-term loan	43,506	32,818	-	-	-	76,324
Total	$1,263,506	$72,818	$-	$-	$-	$1,336,324
For the years ended December 31,2020						
Short-term loan	$1,043,000	$177,000	$-	$-	$-	$1,220,000
Long-term loan	-	43,506	-	-	-	43,506
Total	$1,130,972	$220,506	$-	$-	$-	$1,263,506

(29) Lease

Other lease information is as follows:

	2021	2020
Short-term lease expense	$1,476	$1,406
Low-value asset lease expenses	$-	$-
Variable lease payment is not included in the measurement of the lease liability	$-	$-
Total cash outflow of various leases	$1,476	$1,406
Interest of lease liabilities	$-	$-

The Company has an optional lease, such as, a dormitories and offices lease, that qualified as a short-term lease exempted from income recognition; also, the right-of-use assets and lease liabilities related to such lease are not recognized either.

7. RELATED PARTY TRANSACTIONS

(1) Name of related party and relationship

Name of related party	Relationship with the Group
G-SHANK ENTERPRISE (M) SDN. BHD.	The subsidiary of the Company.
G-SHANK, Inc.	The subsidiary of the Company.
SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.	The subsidiary of the Company.
GREAT-SHANK CO., LTD.	The subsidiary of the Company.
G-SHANK JAPAN CO., LTD.	The subsidiary of the Company.
XIAMEN G-SHANK PRECISION MACHINERY CO., LTD.	The subsidiary of the Company.
QINGDAO G-SHANK PRECISION SDN.BHD.	The subsidiary of the Company.
G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	The subsidiary of the Company.
G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	The subsidiary of the Company.
TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.	The subsidiary of the Company.
PT INDONESIA G-SHANK PRECISION	The subsidiary of the Company.
SHENZHEN G-SHANK PRECISION SDN.BHD.	The subsidiary of the Company.
SHENZHEN G-BAO PRECISION SDN.BHD.	The subsidiary of the Company.
SUNFLEX TECHNOLOGY CO., LTD. (SUNFLEX)	SUNFLEX is invested by the company under equity method.
KUAI LUNG PRECISION INDUSTRY CO., LTD. (KUAI LUNG)	The chairman of KUAI LUNG is the general manager of G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD., the subsidiary of the company.

(2) Major transactions with related parties

(A) Purchases

	For the years ended December 31,	
Related party category/name	2021	2020
Subsidiaries		
G-SHANK SUZHOU	$1,468	$1,155
SHENZHEN G-BAO	1,186	594
G-SHANK JAPAN	643	523
GREAT G-SHANK	-	92
SHENZHEN G-SHANK	275	-
Subtotal	3,572	2,364
Other related parties		
KUAI LUNG	180	257
Affiliated enterprises		
SUNFLEX	10,001	1,002
Total	$13,753	$3,623

The aforementioned purchase is mostly for molds and parts with special specifications from one single supplier. Therefore, there is no other purchase price available for comparison. The payment term from such a single supplier is OA 60-120 days; while other suppliers are with a payment term of OA 90-120 days.

(B) Sales

	For the years ended December 31,	
Related party category/name	2021	2020
Subsidiaries		
G-SHANK MALAYSIA	$9,708	$7,263
G-SHANK, Inc.	5,741	3,373
GREAT G-SHANK	4,912	2,317
SHENZHEN G-BAO	4,514	1,885
INDONESIA G-SHANK	1,717	2,600
G-SHANK SUZHOU	1,674	(66)
G-SHANK JAPAN	1,207	1,437
TIANJIN G-SHANK	809	-
QINGDAO G-SHANK	798	2,284
SHANGHAI G-SHANK	629	428
SHENZHEN G-SHANK	240	-
Subtotal	31,949	21,521
Other related parties		
KUAI LUNG	61	17
Affiliated enterprises		
SUNFLEX	12	1,007
Total	$32,022	$22,545

The products sold in the preceding paragraph are mostly equipment, tools, and materials used for production with the price negotiated by both parties by adding a percentage to the cost or by the cost price at the time of trade depending on the type of product traded; also, taking into account the expenses and exchange rate risk. The specifications of products that are sold to related parties are exclusive; therefore, there is no other customer available for comparison. The payment term of sales to a related party is OA 60-150 days; while the general customer is with a payment term of OA 90-120 days.

(C) Management and technical service income

The Company had collected management and technical service fees from the subsidiaries - SHANGHAI G-SHANK, TIANJIN G-SHANK, INDONESIA G-SHANK, QINGDAO G-SHANK, THAILAND G-SHANK, MALAYSIA Plant I, SHENZHEN G-SHANK, XIAMEN G-SHANK, DONGGUAN G-SHANK, SHENZHEN G-BAO, and SUZHOU G-SHANK for an amount of NT$76,783

thousand and NT$72,412 thousand in 2021 and 2020, respectively and had them booked in the "non-operating income and expenses - other income" account.

(D) Processing expense

The Company had contracted the affiliated enterprise, SUNFLEX TECHNOLOGY CO., LTD., for product proceeding with a processing expense of NT$14,542 thousand and NT$8,470 thousand incurred for the years ended December 31, 2021 and 2020, respectively.

(E) Others

The Company had paid Japan G-SHANK, the subsidiary, for the management and technical support services and overseas information collection services for an amount of NT$2,432 thousand and NT$4,553 thousand in 2021 and 2020, respectively.

(F) Financing

The Company's loaning of funds to the related parties is as follows:

Type and name of related party	Max. balance amount	Ending balance amount	Interest rate range	Total interest income
2021				
Subsidiary				
G-SHANK JAPAN	$49,806 (USD1,800,000)	$19,369 (USD700,000)	1%	$205
2020				
Subsidiary				
G-SHANK JAPAN	$51,264 (USD1,800,000)	$25,632 (USD900,000)	1%	$269

(G) Claims/obligations arising from the aforementioned transactions

Related party category/name	December 31, 2021	December 31, 2020
(a) Accounts receivable -related party		
Subsidiaries		
G-SHANK MALAYSIA	$2,225	$2,078
GREAT G-SHANK	2,210	706
SHENZHEN G-BAO	1,967	621
G-SHANK SUZHOU	843	-
G-SHANK, Inc.	658	-
INDONESIA G-SHANK	334	367
G-SHANK JAPAN	42	58
SHANGHAI G-SHANK	38	116
SHENZHEN G-SHANK	37	-
QINGDAO G-SHANK	-	1,089
Subtotal	8,354	5,035
Affiliated enterprises		
SUNFLEX	13	-
Total	$8,367	$5,035

Related party category/name	December 31, 2021	December 31, 2020
(b) Other receivable -related party		
Subsidiaries		
G-SHANK JAPAN	$19,390	$25,659
GREAT G-SHANK	1,530	1,298
G-SHANK, Inc.	204	145
G-SHANK MALAYSIA	8	8
SHENZHEN G-BAO	-	3,621
Total	$21,132	$30,731
(c) Accounts payable -related party		
Subsidiaries		
G-SHANK SUZHOU	$682	$481
SHENZHEN G-BAO	115	82
SHENZHEN G-SHANK	65	-
Subtotal	862	563
Other related parties		
KUAI LUNG	-	203
Affiliated enterprises		
SUNFLEX	3,913	342
Total	$4,775	$1,108
(d) Other payable -related party		
Subsidiaries		
G-SHANK JAPAN	$1,274	$2,244
SHANGHAI G-SHANK	32	-
SHENZHEN G-BAO	29	26
XIAMEN G-SHANK	5	2
QINGDAO G-SHANK	4	11
G-SHANK SUZHOU	-	5
Subtotal	1,344	2,288
Affiliated enterprises		
SUNFLEX	2,677	1,725
Total	$4,021	$4,013

The claims/obligations between the Company and the related party are without collateral or guarantee received or provided, and a conclusion is made after thorough evaluations that it is no need to appropriate allowance for loss for the Company's claims against the related parties.

(H) Information on total remunerations of key management personnel

The total remunerations to the Company's directors, general manager, vice general manager, and other managerial officers are summarized as follows:

Items	For the years ended December 31, 2021	2020
Short-term benefits	$10,094	$10,060
Retirement benefits	310	333
Share-based payment	254	522
Total	$10,658	$10,915

The remuneration to key management personnel is determined by the Company's Remuneration Committee with reference to the general standards of the industry and taking into account personal performance, the company operating performance, and related future risks.

8. MORTGAGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

The Company had the following significant contingent liabilities and unrecognized contractual commitments not yet included in the aforementioned the parent company only financial report as of December 31, 2021:

The company had had a guaranteed loan from financial institutions for the tariff guarantee amount of NT$500 thousand on December 31, 2021.

10. SIGNIFICANT DISASTER LOSS

None.

11. MATERIAL POST EVENTS

None.

12. OTHERS

(1) Capital management

(A) The Company's capital management is aimed to ensure the Company's ongoing concern, to continue to provide remuneration to shareholders and benefits to stakeholders, and to maintain the best capital structure in order to reduce capital costs and to set the price of products or services according to the relative risk levels in order to provide shareholders with sufficient remuneration.

