



G-SHANK ENTERPRISE CO., LTD.

2023 Annual Shareholder' Meeting

Meeting Agenda

(Translation)

June 9, 2023

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G-SHANK ENTERPRISE CO., LTD.
Agenda of the 2023 Annual Shareholders' Meetings

- I. Time: 9:00 a.m., June 9 (Friday), 2023
- II. Place: The Company (No. 1, Jiuzhou Road, Jiudouli, Hsinwu District, Taoyuan City)
- III. Meeting convention: Physical shareholders' meeting
- IV. Agenda of the Annual Shareholders' Meetings:
 - i. Calling the meeting to order
 - ii. Chairman's address
 - iii. Reported matters
 - 1. The 2022 Business Report
 - 2. Audit Committee's report on the 2022 Financial Statements
 - 3. Report on the 2022 employees' compensation and directors' remuneration
 - 4. Report on the investment in mainland China
 - iv. Acknowledged matters
 - 1. Adoption of the 2022 Business Report, Individual and Consolidated Financial Statements
 - 2. Adoption of the proposal of 2022 Dividend Distribution
 - v. Election matters
 - 1. Comprehensive Election of Directors Proposal
 - vi. Other Proposals
 - 1. Proposal to Lift Restriction of Competition for New Directors
 - vii. Extemporaneous motions
 - viii. Adjournment

G-SHANK ENTERPRISE CO., LTD.

The 2023 Annual Shareholders' Meetings

i. Calling the meeting to order

ii. Chairman's address

iii. Reported matters

1. The 2022 Business Report

(1) Operating income overview

The Company's consolidated operating income was NT\$6,781,030 thousand in 2022, an increase of 5.62% from the NT\$6,420,460 thousand in 2021, mainly due to the increase of sales in parts from an amount of NT\$6,331,276 thousand in 2022 to NT\$6,018,668 thousand in 2021, representing an increase of 5.19%. The relevant statistics of the product sales of the Company are illustrated as follows:

Product sales statistics

Unit: NT\$ Thousand

Item \ Year	Sales in 2022	Sales in 2021	Growth rate
Parts	6,331,276	6,018,668	5.19%
Die	252,747	208,400	21.28%
Toolings	82,089	101,720	-19.30%
Merchandise	114,918	91,672	25.36%
Total	6,781,030	6,420,460	5.62%

(2) Profit and loss overview

The Company's net income before tax was NT\$1,314,741 thousand in 2022, representing an increase of 26.58% from the NT\$1,038,684 thousand in 2021.

This increase was mainly due to the company's holding of more US dollar assets, resulting in recognition of exchange gains of NT\$141 million as the US dollar strengthened. The net income after tax in the 2022 was NT\$983,915 thousand, representing a 30.69% increase compared to NT\$752,865 thousand in the 2021. The profit and loss overview, budget execution, financial income and expenditure overview, and profitability analysis are detailed as follows:

Profit and Loss Overview

Unit: NT\$ Thousand

Item	Actual amount in 2022	Actual amount in 2021	Increase / Decrease ratio
Operating income	6,781,030	6,420,460	5.62%
Operating cost	4,821,562	4,524,682	6.56%
Gross profit	1,959,468	1,895,778	3.36%
Operating expense	919,787	894,052	2.88%
Other income, expense, and loss - net	578	1,285	-55.02%
Operating profit	1,040,259	1,003,011	3.71%
Non-operating income and expense	274,482	35,673	669.44%
Net income before tax	1,314,741	1,038,684	26.58%
Income tax expense	330,826	285,819	15.75%
Net income	983,915	752,865	30.69%
Net income attributable to			
Parent company's shareholders	867,603	648,364	33.81%
Non-controlling interests	116,312	104,501	11.30%
Earnings per share	4.58	3.49	31.23%

(3) Budget execution

The Group did not disclose the financial forecast to the public in 2022.

