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

<u>*Notice to Readers*</u>

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 G-Shank Enterprise Co., Ltd. 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, G-Shank Enterprise Co., Ltd. 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

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. 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)

Code	Liabilities and Equity / Accounts	Notes	December 31,2021 Amount	%	December 31,2020 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	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	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

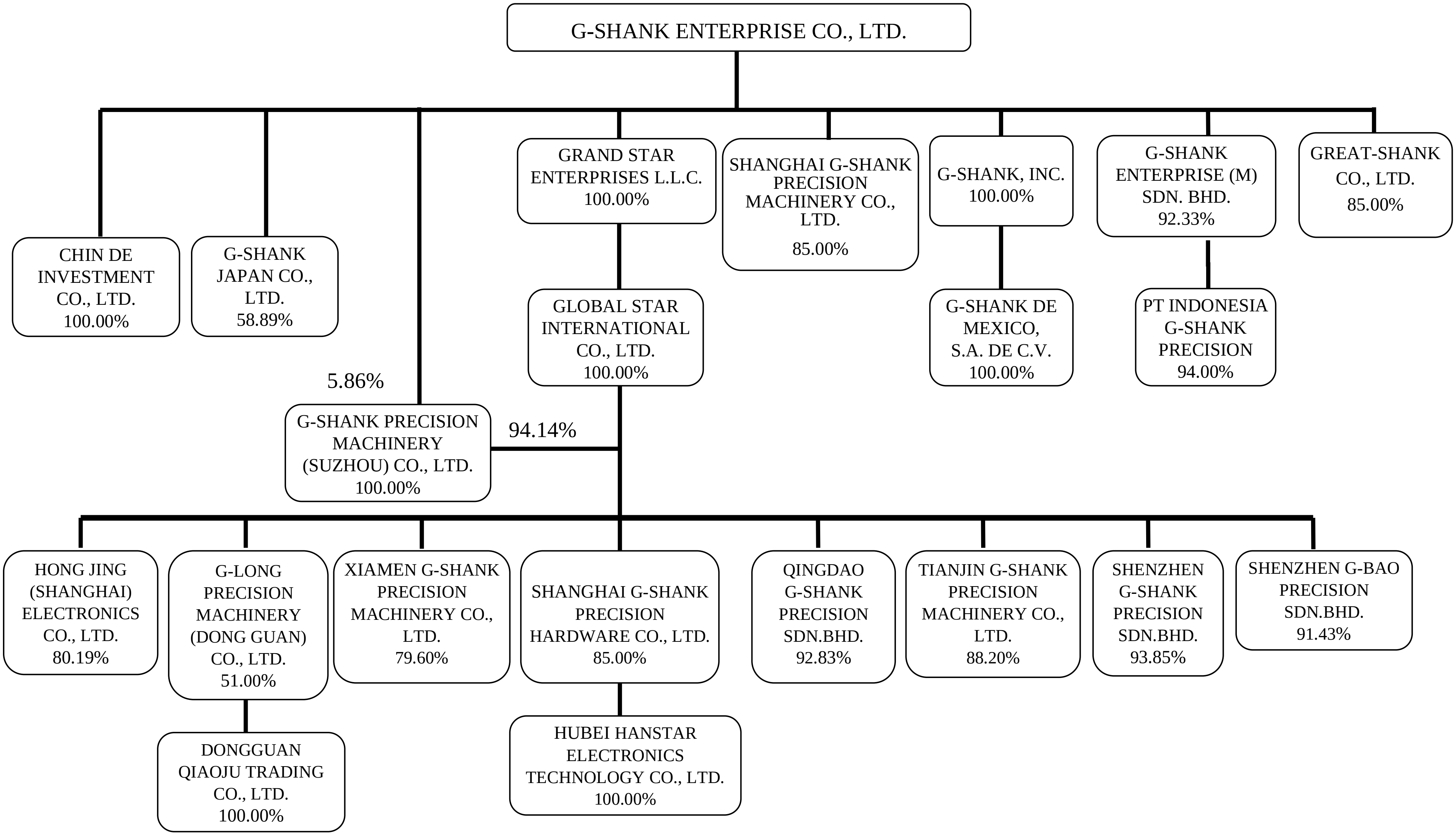
Note 1: The aforementioned companies are established in China where the foreign exchange control is enforced; therefore, the transfer of funds is restricted by local law and regulations. As of December 31, 2021 and 2020, the cash, bank deposits, and financial assets-current measured at amortized cost 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%
GRAND STAR ENTERPRISES L.L.C. 100.00%
SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. 85.00%
G-SHANK, INC. 100.00%
G-SHANK ENTERPRISE (M) SDN. BHD. 92.33%
GREAT-SHANK CO., LTD. 85.00%
GLOBAL STAR INTERNATIONAL CO., LTD. 100.00%
G-SHANK DE MEXICO, S.A. DE C.V. 100.00%
PT INDONESIA G-SHANK PRECISION 94.00%
5.86%
G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD. 100.00%
94.14%
HONG JING (SHANGHAI) ELECTRONICS CO., LTD. 80.19%
G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD. 51.00%
XIAMEN G-SHANK PRECISION MACHINERY CO., LTD. 79.60%
SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD. 85.00%
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%
DONGGUAN QIAOJU TRADING CO., LTD. 100.00%
HUBEI HANSTAR ELECTRONICS TECHNOLOGY CO., LTD. 100.00%

(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) <u>Financial assets measured at fair value through profit and loss</u>

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) <u>Financial assets measured at amortized cost</u>

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) <u>Delisting of financial assets and liabilities</u>

(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) <u>Asset impairment</u>

(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) <u>Lease</u>

(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	Transportati on 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: Transaction of current period	Changes in non-cash: Change in exchange rate	Changes in non-cash: Other	Balance -ending
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

Related party category/name	Years Ended December 31 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	Increase/ decrease in net income before tax	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	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	$1,239,758	$-	$-	$-	$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 Accounts receivable -related party	$7,875 1,668	Note 6	0.12% 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 Accounts receivable -related party	$314 54	Note 6	- -
4	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	SHENZHEN G-BAO PRECISION SDN.BHD.	3	Sales income Accounts receivable -related party	82 11	Note 6	- -
4	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	DONGGUAN QIAOJUTRADING CO., LTD.	3	Sales income Other profit and loss Accounts receivable -related party Other receivables – related party	17,607 156 3,209 30	Note 6	0.27% - 0.03% -

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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) <u>Re-investment business-related information</u>

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