(B) The Company bases on the risk ratio to set the capital stock; also, manage and adjust the capital structure appropriately in accordance with the changes in economic

conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the dividends paid to shareholders, refund shareholders by de-capitalization, and issue new shares or sell assets to settle liabilities.

(2) Financial risk management

(A) The Company's main financial instruments include cash and cash equivalents, financial assets measured at fair value through profit and loss, financial assets measured at fair value through other comprehensive profit and loss, financial assets measured at amortized cost, other financial assets (time deposits), short-term loans, long-term loans, lease liabilities, receivables and payables arising from operating activities, etc., also, adjust operating fund needs through such financial instruments. Therefore, the Company's operations are subject to various financial risks, including market risk (including exchange rate risk, interest rate risk, and other price risks), credit risk, and liquidity risk. The purpose of the Company's overall financial risk management is to reduce the potential adverse effects of the Company's exposure to financial risks due to changes in the financial market.

(B) The Finance Department of the Company is responsible for identifying, evaluating, and hedging financial risks through close contact with the business units of the Company, planning and coordinating the access to domestic and international financial markets, and manages the Company's operation related financial risks by analyzing the degree of risk exposure; also, the Company's board of directors is responsible for supervision and management. In addition, the Group uses derivative financial instruments to hedge risk exposure at an appropriate time to reduce the impact of financial risks. The Company has the procedures for derivative financial instrument transactions stipulated that have been approved by the board of directors and the shareholders meeting. The said procedures include trade principles and policies, risk management measures, internal audit systems, regular evaluation methods, and handling of nonconformities, of which, the risk management includes credit, market prices, liquidity, cash flow, operations, law, etc.

(C) The main risks of the Company's financial instruments are as follows:

(a) Market risk

The main market risks of the Company are exchange rate risks arising from operating activities, such as sales or purchases denominated in non-functional currencies, and interest rate risks or price risks arising from financial instruments transactions.

(i) Exchange rate risk

(01) The Company evaluates and analyzes the overall exchange rate risk. When the listed assets and liabilities and future business transactions are exposed to significant exchange rate risk, within the permitted range of the policy, manage risk through forwarding exchange contract.

The Company's financial assets and liabilities denominated in non-functional currencies with significant risk exposure of exchange rate fluctuations on the reporting date, and sensitivity analysis information are as follows, sensitivity analysis is regarding the impact of the Company's financial assets and liabilities denominated in non-functional currencies appreciated by 5% against a respective foreign currency that is the functional currency of each overseas subsidiary on the net income before tax or equity on the reporting date; also, when it depreciated by 5%, it will affect the net income before tax and equity reversely:

	Foreign currency (Thousand)	Exchange rate	Book amount	Sensitive analysis		
				Change ratio	Increase/ decrease in net income before tax	Decrease in Equity
December 31, 2021						
Financial assets						
Monetary items						
USD	$19,834	27.67	$548,812	5%	$27,441	$-
JPY	45,130	0.2406	10,858	5%	543	-
RMB	139,705	4.345	607,076	5%	30,354	-
Non-monetary items						
USD	$34,278	27.67	$948,471	5%	$47,274	$-
Derivative financial instrument: none.						
Financial liabilities						
Monetary items						
USD	$222	27.67	$6,133	5%	$307	$-
JPY	22,455	0.2406	5,403	5%	270	-
Non-monetary items: none.						
Derivative financial instrument						
USD	$60	27.67	$1,671 (Note)	5%	$84	$-

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	Foreign currency (Thousand)	Exchange rate	Book amount	Sensitive analysis		
				Change ratio	Increase/ decrease in net income before tax	Decrease in Equity
December 31, 2020						
Financial assets						
Monetary items						
USD	$18,017	28.48	$513,135	5%	$25,657	$-
JPY	30,393	0.2767	8,410	5%	421	-
RMB	64,110	4.38	280,802	5%	14,040	-
Non-monetary items						
USD	$33,931	28.48	$966,342	5%	$48,317	$-
Derivative financial instrument						
USD	$31	28.48	$889 (Note)	5%	$44	$-
Financial liabilities						
Monetary items						
USD	$110	28.48	$3,144	5%	$157	$-
JPY	13,434	0.2767	3,717	5%	186	-
Non-monetary items:						
none.						
Derivative financial instrument:						
none.						

Note: The aforementioned derivatives information refers to the book amount of the SWAP contracts that have not yet been settled on each reporting day. Please refer to Note 6.(2) of the parent company only financial report for the operation position, nominal principal, and due date.

The exchange profit and loss (including realized and unrealized) of the Company's monetary items converted to functional currencies, and the exchange rate for the conversion to the reporting currency of the parent company only financial report are as follows:

	2021		2020	
Functional currency	Exchange profit (loss)	Average exchange rate	Exchange profit (loss)	Average exchange rate
NTD	$(20,483)	-	$(14,006)	-

(02) In addition, the SWAP contracts held by the Company are a financial hedging operation intended to hedge exchange rate risk arising from the change (mainly including sales and purchases denominated in non-functional currencies, such as USD) in the exchange rate of foreign claims. Regarding the aforementioned SWAP contracts, the profit and loss arising from changes in the exchange rate will generally offset the profit and loss of the hedged project, so there is no significant market risk. As for the aforementioned hedged project, the net position of foreign currency claims that are not effectively hedged is linked to the market risk of changes in exchange rates, of which, the depreciation or appreciation of USD, RMB, MYR, or JPY will result in the risk of exchange profit or loss.

(ii) Interest rate risk

The Company's interest rate risks include the fair value interest rate risk of the financial instruments with fixed interest rate and the cash flow interest rate risk of financial instruments with floating interest rate. The financial instruments with fixed interest rate refer to the company's time deposits, some financial assets-current measured at fair value through profit and loss, financial assets measured at amortized cost, some other financial assets-current and some bank loans; the financial instruments with floating rate refer to savings deposits, some other financial assets-current, some other noncurrent assets-others, and some bank loans. The Company has interest rate risk evaluated and analyzed on a dynamic basis and controlled the interest rate risk exposure by maintaining an appropriate combination of fixed and floating interest rates. The Company expects no significant

interest rate risk.

(01) The Company's financial assets and liabilities with fixed and floating interest rates

	December 31, 2021	December 31, 2020
Fixed interest rate		
Financial assets	$1,776,891	$1,618,373
Financial liabilities	(1,260,000)	(1,220,000)
Net amount	$516,891	$398,373
Floating interest rate		
Financial assets	$242,960	$77,007
Financial liabilities	(76,324)	(43,506)
Net amount	$166,636	$33,501

(02) Sensitivity Analysis

For the Company's financial assets and liabilities with a floating interest rate, if the interest rate of market deposits or loans increased by 0.5% on the reporting date, assuming that it is held for an accounting year and all other factors are given, it would cause the Company's net income before tax increased by NT$833 thousand and NT$168 thousand for the years of 2021 and 2020, respectively.

(iii) Other price risks

The Company's beneficiary certificates and equity securities, such as financial assets measured at fair value through profit and loss and financial assets measured at fair value through other comprehensive profit and loss, are with price risk resulted. The Company manages the price risk of beneficiary certificates and equity securities by holding investment portfolios with different risks.

Sensitivity Analysis

For the Company's financial assets measured at fair value through profit and loss and financial assets measured at fair value through other comprehensive profit and loss, the impact of the beneficiary certificates and equity securities with a 5% price increase on the net income before tax or equity on the reporting date is as follows; also, the beneficiary certificates and equity securities with a 5% price decrease will affect the net income before tax or equity reversely:

	December 31, 2021	December 31, 2020
Increase in net income before tax		
Financial assets measured at fair value through profit and loss	$47,424	$48,317
Increase in equity		
Financial assets measured at fair value through other comprehensive profit and loss	$14,967	$10,268

(b) Credit risk

(i) The Company's credit risk is mainly the potential impact of the counterparty or other parties' failure in performing financial assets contracts, which includes the concentration of credit risks, constituents, contract amounts, and other receivables of the financial assets transactions of the Company. In order to reduce credit risk, the Company has dealt with all well-known domestic and foreign financial or securities institutions for bank deposits, financial assets measured at fair value through profit and loss, financial assets measured at amortized cost, some other financial assets, which are with low credit risk. For receivables, the Company continues to evaluate the financial status of the counterparties, historical experience, and other factors to adjust the trade amount and trade method of individual customers appropriately in order to improve the Company's credit-granting quality.

(ii) The Company evaluates and analyzes the overdue or impairment of financial assets on the balance sheet date. The Company's credit risk exposure amount is as follows:

	December 31, 2021	December 31, 2020
Credit risk exposure amount		
Allowance for losses-measured by the expected credit losses amount for 12-month	$-	$-
Allowance loss-measured by the expected credit loss amount throughout the duration - Accounts receivable	1,069	697
Total	$1,069	$697

The aforementioned credit risk exposure amounts are all from the recovery of accounts receivable. The Company has continuously evaluated the

losses that affect the estimated future cash flow of accounts receivable with appropriate allowance accounts appropriated. Therefore, the book amount of accounts receivable is with credit risk properly considered and reflected. In addition, the Company does not hold collateral for the impairment of financial assets that is with an allowance account appropriated.