(4) Financial income and expense overview

Unit: NT\$ Thousand

Item		2022	2021	Increase (Decrease) ratio
Non-operating income and expense	Interest income	106,766	92,719	15.15%
	Other income	52,977	35,500	49.23%
	Other profit and loss	(20,249)	(38,529)	-47.44%
	Financial cost	17,318	14,684	17.94%
	Percentage of profit from the associates under the equity method	11,233	4,809	133.58%
	Foreign currency exchange loss – net	141,073	(44,142)	NM
	Subtotal	274,482	35,673	669.44%

(5) Profitability analysis

Item		2022	2021	
Financial structure	Ratio of Liability to Assets (%)	32.92	36.56	
	Ratio of long term fund to fixed assets (%)	576.85	531.52	
Profitability	Ratio of Return on Total assets (%)	10.58	8.75	
	Ratio of Return on Shareholders' Equity (%)	17.83	15.16	
	Ratio to issued capital stock (%)	Operating income	54.56	53.40
		Net income before tax	68.96	55.30
	Profit Ratio (%)	14.51	11.73	
	Earnings per share (NTD)	4.58	3.49	

(6) Research and development status

(A) Industry analysis

The Company has been engaging in the tooling development and production for computer/ information/ home appliance-related components for a long time, and is committed to industrial dispersion with the hope of increasing the sales ratio in automotive/industrial equipment/ medical-related products. The Company had gradually achieved the set goal since the year of 2022, including 53% in 3C products, 28% in industrial equipment (including medical), and 19% in automotive products; also, the Company's ultimate goal is to achieve one third of sales from each category.

(a) 3C electronics industry:

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

(b) Vehicle related:

The traditional automotive industry supply chain originally relied heavily on the mass production of various types of molds to reduce costs. In recent years, due to the rapid advancement of intelligent technology, all types of vehicles are equipped with a large number of electronic intelligent devices, which are closely linked to the traditional electronics industry. In addition, with the rise of environmental awareness, the electric vehicle industry with its clean characteristics has attracted major car manufacturers to invest, with a predicted penetration rate of 18% by 2025 and 35% by 2030. The future development is worth looking forward to.

(c) Industrial equipment:

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

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

(B) Responsive strategies

(a) If the existing electronic component industry maintains the traditional processing

mode with customer-supplied materials, there is no possibility of responding to the global massive/rapid changes. Therefore, the Company will focus on ODM operation and participating in customer design in the future.

- (b) The Company is mainly engaged in stamping and metal/plastic injection business with Stage-I one-step manufacturing process completed and has the manufacturing process extended to finished product assembly, an electromechanical department established for the design and production of automatic assembly machines so to achieve the goal of becoming a one-stop full-process supplier.
- (c) The inheritance of craftsmanship in a technology-intensive industry is the key to success. In addition to continuing the operation of the education and training center and the industry-university cooperation with three universities, the Company has introduced a mentor-disciple system and one-on-one in-depth teaching program to have the Company's core technology integrated and inherited effectively.
- (d) Based on the existing 3C electronic components business to expand and enter the market of automotive-related and industrial equipment. The Company had achieved the set goal in sales since the year 2022, including 53% in 3C products, 19% in automotive products, and 28% in industrial equipment; also, the Company's mid-term and long-term goal is to achieve one third of sales from each category in 2025.
- (e) The Company has implement TPS Toyota-style production management to improve corporate management per se, reduce mold-changing time, and enhance process linkage capabilities in response to the expansion of the automotive market. Also, the Company has initiated continuous, uninterrupted, and lean improvement of manpower, materials, and manufacturing processes to meet the high-standard requirements of the automotive market through visualized management, including purchasing, feeding, manufacturing, processing, quality assurance, shipping, etc.
- (f) Reinforce customer relationship management, conduct research on new customers and new markets, and share relevant industry information with existing customers so to make it easier for us to communicate and interact with customers and maintain customer relationships. Comprehensively grasp the customer's product development schedule and synchronize with the customer's project schedule so as to have the customer's project completed before the deadline, to have the customers satisfied, and to prevent the customers from information or schedule gap.