(iii) The expected credit loss of the Company's notes and accounts receivable as of September 30, 2021, December 31, 2020 and September 30, 2020 is analyzed as follows:

	Total book amount of notes and accounts receivable	Reserve matrix (loss rate)	Allowance for loss (expected credit loss throughout the duration)
December 31, 2021			
Not overdue	$542,381	0.14%	$740
30days overdue	18,621	0.26%	49
31-90 days overdue	4,311	6.48%	280
91-180 days overdue	6	2.01%	-
Total	$565,319		$1,069
December 31, 2020			
Not overdue	$235,825	0.25%	$600
30days overdue	5,946	0.84%	50
31-90 days overdue	719	6.49%	47
91-180 days overdue	-	-%	-
Total	$242,490		$697

(iv) The concentration of credit risk of accounts receivable is analyzed as follows:

	December 31, 2021	December 31, 2020
The accounts receivable ratio of the top five customers	57.33%	49.49%

(c) Liquidity risk

The Company manages and maintains sufficient cash and cash equivalents to support all contractual obligations for business operations and to minimize the impact of cash flow fluctuations. Bank loans are an important source of liquidity to the Company. The management ensures the repeating bank loans through capital structure management, monitoring the use of bank credit line, and complying with loan contract terms to reduce liquidity risk. The Company's stock investment under the financial assets measured at fair value through other

comprehensive profit and loss is exposed to liquidity risk due to lack of an active market. In addition, the exchange rate of the Company's SWAP contract has been determined; therefore, there is no significant cash flow risk.

(i) Bank loan amount

	December 31, 2021	December 31, 2020
Short-term loan	$1,229,500	$1,149,500
Long-term loan	300,000	300,000
Long-term and short-term loan amount	3,676	6,494
Total	$1,533,176	$1,455,994

(ii) Maturity analysis of undiscounted financial liabilities

December 31, 2021	Less than 1 year	More than 1-2 years	More than 2-5 years	Over 5 years	Total
Non-derivative financial liabilities					
Short-term loan	$1,263,014	$-	$-	$-	$1,263,014
Accounts payable	204,489	-	-	-	204,489
Accounts payable -related party	4,775	-	-	-	4,775
Other payables	326,939	-	-	-	326,939
Other payables -related party	4,021	-	-	-	4,021
Long-term loan	534	38,568	38,301	-	77,403
Total	$1,803,772	$38,568	$38,301	$-	$1,880,641
Derivative financial liabilities:					
Financial liability at fair value through profit or loss	$1,671	$-	$-	$-	$1,671

December 31, 2020	Less than 1 year	More than 1-2 years	More than 2-5 years	Over 5 years	Total
Non-derivative financial liabilities					
Short-term loan	$1,223,474	$-	$-	$-	$1,223,474
Accounts payable	96,453	-	-	-	96,453
Accounts payable -related party	1,108	-	-	-	1,108
Other payables	224,588	-	-	-	224,588
Other payables -related party	4,013	-	-	-	4,013
Long-term loans	305	304	43,821	-	44,430
Total	$1,549,941	$304	$43,821	$-	$1,594,066

Derivative financial liabilities: None

(D) Fair value of financial instruments

The book amount of the Company's financial instruments is an amount reasonably close to the fair value.

(a) The methods adopted for the fair value of financial instruments and the assumptions adopted for the use of evaluation techniques

(i) The fair value of short-term financial instruments is estimated according to the book value on the balance sheet. Such financial instruments are with a short maturity date; also, the present value of future cash flows discounted at the market interest rate is close to the book amount; therefore, the book amount should be a reasonable basis for estimating the fair value. This method is applied to cash and cash equivalents, net notes receivable, net accounts receivable (including related parties), other receivables (including related parties), short-term loans, accounts payable (including related parties), and other payables (including related parties).

(ii) The financial assets measured at fair value through profit and loss are with a market price available for reference; therefore, the said market price is the fair value.

(iii) Financial assets measured at fair value through other comprehensive profit and loss are equity instrument investments without market price available for reference; therefore, the fair value is estimated according to the Market Approach. The company has the fair value estimated according to the prices derived from the market transactions of the same or comparable equity instruments and other relevant information.

(iv) The fair value of other financial assets and other noncurrent assets-restricted assets is estimated according to the book amount, since the present value of future cash collected and discounted at the market interest rate is close to the book amount; therefore, the book amount should be a reasonable basis for estimating the fair value.

(v) The financial assets measured at amortized cost refer to the debt instrument investments that do not have market price available for reference, but with a fixed or decidable amount to be collected. The Group adopts the evaluation method of the cash flow model for estimation.

(vi) The evaluation of derivative financial instruments is based on the evaluation models that are widely accepted in the market, such as, discount method and option pricing model.

(vii) Lease liabilities are discounted at the Group's increment loan interest rate on the unpaid lease expense on the lease starting day and then measured at

amortized cost of the effective interest method subsequently. The book amount of the lease liabilities is an amount reasonably close to the fair value.

(viii)The Group's long-term loans are based on floating interest rates with the fair value estimated according to the book amount on the balance sheet, which has been adjusted with reference to market conditions. Therefore, the company's loan interest rate is close to the market interest rate.

(b) Classification of fair value measurement

All assets and liabilities measured or disclosed at the fair value are classified to the respective fair value level according to the lowest level input value critical to the overall fair value measurement. The input values for each level are as follows:

Level 1: The market price (unadjusted) available for the same asset or liability on the measurement date;

Level 2: Direct or indirect observable input values of assets or liabilities, except for those quotations in Level 1;

Level 3: Unobservable input value of assets or liabilities;

The assets and liabilities that were originally measured at fair value on a repetitive basis and recognized on the balance sheet should be reassessed for classification at the end of each reporting period to determine whether there is a swift between the levels of the fair value hierarchy.

(i) The classification of financial instruments measured at fair value and recognized in the balance sheet

The Group does not have assets and liabilities measured at fair value on a non-repetitive basis. The fair value level of assets and liabilities measured at fair value on a repetitive basis is as follows:

	Lever 1	Level 2	Level 3	Total
December 31, 2021				
Assets:				
Financial assets measured at fair value through profit and loss				
Bonds	$948,471	$-	$-	$948,471
Financial assets measured at fair value through other comprehensive profit and loss				
unlisted stocks	-	-	299,338	299,338
Liabilities:				
Financial liability measured at fair value through profit and loss				
Swap contract	$-	$1,671	$-	$1,671

	Lever 1	Level 2	Level 3	Total
December 31, 2020				
Assets				
Financial assets measured at fair value through profit and loss				
Bonds	$966,342	$-	$-	$966,342
SWAP contracts	-	889	-	889
Financial assets measured at fair value through other comprehensive profit and loss				
Unlisted stocks	-	-	205,354	205,354

Liabilities: None

(ii) The Company did not have any significant shift between Level 1 and Level 2 of the fair value for the years of 2021 and 2020.

(iii) The adjustment of the fair value measurement in Level 3 is as follows:

	Financial assets measured at fair value through other comprehensive profit and loss	
	Equity instrument investment – Unlisted stocks	
	For the years ended December 31,	
Items	2021	2020
Balance -beginning	$205,354	$166,432
Total loss		
Recognized in other comprehensive profit and loss	93,984	38,922
Balance -ending	$299,338	$205,354

The Company had recognized total current loss for an amount of NT$93,984 thousand and NT$38,922 thousand in other comprehensive

profit and loss due to change in Level 3 fair value for the years of 2021 and 2020, respectively, and they were booked in the “other comprehensive profit and loss -unrealized appraisal loss of equity instrument investment measured at fair value through other comprehensive profit and loss.

(iv) The evaluation techniques and assumptions adopted to measure the fair value of financial assets.

(01) The fair value of financial assets with standard terms and conditions that are traded in an active market is determined by referring to market price.

(02) The fair value of domestic unlisted equity instrument investment is evaluated with the Market Approach

(v) Quantitative information on the fair value measurement of significant unobservable input values (Level 3):

	Evaluation technique	Significant unobservable input value	Quantitative information	Relationship between the input value and fair value	Sensitivity analysis of the relationship between the input value and fair value
December 31,2021					
Financial assets					
Financial assets measured at fair value through other comprehensive profit and loss:					
	Market Approach	Similar company's stock price-to-net value ratio	3.28	The higher the stock price-to-net value ratio of similar companies, the higher the estimated fair value	When the stock price-to-net value ratio of similar companies increases (decreases) by 5%, the equity of the Group will increase/decrease by NT$14,967 thousand.
December 31,2020					
Financial assets					
Financial assets measured at fair value through other comprehensive profit and loss:					
	Market Approach	Similar company's stock price-to-net value ratio	2.84	The higher the stock price-to-net value ratio of similar companies, the higher the estimated fair value	When the stock price-to-net value ratio of similar companies increases (decreases) by 5%, the equity of the Group will increase/decrease by NT$10,268 thousand.

(vi) The evaluation process for the fair value measurement of significant unobservable input values (Level 3):

The Accounting Department of the Company is responsible for fair value verification, using independent sources of information to bring the evaluation results closer to the market, confirming that the data source is independent, reliable, consistent with other data resources, and representing executable prices. Also, analyze the value change in the assets and liability that must be re-measured or re-evaluated on the reporting date according to the Company's accounting policies to ensure the reasonableness of the evaluation result.

13. SUPPLEMENTARY DISCLOSURE MATTERS

(1) Information on major transactions

Supplementary information of the company and the subsidiaries for the year ended December 31, 2021 is disclosed as follows:

(A) Loans to others:

Unit: NT$ Thousand/USD

No	Lending company	Borrower	Accounting item	Related party	Maximum amount -current	Balance – ending (12.31.2021) (Note 2)	Actual amount implemented (Note 3)	Interest rate range	Nature of loan	Transaction amount	Reason for short-term loan	Allowance for bad debt appropriated	Collateral		Loaning of fund limit to individual (Note 1)	Total loaning of fund limit (Note 1)
													Name	Value		
1	G-SHANK ENTERPRISE CO., LTD.	G-SHANK JAPAN CO., LTD.	Other accounts receivable -related party	Yes	$49,806 (USD 1,800,000)	$49,806 (USD 1,800,000)	$19,369 (USD700,000)	1%	Short -term loan	$-	Business operation of affiliated enterprise	$-	-	$-	$521,774	$2,087,096

Note 1: The total loaning of fund limit refers to an amount equivalent to 40% of the current net value of the lending company. The loaning of fund limit to individual refers to an amount equivalent to 10% of the current net value of the lending company. The current net value is based on the latest financial statements audited by an independent auditor.

Note 2: It is the loaning of fund amount resolved by the company's board of directors.

Note 3: It is the actual outstanding loan amount at yearend.

(B) Provision of endorsements and guarantees to others: None

(C) Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures):

Unit: NT$ Thousand/RMB/THB/USD

Holding company	Type of securities	Name of securities	Relationship with the securities issuer	Accounting title	Ending (December 31, 2021)				Remarks
					Shares /unit /1,000 shares	Book amount	Shareholding ratio (%)	Fair value /net value	
G-SHANK ENTERPRISE CO., LTD.	Stocks	REEL MASK INDUSTRY CO., LTD.	None	Financial assets-noncurrent measured at fair value through other comprehensive profit and loss	3,392,713	$299,338	9.98	$299,338	
G-SHANK ENTERPRISE CO., LTD.	Bonds	AXA bonds AXASA 4.5 12/29/2049	None	Financial assets-current measured at fair value through profit and loss	700,000	19,510 (USD705,089)	-	19,510 (USD705,089)	
G-SHANK ENTERPRISE CO., LTD.	Bonds	HSBC Holding bonds HSBC 6 RERP (I)	None	Financial assets-current measured at fair value through profit and loss	1,800,000	53,653 (USD1,939,014)	-	53,653 (USD1,939,014)	
G-SHANK ENTERPRISE CO., LTD.	Bonds	Macquarie Group Limited bonds MQGAU 6 1/8 PERP	None	Financial assets-current measured at fair value through profit and loss	1,400,000	41,450 (USD1,498,028)	-	41,450 (USD1,498,028)	
G-SHANK ENTERPRISE CO., LTD.	Bonds	BNP Paribas bonds BNP 5 1/8 PERP (I)	None	Financial assets-current measured at fair value through profit and loss	600,000	17,272 (USD624,198)	-	17,272 (USD624,198)	
G-SHANK ENTERPRISE CO., LTD.	Bonds	Societe Generale bonds SOCGEN 6.75 PERP (I)	None	Financial assets-current measured at fair value through profit and loss	1,020,000	31,099 (USD1,123,918)	-	31,099 (USD1,123,918)	
G-SHANK ENTERPRISE CO., LTD.	Bonds	DB-Deutsche Bank AG bonds DB 6 PERP	None	Financial assets-current measured at fair value through profit and loss	2,800,000	80,500 (USD2,909,284)	-	80,500 (USD2,909,284)	

Holding company	Type of securities	Name of securities	Relationship with the securities issuer	Accounting title	Ending (December 31, 2021)				Remarks
					Shares /unit /1,000 shares	Book amount	Shareholding ratio (%)	Fair value /net value	
G-SHANK ENTERPRISE CO., LTD.	Bonds	Internationale Nederlanden Group N.V. bonds INTNED 4 7/8 PERP (I)	None	Financial assets-current measured at fair value through profit and loss	600,000	16,775 (USD606,240)	-	16,775 (USD606,240)	
G-SHANK ENTERPRISE CO., LTD.	Bonds	Societe Generale bonds SOCGEN 5 3/8 PERP	None	Financial assets-current measured at fair value through profit and loss	581,000	$16,962 (USD613,025)	-	$16,962 (USD613,025)	
G-SHANK ENTERPRISE CO., LTD.	Bonds	Standard Chartered bonds STANLN 4 3/4 PERP	None	Financial assets-current measured at fair value through profit and loss	1,900,000	52,294 (USD1,889,930)	-	52,294 (USD1,889,930)	
G-SHANK ENTERPRISE CO., LTD.	Bonds	HSBC Holding bonds HSBC 4.7 PERP (I)	None	Financial assets-current measured at fair value through profit and loss	6,600,000	183,208 (USD6,621,186)	-	183,208 (USD6,621,186)	
G-SHANK ENTERPRISE CO., LTD.	Bonds	Societe Generale bonds SOCGEN 6.75 PERP (II)	None	Financial assets-current measured at fair value through profit and loss	1,500,000	45,734 (USD1,652,820)	-	45,734 (USD1,652,820)	
G-SHANK ENTERPRISE CO., LTD.	Bonds	HSBC Holding bonds HSBC 6 3/8 PERP	None	Financial assets-current measured at fair value through profit and loss	1,000,000	29,750 (USD1,075,180)	-	29,750 (USD1,075,180)	
G-SHANK ENTERPRISE CO., LTD.	Bonds	HSBC Holding bonds HSBC 6 RERP (II)	None	Financial assets-current measured at fair value through profit and loss	300,000	8,942 (USD323,169)	-	8,942 (USD323,169)	

Holding company	Type of securities	Name of securities	Relationship with the securities issuer	Accounting title	Ending (December 31, 2021)				Remarks
					Shares /unit /1,000 shares	Book amount	Shareholding ratio (%)	Fair value /net value	
G-SHANK ENTERPRISE CO., LTD.	Bonds	UBS Group AG bonds UBS 5 PERP	None	Financial assets-current measured at fair value through profit and loss	300,000	8,331 (USD301,065)	-	8,331 (USD301,065)	
G-SHANK ENTERPRISE CO., LTD.	Bonds	Internationale Nederlanden Group N.V. bonds INTNED 4 7/8 PERP (II)	None	Financial assets-current measured at fair value through profit and loss	1,348,000	37,687 (USD1,362,019)	-	37,687 (USD1,362,019)	
G-SHANK ENTERPRISE CO., LTD.	Bonds	BNP Paribas bonds BNP 5 1/8 PERP (II)	None	Financial assets-current measured at fair value through profit and loss	1,250,000	35,982 (USD1,300,413)	-	35,982 (USD1,300,413)	
G-SHANK ENTERPRISE CO., LTD.	Bonds	HSBC Holding bonds HSBC 4.7 PERP (II)	None	Financial assets-current measured at fair value through profit and loss	1,100,000	$30,535 (USD1,103,531)	-	$30,535 (USD1,103,531)	
G-SHANK ENTERPRISE CO., LTD.	Bonds	BNP Paribas bonds BNP 5 1/8 PERP (III)	None	Financial assets-current measured at fair value through profit and loss	200,000	5,728 (USD207,026)	-	5,728 (USD207,026)	
G-SHANK ENTERPRISE CO., LTD.	Bonds	HSBC Holding bonds HSBC 6 RERP (III)	None	Financial assets-current measured at fair value through profit and loss	700,000	20,756 (USD750,141)	-	20,756 (USD750,141)	
G-SHANK ENTERPRISE CO., LTD.	Bonds	UBS Group AG bonds UBS 4.375 PERP	None	Financial assets-current measured at fair value through profit and loss	1,000,000	27,332 (USD987,800)	-	27,332 (USD987,800)	