(C). Research & Development achievements

- (a) Introduction of AU electroplating layer laser engraving and gold stripping technology

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

- (b) 6.0mm thick forging and stamping

The traditional thick metal forging and stamping is processed with hydraulic or servo press punching machines to make the material flow evenly; however, the equipment investment cost is high. The Company has invested in research and development with the use of the integrated existing crankshaft punching

machine/continuous die + single-engineering die/robot arm to successfully develop the thick forging and stamping production line.

(c) Electronic monitoring wearable device

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

(d) Multiple invention patents

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

(7) The 2023 business plan outline

1. Operating strategy:

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

(a) Decentralized markets, diversified operations, and generated income.

(b) Enhance product quality control.

(c) Reduce costs and increase profitability.

(d) Internal management requires fair and reasonable rewards for merits and good deeds.

(e) 6S continuous pursuit of excellence

(f) Introduce TPS lean production system.

2. Expected sales volume and the reference: The Group does not have to disclose the financial forecast for 2023.

3. Important production and marketing policies:

(a) Substantiate ISO system, introduce IATF 16949, and improve product quality.

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

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

(d) Exercise the advantages of the Group and actively expand global deployment.

- (e) Refine technology research and development and set up a “Technology Committee” to promote innovation and enhance competitiveness.
- (f) Design of a brand new globally applicable website of the Group for international marketing.
- (g) Substantiate education and training; actively train independent and internationalized talents.
- (h) Quality objectives:
 - (01) Customer complaints are less than 12 cases per month.
 - (02) Sales return rate due to quality issue is PPM 2500 per month or less.
 - (03) Manufacturing process loss rate is below 1.15% per month.
 Automotive Products Business Division:
 - (01) Number of customer complaints per month \leq 1 complaint
 - (02) Delivery completion rate \geq 90%

(8) Future development strategy of the Company

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

- (A) Continue to develop international market and fulfill market demand, we will be at where we are needed.
- (B) Vertical integration of upper and lower manufacturing processes and one-stop solution to meet customer needs;
- (C) Diversify market risks and aim to reach one-third of revenues from 3C/ vehicle/ industrial equipment by 2025.
- (D) Cooperate with Japanese industry and create a win-win situation with technology/ market mutual-supplementation.
- (E) Participate in customer research and development, provide key mold technology, and work jointly to shorten the development schedule.

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

(9) The impact of external competitive environment, regulatory environment, and overall business environment

(A) Impact of external competitive environment

Stamping industry is with a low entry threshold. More than 80% of the domestic operations are by small-scale business entities (less than 30 employees) according to the

statistics of Taiwan Mold & Die Association. While facing the demand for a low manufacturing cost, price competition is severe that is to the disadvantage of the Company.

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

Therefore, the Company expects to face more severe competitions externally and exchange rate risks continuously. Especially, electronic products are the most important exports of Taiwan. The Company will continue to rely on the profound mold technology capabilities, the continuous betterment of various manufacturing processes, and the integration of upstream and downstream processes to enhance quality control. The Company bases on the advanced automation production and peripheral equipment, integrated information management system, and self-developed visual inspection system (AI CCD vision system) to gradually realize unmanned and automation production. The Company has comprehensive mold design, processing, and assembly capabilities with more than 95% mold parts made in-house, and can quickly cooperate with customers to develop precision parts and to prepare samples. There are 15 factories and 2 offices globally with the mold R&D centers set up in Taiwan and Shanghai. The R&D budget accounts for 3% of the Company's annual revenue. While facing the challenges of COVID-19 pandemic, the exchange rate, and soaring labor and raw materials cost, the Company actively introduced manufacturing process optimization internally to control costs and expenses. The main product portfolio had helped the Company generated NT\$6.78 billion in revenue and an 3.71% growth in operating profit.

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

(B) Regulatory environment

Since the United Nations' adoption of the Paris Agreement in 2015, which sets the global target of limiting the rise in global temperatures to within 2°C above pre-industrial levels and striving to limit it within 1.5°C, countries and businesses around the world have proposed their own carbon reduction targets. For instance, the Taiwanese government plans to revise the "Greenhouse Gas Reduction and Management Act" to the "Climate Change Adaptation Act" and include a net-zero emissions target by 2050 in the regulation. Therefore, the global shift towards a low-carbon transformation is an irreversible trend.