Holding company	Type of securities	Name of securities	Relationship with the securities issuer	Accounting title	Ending (December 31, 2021)				Remarks
					Shares /unit /1,000 shares	Book amount	Shareholding ratio (%)	Fair value /net value	
G-SHANK ENTERPRISE CO., LTD.	Bonds	BCS-Barclays Plc bonds BACR 4 3/8 PERP	None	Financial assets-current measured at fair value through profit and loss	3,500,000	95,071 (USD3,435,880)	-	95,071 (USD3,435,880)	
G-SHANK ENTERPRISE CO., LTD.	Bonds	Standard Chartered bonds STANLN 4.3 PERP(I)	None	Financial assets-current measured at fair value through profit and loss	2,900,000	77,362 (USD2,795,890)	-	77,362 (USD2,795,890)	
G-SHANK ENTERPRISE CO., LTD.	Bonds	Standard Chartered bonds STANLN 4.3 PERP(II)	None	Financial assets-current measured at fair value through profit and loss	470,000	12,538 (USD453,127)	-	12,538 (USD453,127)	
CHIN DE INVESTMENT CO., LTD.	Funds	First Bank Taiwan Monetary Funds	None	Financial assets-current measured at fair value through profit and loss	209,672	3,244	-	3,244	
CHIN DE INVESTMENT CO., LTD.	Bonds	HSBC Holding bonds HSBC 6 RERP	None	Financial assets-current measured at fair value through profit and loss	470,000	13,937 (USD503,666)	-	13,937 (USD503,666)	
CHIN DE INVESTMENT CO., LTD.	Bonds	HSBC Holding bonds HSBC 4.7 PERP	None	Financial assets-current measured at fair value through profit and loss	1,200,000	$33,190 (USD1,199,508)	-	$33,190 (USD1,199,508)	
GREAT-SHANK CO., LTD.	Funds	BBL-AIBP12-21	None	Financial assets-current measured at fair value through profit and loss	1,100,000	9,156 (THB 11,017,710)	-	9,156 (THB 11,017,710)	
GREAT-SHANK CO., LTD.	Funds	KFAFIX-A	None	Financial assets-current measured at fair value through profit and loss	981,511	9,146 (THB 11,005,680)	-	9,146 (THB 11,005,680)	
GREAT-SHANK CO., LTD.	Funds	SCBASF6ML5	None	Financial assets-current measured at fair value through profit and loss	7,150,000	59,349 (THB 71,418,490)	-	59,349 (THB 71,418,490)	

Holding company	Type of securities	Name of securities	Relationship with the securities issuer	Accounting title	Ending (December 31, 2021)				Remarks
					Shares /unit /1,000 shares	Book amount	Shareholding ratio (%)	Fair value /net value	
GREAT-SHANK CO., LTD.	Funds	SCB-SCBFP	None	Financial assets-current measured at fair value through profit and loss	3,854,147	41,441 (THB 49,868,425)	-	41,441 (THB 49,868,425)	
GREAT-SHANK CO., LTD.	Funds	KTB-KTFix1Y3Y	None	Financial assets-current measured at fair value through profit and loss	2,402,144	23,606 (THB 28,407,277)	-	23,606 (THB 28,407,277)	

(D) Acquisition or sale of the same security with the accumulated cost exceeding NT$300 million or 20% of the Company's paid-in capital: None

(E) Acquired real estate for an amount of more than NT$300 million or 20% of the paid-in capital: None

(F) Disposed real estate for an amount more than NT$300 million or 20% of the paid-in capital: None

(G) The purchase or sale of goods with the related party for an amount more than NT$100 million or 20% of the paid-in capital:

Purchaser /seller	Counterparty	Relationship with the counterparty	Transactions				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes /accounts receivable (payable)	
HONG JING (SHANGHAI) ELECTRONICS CO., LTD.	SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.	Associates	sales	$148,193 (RMB34,240,490)	99.98%	60 days T/T	(Note)	(Note)	$25,596 (RMB5,890,863)	100.00%	

Note：The specifications of products that are sold to related parties are exclusive; therefore, there is no other customer available for comparison.

The payment term for sales to general customers is OA 30-90 days.

(H) Accounts receivable from related parties amounted to more than NT$100 million or 20% of the paid-in capital: None

(I) Engage in derivative instruments transactions: Please refer to Notes 6.(2) and 12 of the consolidated financial statements.

(J) Business relationship and important transactions and transaction amount between the parent company and subsidiaries and among subsidiaries:

No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions (Note)	Ratio to total consolidated operating income or total assets (Note 3)
0	G-SHANK ENTERPRISE CO., LTD.	SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.	1	Sales income	$629	4	0.01%
				Other income	34,254	7	0.53%
				Accounts receivable -related party	38		-
				Other payables -related party	32		-
0	G-SHANK ENTERPRISE CO., LTD.	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	1	Other income	$1,895	7	0.03%
0	G-SHANK ENTERPRISE CO., LTD.	XIAMEN G-SHANK PRECISION MACHINERY CO., LTD.	1	Other income	3,603	7	0.06%
				Other payables -related party	5		-
0	G-SHANK ENTERPRISE CO., LTD.	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD	1	Sales income	1,674	4	0.03%
				Cost of goods sold	1,468	5	0.02%
				Other income	6,560	7	0.10%
				Accounts receivable -related party	843		0.01%
				Accounts payables -related party	682		0.01%
0	G-SHANK ENTERPRISE CO., LTD.	QINGDAO G-SHANK PRECISION SDN.BHD.	1	Sales income	798	4	0.01%
				Other income	6,717	7	0.10%
				Other payables -related party	4		-

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No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions (Note)	Ratio to total consolidated operating income or total assets (Note 3)
0	G-SHANK ENTERPRISE CO., LTD.	SHENZHEN G-SHANK PRECISION SDN.BHD.	1	Sales income	240	4	-
				Cost of goods sold	275	5	-
				Other income	2,671	7	0.04%
				Accounts receivable -related party	37		-
				Accounts payables -related party	65		-
0	G-SHANK ENTERPRISE CO., LTD.	TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.	1	Sales income	809	4	0.01%
				Other income	6,456	7	0.10%
0	G-SHANK ENTERPRISE CO., LTD.	G-SHANK, INC.	1	Sales income	$5,741	4	0.09%
				Accounts receivable -related party	658		0.01%
				Other receivables – related party	204		-
0	G-SHANK ENTERPRISE CO., LTD.	SHENZHEN G-BAO PRECISION SDN.BHD.	1	Sales income	4,514	4	0.07%
				Cost of goods sold	1,186	5	0.02%
				Other income	5,787	7	0.09%
				Accounts receivable -related party	1,967		0.02%
				Accounts payables -related party	115		-
				Other payables -related party	29		-

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No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions (Note)	Ratio to total consolidated operating income or total assets (Note 3)
0	G-SHANK ENTERPRISE CO., LTD.	GREAT-SHANK CO., LTD.	1	Sales income	4,912	4	0.08%
				Other income	3,462	7	0.05%
				Accounts receivable -related party	2,210		0.02%
				Other receivables – related party	1,530		0.02%
0	G-SHANK ENTERPRISE CO., LTD.	G-SHANK ENTERPRISE (M) SDN. BHD.	1	Sales income	9,708	4	0.15%
				Other income	5,378	7	0.08%
				Accounts receivable -related party	2,225		0.02%
				Other receivables – related party	8		-
0	G-SHANK ENTERPRISE CO., LTD.	G-SHANK JAPAN CO., LTD.	1	Sales income	$1,207	4	0.02%
				Cost of goods sold	643	5	0.01%
				Other income	205	8	-
				Operating expense	2,432	7	0.04%
				Accounts receivable -related party	42		-
				Other receivables – related party	19,390		0.21%
				Other payables -related party	1,274		0.01%
0	G-SHANK ENTERPRISE CO., LTD.	PT INDONESIA G-SHANK PRECISION	1	Sales income	1,717	4	0.03%
				Accounts receivable -related party	334		-

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No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions (Note)	Ratio to total consolidated operating income or total assets (Note 3)
1	SHANGHAI G-SHANK RECISION	HONG JING (SHANGHAI) ELECTRONICS CO., LTD.	3	Sales income	5,020	6	0.08%
				Cost of goods sold	148,193	6	2.31%
				Other profit and loss	15,581	7	0.24%
				Accounts receivable -related party	707		0.01%
				Other receivables – related party	3,096		0.03%
				Other payables -related party	25,596		0.28%
1	SHANGHAI G-SHANK RECISION	TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.	3	Sales income	2,494	6	0.04%
				Accounts receivable -related party	8		-
1	SHANGHAI G-SHANK RECISION	SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD.	3	Sales income	$3,159	6	0.05%
				Cost of goods sold	52,001	6	0.81%
				Other profit and loss	8,656	7	0.13%
				Accounts receivable -related party	408		-
				Other receivables – related party	1,718		0.02%
				Other payables -related party	7,787		0.08%
1	SHANGHAI G-SHANK RECISION	GREAT-SHANK CO., LTD.	3	Sales income	1,807	6	0.03%
				Accounts receivable -related party	358		-

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No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions (Note)	Ratio to total consolidated operating income or total assets (Note 3)
1	SHANGHAI G-SHANK RECISION	G-SHANK JAPAN CO., LTD.	3	Sales income	2,843	6	0.04%
				Cost of goods sold	19,717	6	0.31%
				Accounts receivable -related party	408		-
				Other payables -related party	658		0.01%
1	SHANGHAI G-SHANK RECISION	PT INDONESIA G-SHANK PRECISION	3	Sales income	5,100	6	0.08%
				Accounts receivable -related party	1,716		0.02%
1	SHANGHAI G-SHANK RECISION	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	3	Sales income	$43	6	-
				Cost of goods sold	3,848	6	0.06%
				Accounts receivable -related party	20		-
				Accounts payables -related party	104		-
1	SHANGHAI G-SHANK RECISION	G-SHANK ENTERPRISE (M) SDN. BHD.	3	Sales income	1,168	6	0.02%
				Cost of goods sold	757	6	0.01%
				Accounts receivable -related party	78		-
				Accounts payables -related party	194		-

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No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions (Note)	Ratio to total consolidated operating income or total assets (Note 3)
1	SHANGHAI G-SHANK RECISION	HUBEI HANSTAR ELECTRONICS TECHNOLOGY CO., LTD.	3	Sales income	2,190	6	0.03%
				Cost of goods sold	12,083	6	0.19%
				Accounts receivable -related party	163		-
				Accounts payables -related party	791		0.01%
1	SHANGHAI G-SHANK RECISION	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	3	Sales income	30	6	-
				Other receivables – related party	8		-
2	SHENZHEN G-SHANK PRECISION SDN.BHD.	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	3	Cost of goods sold	760	6	0.01%
				Accounts payables -related party	117		-
2	SHENZHEN G-SHANK PRECISION SDN.BHD.	SHENZHEN G-BAO PRECISION SDN.BHD.	3	Sales income	$7,297	6	0.11%
				Cost of goods sold	964	6	0.02%
				Accounts receivable -related party	2,297		0.03%
				Accounts payables -related party	381		-
2	SHENZHEN G-SHANK PRECISION SDN.BHD.	XIAMEN G-SHANK PRECISION MACHINERY CO., LTD.	3	Sales income	2,058	6	0.03%
				Accounts receivable -related party	470		0.01%

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No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions (Note)	Ratio to total consolidated operating income or total assets (Note 3)
2	SHENZHEN G-SHANK PRECISION SDN.BHD.	TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.	3	Sales income	375	6	0.01%
2	SHENZHEN G-SHANK PRECISION SDN.BHD.	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	3	Sales income Accounts receivable -related party	1,155 296	6	0.02% -
3	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	PT INDONESIA G-SHANK PRECISION	3	Sales income Accounts receivable -related party	7,875 1,668	6	0.12% 0.02%
3	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	G-SHANK JAPAN CO., LTD.	3	Cost of goods sold	183	6	-
3	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	QINGDAO G-SHANK PRECISION SDN.BHD.	3	Cost of goods sold	8	6	-

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No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions (Note)	Ratio to total consolidated operating income or total assets (Note 3)
3	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	DONGGUAN QIAOJUTRADING CO., LTD.	3	Sales income	22	6	-
4	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.	3	Sales income	$314	6	-
				Accounts receivable -related party	54		-
4	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	SHENZHEN G-BAO PRECISION SDN.BHD.	3	Sales income	82	6	-
				Accounts receivable -related party	11		-
4	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	DONGGUAN QIAOJUTRADING CO., LTD.	3	Sales income	17,607	6	0.27%
				Other profit and loss	156		-
				Accounts receivable -related party	3,209		0.03%
				Other receivables – related party	30		-

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No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions (Note)	Ratio to total consolidated operating income or total assets (Note 3)
5	G-SHANK ENTERPRISE (M) SDN. BHD.	G-SHANK JAPAN CO., LTD.	3	Sales income	6,885	6	0.11%
				Cost of goods sold	5,333	6	0.08%
				Accounts receivable -related party	1,810		0.02%
				Accounts payables -related party	59		-
				Other payables -related party	1,378		0.02%
5	G-SHANK ENTERPRISE (M) SDN. BHD.	GREAT-SHANK CO., LTD.	3	Sales income	174	6	-
6	HONG JING (SHANGHAI) ELECTRONICS CO., LTD.	SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD.	3	Sales income	26	6	-
				Accounts receivable -related party	1		-
7	G-SHANK JAPAN CO., LTD.	SHENZHEN G-BAO PRECISION SDN.BHD.	3	Sales income	$304	6	-
				Cost of goods sold	2,330	6	0.04%
				Accounts receivable -related party	24		-
				Accounts payables -related party	16		-
8	QINGDAO G-SHANK PRECISION SDN.BHD	TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.	3	Sales income	1,701	6	0.03%
				Cost of goods sold	13		-
				Accounts receivable -related party	218		-
8	QINGDAO G-SHANK PRECISION SDN.BHD	XIAMEN G-SHANK PRECISION MACHINERY CO., LTD.	3	Sales income	9	6	-

Note 1: Business transactions conducted between the parent company and subsidiaries should be noted in the “No.” column as follows:

(a) Fill in “0” for the parent company;

(b) The subsidiaries are numbered sequentially starting from the Arabic number “1” by the company type.

Note 2: The “relationship with the trading companies” includes three types (The same transaction between parent company and subsidiary or between two subsidiaries needs not to be disclosed repeatedly, for example, if the parent company has already disclosed the transaction conducted with the subsidiary, the subsidiary does not need to have it disclosed again. If one of the two subsidiaries has already disclosed the transaction conducted, the other subsidiary does not need to have it disclosed again), which should be marked as follows:

(a) The parent company to the consolidated subsidiary;

(b) Consolidate subsidiary to parent company;

(c) Consolidated subsidiary to consolidated subsidiary;

Note 3: For the ratio of the transaction amount to the consolidated total operating income or total assets, if it is an asset or liability item, it is calculated for the ratio of the ending balance amount to the consolidated total assets; if it is a profit and loss item, it is calculated for the ratio of the interim cumulative amount to total consolidated operating income.

Note 4: The products sold are mostly equipment, tools, and materials used for production with the price negotiated by both parties by adding a percentage to the cost or by the cost price of trade depending on the type of product traded; also, taking into account the expenses and exchange rate risk. However, the specifications of products that are sold to related parties are exclusive; therefore, there is no other customer available for comparison. The payment term of sales to a related party is OA 60-150 days.

Note 5: The purchase is mostly for molds and parts with special specifications from one single supplier. Therefore, there is no other purchase price available for comparison. The payment term for such single supplier is OA 60-120 days.

Note 6: The collection (payment) term is OA 90-150 days according to the contract signed.

Note 7: It is calculated and collected according to the contract signed.

Note 8: Interest collection and principal repayment are made according to the loan contract signed.

(2) Re-investment business-related information

Supplementary disclosure of information related to the company's direct or indirect significant influence, control, or joint venture equity on the investee company not in Mainland China for the nine-month period ended September 30, 2021.

Unit：NTD Thousand/USD/MYR

Investor Company	Investee Company	Location	Main business operation	Original investment amount (Note 12)		As of December 31, 2021			Current profit (loss) of the Investee Company	Investment profit (loss) recognized in current period (Note 11)	Footnote
				December 31, 2021	December 31, 2020	Number of shares	Ratio (%)	Book amount (Note 11)			
G-SHANK ENTERPRISE CO., LTD.	CHIN DE INVESTMENT CO., LTD.	Note 1	General investment	$50,000	$50,000	5,000,000	100.00	$54,158	$50	$50	
	GRAND STAR ENTERPRISES L.L.C. (Note 2)	Note 2	General investment	588,055	588,055	-	100.00	1,713,946	217,947	218,548	
	G-SHANK, Inc.	Note 3	Stamping parts molds, fixtures	36,686	36,686	1,000	100.00	309,672	19,808	19,823	
	G-SHANK ENTERPRISE (M) SDN. BHD.	Note 4	Stamping parts molds, fixtures	85,112	85,112	6,924,750	92.33	373,614	93,638	86,694	
	GREAT-SHANK CO., LTD.	Note 5	Precision progressive die and hardware products	69,509	69,509	7,968,750	85.00	185,520	37,825	32,123	
	G-SHANK JAPAN CO., LTD.	Note 6	International trade	19,749	19,749	1,060	58.89	6,899	6,194	3,648	
G-SHANK ENTERPRISE CO., LTD.	SUNFLEX TECHNOLOGY CO., LTD.	Note 7	Manufacturing and trading of electronic components	40,448	40,448	9,940,956	14.73	157,590	32,620	4,804	

Investor Company	Investee Company	Location	Main business operation	Original investment amount (Note 12)		As of December 31, 2021			Current profit (loss) of the Investee Company	Investment profit (loss) recognized in current period (Note 11)	Footnote
				December 31, 2021	December 31, 2020	Number of shares	Ratio (%)	Book amount (Note 11)			
CHIN DE INVESTMENT CO., LTD.	SUNFLEX TECHNOLOGY CO., LTD.	Note 7	Manufacturing and trading of electronic components	217	217	10,000	0.01	160	32,620	5	
G-SHANK ENTERPRISE (M) SDN. BHD.	PT INDONESIA G-SHANK PRECISION	Note 8	Stamping parts molds, fixtures	47,439 (RM7,144,500)	47,439 (RM7,144,500)	18,800	94.00	191,327 (RM28,814,260)	49,493 (RM7,335,624)	-	
G-SHANK, INC.	G-SHANK DEMEXICO,S.A. DE C.V.	Note 9	Stamping parts molds, fixtures	$4,400 (USD159,025)	$4,400 (USD159,025)	-	100.00	$18,704 (USD675,965)	$2,390 (USD85,484)	-	
GRAND STAR ENTERPRISES L.L.C. (Note 2)	GLOBAL STAR INTERNATIONAL CO., LTD.	Note 10	General investment	528,995 (USD 19,118,011)	528,995 (USD19,118,011)	19,118,011	100.00	1,703,717	218,194	-	

Note 1: 20F-2, No. 83, Section 1, Chung Hsiao E. Road, Zhongzheng District, Taipei City

Note 2: 201 Rogers Office Building Edwin Wallace Rey Drive George Hill Anguilla
Please refer to Note 4.(2) (Note 3) of the consolidated financial report for the relocation of the former US GRAND STAR ENTERPRISES L.L.C.