Our company actively promotes carbon reduction work in line with the United Nations and national policies. However, the primary task before launching carbon reduction work is to understand one's greenhouse gas emissions. Only then can we implement targeted measures to maximize carbon reduction benefits. Therefore, our company adopts international standards, ISO 14064-1:2018, to preliminarily complete the systematized inventory of greenhouse gas emissions and establishment of a list, as well as internal documentation and verification procedures. We provide reference for future implementation of economically effective reduction and improvement measures, and strive towards a low-carbon economy.

(C) Impact of overall business environment

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

2. Audit Committee's Report on the 2022 Financial Statements

G-SHANK ENTERPRISE CO., LTD.

Audit Report of the Audit Committee

The Board of Directors had prepared the 2022 Business Report, Financial Report (including the Consolidated Financial Report), and Earnings Distribution Proposal, of which, the Financial Report (including the Consolidated Financial Report) was audited by CPA Tseng, Chiung-Hui and CPA Li, Pin-Chueh of Diwan & Company with an audit report issued. The Audit Committee found no nonconformity in the aforementioned reports. This report is thus presented to the Company for review and approval pursuant to the provisions of the Securities and Exchange Act and the Company Act.

Sincerely yours,

To

The 2023 Annual Shareholders' Meeting of
G-SHANK ENTERPRISE CO., LTD.

Convener of the Audit Committee

March 10, 2023

3. Please review and approve the report on the 2022 compensation to employees and remuneration to directors.

Note:

- (1) It is to be handled in accordance with Article 17 of the Company's Articles of Incorporation.
- (2) The Company's net income before tax and before deducting compensation to employees and remuneration to directors was NT\$1,105,247,383 in 2022. An appropriation for an amount equivalent to 2.08% of the net income, that was NT\$23,000,000, was distributed as compensation to employees in cash. There is no appropriation for the remuneration to directors currently.

4. Please review and approve the report on the investment in mainland China.

Note:

G-BAO (SHENZHEN) PRECISION MOLD COMPANY, a subsidiary of the Company, has reinvested in G-BAO (HUIZHOU) PRECISION MOLD COMPANY. As of March 2022, a total of RMB 55 million has been invested. Due to the impact of epidemic control measures, the construction progress of the factory has been delayed slightly, and it is expected to be completed in early 2024.

iv. Acknowledged matters

Proposal 1: (Proposed by the Board of Directors)

Cause of action: Please approve the Company's 2022 Business Report, Individual and Consolidated Financial Reports.

Note:

- (1) The Company's 2022 Individual and Consolidated Financial Reports have been audited by the CPAs.
- (2) The 2022 Business Report (Please refer to Page 2-10 of the Agenda Handbooks for details)
- (3) The 2022 Financial Reports (Please refer to Page 15-34 of the Agenda Handbooks for details).

Resolutions:

Proposal 2: (Proposed by the Board of Directors)

Cause of action: The approve the Company's 2022 Profit Distribution Proposal.

Note:

- (1) The Company's net income was NT\$867,602,759 in 2022, added with the actuarial benefits of the 2022 defined benefit plan and the actuarial gains on the welfare plan and the share of other comprehensive income recognized by the equity method for our affiliated enterprise. - items not reclassified to profit or loss with an adjustment made to the unappropriated earnings for an amount of NT\$20,728,467, the appropriation of legal reserve for an amount of NT\$88,833,123, and the unappropriated earnings of previous years for an amount of NT\$1,477,165,125, resulting in a grand total of distributable earnings of NT\$2,276,663,228. It is proposed to distribute cash dividends to shareholders at NT\$2.3 per share for a total of NT\$438,504,885. The unappropriated earnings after the said distribution amounted to NT\$1,838,158,343. Please refer to page 14 of the Agenda Handbooks for the earnings distribution in

details.