Note 3: 1034 Old Port Isabel Rd., Suite 2 Brownsville, TX 78521, U.S.A.

Note 4: Plot 94, Bayan Lepas Industrial Estate 11900 Bayan Lepas, Penang, Malaysia.

Note 5: 116 Moo 1 Hitech Industrial Estate T.Banlane , A.Bang Pa-In , Ayutthaya Thailand 13160
Note 6: 1-17-14, Nishi-Shinbashi ,Excel Annex 8F, Nishi-Shinbashi, Minato-Ku,Tokyo, 105-0003

Japan.

Note 7: No. 522, Nanshang Road, Guishan District, Taoyuan City

Note 8: Jl. Industri Kawasan JABABEKA Tahap Il Block RR 5C-5D Cikarang-Bekasi 17530, Indonesia

Note 9: NO.15, Gral, Pedro Hinojosa, cd industrial H.Matamoros, Tamps, Mexico.
Note 10: Suite 102, Cannon Place, P.O. Box 712, North Sound Rd., George Town, Grand Cayman,

KYl-9006 Cayman Islands.

Note 11: It is calculated according to the financial statements of the invested companies of the same
period that have not been reviewed by the independent auditors.
Note 12: The original investment amount at the end of the current period and the end of last year is

calculated according to the exchange rate on September 30, 2021.

(3) Investment in China

(A) The name, main business operation, paid-in capital, investment methods, remittance in and out of funds, shareholding ratio, investment profit and loss, investment book amount at yearend, remittance in of investment profit and loss, and investment limits of the invested company in China:

Unit： NTD Thousand/USD/RMB/HKD

Invested company in China	Main business operation	Paid-in capital	Investment method	Cumulative investment amount remitted out of Taiwan in current period - beginning	Investment amount remitted in or out in current period		Cumulative investment amount remitted out of Taiwan in current period - ending	Current profit (loss) of the invested company	The company's direct or indirect investment shareholding ratio (%)	Investment profit (loss) recognized in current period (Note 4)	Book amount of investment - ending	Investment profit remitted into Taiwan as of current period
					Remitted out	Remitted in						
SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.	Precision progressive die and hardware products	USD 10,000,000 (Note 1)	Entrusted investment (Note 2)	USD1,700,000	$-	$-	USD1,700,000	$277,032	85.00	$235,476	$1,282,203	$1,588,560
HONG JING (SHANGHAI) ELECTRONICS CO., LTD.	Precision progressive die and hardware products	USD1,590,000	Investment through the company set up in the third region (Note 3)	USD1,275,000	-	-	USD1,275,000	29,255	80.19	23,459	77,244	57,168
G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	Precision progressive die and hardware products	USD3,000,000	Investment through the company set up in the third region (Note 4)	USD1,530,000	-	-	USD1,530,000	39.245	51.00	20,015	128,865	18,876
XIAMEN G-SHANK PRECISION MACHINERY CO., LTD.	Precision progressive die and hardware products	USD2,500,000	Investment through the company set up in the third region (Note 5)	USD1,990,000	-	-	USD1,990,000	456	79.60	363	96,304	57,281 (USD 2,070,148)

Invested company in China	Main business operation	Paid-in capital	Investment method	Cumulative investment amount remitted out of Taiwan in current period - beginning	Investment amount remitted in or out in current period		Cumulative investment amount remitted out of Taiwan in current period - ending	Current profit (loss) of the invested company	The company's direct or indirect investment shareholding ratio (%)	Investment profit (loss) recognized in current period (Note 4)	Book amount of investment - ending	Investment profit remitted into Taiwan as of current period
					Remitted out	Remitted in						
G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	Planer, milling machine or die machine, precision continuous die and hardware products	USD1,400,000	Investment through the company set up in the third region (Note 6)	USD1,671,825		-	USD1,671,825	26,592	100.00	26,592	245,631	75,033
QINGDAO G-SHANK PRECISION SDN.BHD.	Precision progressive die and hardware products	USD4,000,000	Investment through the company set up in the third region (Note 7)	USD3,342,000	$-	$-	USD3,342,000	$5,519	92.83	$5,124	$282,613	$258,693
TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.	Precision progressive die and hardware products	USD2,500,000	Investment through the company set up in the third region (Note 8)	USD2,205,000	-	-	USD2,205,000	63,682	88.20	56,167	219,192	35,961
SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD.	Precision progressive die and hardware products	USD300,000	Investment through the company set up in the third region (Note 9)	USD 255,000	-	-	USD255,000	49,766	85.00	42,301	195,743	409,413
SHENZHEN G-SHANK PRECISION SDN.BHD.	Precision progressive die and hardware products	USD2,600,000	Investment through the company set up in the third region (Note 10)	USD2,440,000	-	-	USD2,440,000	8,441	93.85	7,922	114,431	7,215
SHENZHEN G-BAO PRECISION SDN.BHD.	Precision progressive die and hardware products	USD3,150,000	Investment through the company set up in the third region (Note 11)	USD2,880,000	-	-	USD2,880,000	41,556	91.43	37,994	358,039	136,603

Invested company in China	Main business operation	Paid-in capital	Investment method	Cumulative investment amount remitted out of Taiwan in current period - beginning	Investment amount remitted in or out in current period		Cumulative investment amount remitted out of Taiwan in current period - ending	Current profit (loss) of the invested company	The company's direct or indirect investment shareholding ratio (%)	Investment profit (loss) recognized in current period (Note 4)	Book amount of investment - ending	Investment profit remitted into Taiwan as of current period
					Remitted out	Remitted in						
HUBEI HANSTAR ELECTRONICS TECHNOLOGY CO., LTD. (Note 5)	Precision progressive die and hardware products, electroplating processing	RMB30,000,000	Transfer investment of SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD.	-	$-	$-	-	$11,254	100.00	$11,254	$131,282	$-
DONGGUAN QIAOJU TRADING CO., LTD. (Note 5)	Plastic hardware wholesale and import/export business	HKD3,000,000	Transfer investment of G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	-	-	-	-	7,662	100.00	7,662	43,059	-

Cumulative investment amount remitted out from Taiwan to China at yearend (Note 1)	Investment amount approved by the Investment Commission, MOEA (Notes 1 and 2)	The investment amount limit stipulated by the Investment Commission, MOEA (Note 3)
$583,453 (USD21,086,140)	$781,884 (USD28,257,472)	$3,491,507

Note 1: It includes the net amount of USD1,797,315 derived from the approved investment of GSYUE DG TOOLING CO.,LTD. for USD2,730,000 and net of the liquidating investment fund remitted in for USD932,685.

Note 2: It includes the capital increase from earnings of SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. in May 2001 and October 2004, and the capital increase from earnings of QINGDAO G-SHANK PRECISION SDN.BHD. in January 2019.

Note 3: According to the "Principles for the Review of Investment or Technical Cooperation in Mainland China" stipulated by the Investment

Commission, MOEA the company's investment in China is limited to 60% of the net worth or consolidated net worth, whichever is higher. However, the enterprises that are with the certification document to evidence its meeting the operation scope of the headquarters issued by the Industrial Development Bureau, MOEA is not subject to this limit. The company had applied to the Industrial Development Bureau, MOEA for approval as the corporate operation headquarters on April 18, 2019 that would be valid from April 16, 2019 to April 15, 2021 for the investment in China, which had not violated the investment limit of the Investment Commission, MOEA.

Note 4: The profit and loss amount from the subsidiary under the equity method for the years ended December 31, 2021 was calculated according to the investee company's financial statements not audited by the independent auditors, except for SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.

Note 5: It is an investment made through the invested company in China; therefore, it is unnecessary to report to the Investment Commission MOEA and is not included in the "Cumulative investment amount remitted out from Taiwan to China."

Note 1：SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. had a paid-in capital of US$2,000 thousand originally. It had arranged a capital increase from earnings for an amount of US$2,500 thousand and US$5,500 thousand in May 2001 and October 2004, respectively. As of March 31, 2021, SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. had a paid-in capital of US$10,000 thousand.

Note 2：The company has signed a power of attorney with G-SHANK ENTERPRISE (M) SDN. BHD. (hereinafter referred to as the "trustee"), a business entity of the company in the third region, to indirectly establish SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. in China with the related party, Yuhuang Lin. The main content of the power of attorney is as follows:

A. The company designated the trustee to invest US$1,700,000 (including bank transfer of US$1,250,000 and machinery and equipment for an amount of US$450,000) in SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. in China.

B.The trustee is to apply to the competent authorities in China to invest and establish SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. in the name of the trustee.

C.The trustee upon receiving income or benefits from SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. should have it transferred to the company entirely.

D.If SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. is to return the investment funds due to capital reduction, business termination, or other reasons, the trustee upon receiving such refund shall have it transferred to the company entirely.

E.The trustee shall notify the company when transferring investment funds, benefits, or income due to the reasons stated in the last two preceding paragraphs according to the instruction of the company.

F.The trustee's rights and obligations in SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. are transferred to the company due to this entrusted investment relationship; therefore, the trustee does not guarantee the income and profit and loss.

G.The trustee shall exercise due diligence to manage investment, foreign exchange settlement, and benefit collection.

H.The matters not addressed in the power of attorney shall be handled in accordance with the law and regulations of the Republic of China, domestic

and foreign banking practices, and other regulations.

Note 3：HON YEH INVESTMENT CO., LTD., a subsidiary of the company, was approved by the Investment Commission, MOEA by issuing the (90) Tou-Shen-II-Tzi No. 90010260 (Investment Commission, MOEA had the (90) Shen-II-Tzi No. 90010260 amended by issuing the (95) Shen-II-Tzi No. 095004988 on 03.03.2006), and the company was approved by the Investment Commission, MOEA by issuing the Shen-II-Tzi No. 093031757 Letter to invest in GLOBAL STAR INTERNATIONAL CO., LTD. through GRAND STAR ENTERPRISES L.L.C. in the third region and then it indirectly invested in HONG JING (SHANGHAI) ELECTRONICS CO., LTD. HONG JING (SHANGHAI) ELECTRONICS CO., LTD. had arranged a capital increase in cash on November 1, 2012; however, the company did not subscribe shares proportionally to the shareholding ratio; therefore, the company's shareholding ratio was 80.19% thereafter.

Note 4：HON YEH INVESTMENT CO., LTD., a subsidiary of the company, was approved by the Investment Commission, MOEA by issuing the (90) Tou-Shen-II-Tzi No. 90010259 and Jin-Shen-II-Tzi No. 91015965, and the company was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 092042580 Letter and Jin-Shen-II-Tzi No. 093031432 Letter to invest in GLOBAL STAR INTERNATIONAL CO., LTD. through GRAND STAR ENTERPRISES L.L.C. in the third region and then it indirectly invested in G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.

Note 5：HON YEH INVESTMENT CO., LTD., a subsidiary of the company, was approved by the Investment Commission, MOEA by issuing the (90) Tou-Shen-II-Tzi No. 90022866, and the company was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 092042581 Letter and Jin-Shen-II-Tzi No. 093006075 Letter to invest in GLOBAL STAR INTERNATIONAL CO., LTD. through GRAND STAR ENTERPRISES L.L.C. in the third region and then it indirectly invested in XIAMEN G-SHANK PRECISION MACHINERY CO., LTD.

Note 6：HON YEH INVESTMENT CO., LTD., a subsidiary of the company, was approved by the Investment Commission, MOEA by issuing the (90) Tou-Shen-II-Tzi No. 90001835, Jin-Shen-II-Tzi No. 091031112, and Jin-Shen-II-Tzi No. 92008940 to invest in GLOBAL STAR INTERNATIONAL CO., LTD. through GRAND STAR ENTERPRISES L.L.C. in the third region and then it indirectly invested in G-SHANK

PRECISION MACHINERY (SUZHOU) CO., LTD. Subsequently, 5.86% (investment amount of US$82 thousand) and 2% (investment mount US$28 thousand) of the shareholding was transferred to non-related parties, Mr. Bershin Lo and Mr. Guodong Hsu, in March 2003, respectively. The company's shareholding was reduced to 92.14 % thereafter that was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 092010563 Letter. HON YEH INVESTMENT CO., LTD., a subsidiary of the company, had paid US$23 thousand to acquire the 2% (investment amount US$28 thousand) shareholding from Mr. Guodong Hsu on January 5, 2007 with the shareholding increased to 94.14% thereafter and it was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 09500329480 Letter. The company's board of directors had resolved on June 13, 2019 to acquire the 5.86% (investment amount US$361 thousand) shareholding from the non-related party, Mr. Bershin Lo, and it was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 10800157300 Letter with the comprehensive shareholding increased to 100% thereafter.

Note 7：HON YEH INVESTMENT CO., LTD., a subsidiary of the company, was approved by the Investment Commission, MOEA by issuing the (90) Shen-II-Tzi No. 90010261, Jin-Shen-II-Tzi No. 91039369, Jin-Shen-II-Tzi No. 092003008 Letter, and Jin-Shen-II-Tzi No. 094008181 to invest in GLOBAL STAR INTERNATIONAL CO., LTD. through GRAND STAR ENTERPRISES L.L.C. in the third region and then it indirectly invested in QINGDAO G-SHANK PRECISION SDN.BHD. Subsequently, 5% (investment amount of US$130 thousand), 2.23% (investment mount US$58 thousand), and 0.58% (investment amount US$15 thousand) of the shareholding was transferred to non-related parties, Mr. Shenwei Guo, Mr. Hongjun Li, and Mr. Bangyong Liu, in March 2003, respectively. The company's shareholding was reduced to 92.19 % thereafter that was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 092010560 Letter. QINGDAO G-SHANK PRECISION SDN.BHD. had arranged capital increase in cash on November 25, 2006; however, the company did not subscribe shares proportionally to the shareholding ratio; therefore, the company's shareholding ratio was 92.83% thereafter. QINGDAO G-SHANK PRECISION SDN.BHD. had a paid-in capital of US$3,600 thousand and then arranged a capital increase from earnings for an amount of US$400 thousand in January 2019 and the paid-in capital of QINGDAO G-SHANK PRECISION SDN.BHD. was US$4,000 thousand

thereafter.

Note 8：The Company was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 092044159, Jin-Shen-II-Tzi No. 093005557, and Jin-Shen-II-Tzi No. 093006249 Letter to invest in GLOBAL STAR INTERNATIONAL CO., LTD. through GRAND STAR ENTERPRISES L.L.C. in the third region and then it indirectly invested in TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.

Note 9：The Company was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 095026420 Letter to indirectly invest in SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD. through G-SHANK ENTERPRISE (M) SDN. BHD. in the third region. Then it was approved for amendment by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 095032048 Letter to invest in SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD. through GLOBAL STAR INTERNATIONAL CO., LTD. that was invested by GRAND STAR ENTERPRISES L.L.C. in the third region. The investment fund was transferred through GRAND STAR ENTERPRISES L.L.C. to GLOBAL STAR INTERNATIONAL CO., LTD. for an amount of US$255 thousand on November 18, 2006, and the said amount was then transferred to SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD. on January 20, 2006.

Note 10：The Company was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 09500121350, Jin-Shen-II-Tzi No. 09600108160, and Jin-Shen-II-Tzi No. 09600265810 Letter to invest in GLOBAL STAR INTERNATIONAL CO., LTD. through GRAND STAR ENTERPRISES L.L.C. in the third region and then it indirectly invested in SHENZHEN G-SHANK PRECISION SDN.BHD.

Note 11：The Company was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 09600405610 and Jin-Shen-II-Tzi No. 09700084160 Letter to invest in GLOBAL STAR INTERNATIONAL CO., LTD. through GRAND STAR ENTERPRISES L.L.C. in the third region and then it indirectly invested in SHENZHEN G-BAO PRECISION SDN.BHD. SHENZHEN G-BAO PRECISION SDN.BHD. had arranged capital increase in cash on September 13, 2012; however, the company did not subscribe shares proportionally to the shareholding ratio; therefore, the company's shareholding ratio was reduced to 91.43% thereafter.

(B) Significant transactions conducted with the invested companies in China in the current

period：

(a) The purchase amount and percentage and the related payable amount and percentage at yearend：Please refer to Notes 7 and 13.(1) J of the consolidated financial report for details.

(b) The sales amount and percentage and the related receivable amount and percentage at yearend: Please refer to Note 7 and 13.(1) J of the consolidated financial report for details.

(c) The property transaction amount and the profit and loss resulted：None

(d) The ending balance and purpose of notes endorsements/guarantees or collateral provided：None

(e) Maximum balance amount, ending balance amount, interest rate range, and total interest of the current period of loans: None

(f) Other transactions that have a significant impact on the profit and loss or financial status: Please refer to Notes 7 and 13.(1) J of the consolidated financial report for details.

(4) Major Shareholder information

The name, shareholding, and shareholding ratio for more than 5% of the company's shareholders：

Shares / Major shareholders	Shareholding (shares)	Shareholding ratio (%)
JIHONG INVESTMENT CO., LTD.	16,089,465 shares	8.56
CHEN-LIN INVESTMENT COMPANY	10,144,790 shares	5.40

Note 1：The information of the major shareholders in this table is based on the shareholders who have received more than 5% common stock shareholding completed with dematerialized registration (including treasury stock) on the last business day of each quarter that is counted by Taiwan Depository & Clearing Corporation. The capital stock recorded in the company's consolidated financial report and the company's actual number of shares delivered with dematerialized registration may be different due to different calculation bases adopted.

Note 2：If the aforementioned information is regarding shareholders having their shares delivered to the trust, it is disclosed by the individual account of the principal who entrusts the trustee to open a trust account. As for the shareholder's reporting 10% or more of insider's shareholding in accordance with the Securities and Exchange Act, the shareholding includes the principal's shareholding and the shares delivered to the trust that remains under the control of the principal. Please refer to the Market Observation Post System for the insider's equity reporting information.

14. DEPARTMENT INFORMATION

The company has disclosed departmental information in the consolidated financial report, so the parent company only financial report may not be disclosed according to regulations.