- (2) Cash dividends are calculated to the dollar (rounded up to dollar). The total amount of fractional shares is included in the Company's other income. The Chairman will be authorized to determine the ex-dividend date, dividend distribution date, and other relevant matters after the resolutions of the general shareholders' meeting.
- (3) If there is change in the Company's outstanding shares due to the repurchase of the Company's stock shares, the employee's executing stock warrant, etc., it is advisable for the shareholders' meeting to authorize the Chairman to have dividend rate adjusted discretionarily.

Resolutions:

v. Election Matters

Proposal 1: (Proposed by the Board of Directors)

Cause of action: Comprehensive Election of Directors Proposal

Explanation:

- (1) The term of office for the former directors of the company expired on June 14th, 2023, and a comprehensive re-election should be held during the 2023 shareholders' meeting. The former directors will resign after the new directors are elected.
- (2) There are a total of nine directors to be elected (including four independent directors) for this term, using a candidate nomination system. The term of office for the new directors is three years, starting from June 9th, 2023 to June 8th, 2026.
- (3) The "List of Director and Independent Director Candidates," which was approved by the board of directors on March 10th, 2023, can be found on page 35-36 of this manual.

Resolutions:

vi. Other Proposals

Proposal 1: (Proposed by the Board of Directors)

Cause of action: Proposal to Lift Restriction of Competition for New Directors

Explanation:

- (1) In accordance with Article 209 of the Company Law, the Company may, for the consideration of business development and strategic alliances, agree that newly appointed directors of the Company may concurrently serve as directors or executives of other related or similar industries, provided that it does not affect the Company's business growth.
- (2) The details of the positions concurrently held by the director (including independent directors) candidates can be found on page 37-38 of this manual.

vii. Extemporaneous motions

viii. Adjournment

G-SHANK ENTERPRISE CO., LTD.
The 2022 Earnings Distribution Statement

Unit: NTD

Item	Amount
Unappropriated earnings - beginning	\$1,477,165,125
Add: The 2021 net income	867,602,759
Add: Actuarial profit from the 2021 defined benefit plan	20,496,966
Add: The percentage of other comprehensive profit and loss from the associates under the equity method - items not reclassified to profit or loss with an adjustment made to the unappropriated earnings	231,501
Minus: Legal reserve appropriated	<u>(88,833,123)</u>
Distributable earnings	<u>2,276,663,228</u>
Minus: Distribution items Shareholders' dividend – cash (NT\$2.1/share)	<u>(438,504,885)</u>
Unappropriated earnings - ending	<u>\$ 1,838,158,343</u>

Note: The aforementioned shareholder dividends are based on the 190,654,298 common stock shares issued by the Company as of March 10, 2023.

INDEPENDENT AUDITOR’S REPORT

To: G-SHANK ENTERPRISE CO., LTD.

INDEPENDENT AUDITOR’S 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, 2022, and 2021, 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, 2022, and 2021, 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 OF AN AUDIT 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 2022 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:

I. Income recognition

Please refer to Note IV.17 to the consolidated financial statements for the accounting policy on income recognition. Also, please refer to Note VI.24 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.

II. Inventory evaluation

Please refer to Note IV.11 of the consolidated financial statements for the accounting policy of inventory evaluation. please refer to Note V.2(4) of the consolidated financial statements for the major sources of uncertainty of significant estimates and assumptions. Please refer to Note VI.5 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 XIII of the consolidated financial report, the financial statements as of December 31, 2022 and 2021 of G-SHANK, INC. are prepared in conformity with the generally accepted principles of the USA, the financial statements as of December 31, 2022 and 2021 of G-S G-SHANK (Thai) Co., Ltd. are prepared in conformity with the generally accepted principles of Thailand, and the financial statements as of December 31, 2022 and 2021 of G-SHANK ENTERPRISE (M) SDN are prepared in conformity with the generally accepted principles of Malaysia, which were audited by other certified public accountants instead of the independent auditor. The financial statements of G-SHANK, INC., G-SHANK (Thai) Co., Ltd., and G-SHANK ENTERPRISE (M) SDN are translated in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Firms" and International Financial Reporting Standards (IFRS) that was recognized by the Financial Supervisory Commission, International Accounting Standards, Interpretations, and Notices (IFRS), Interpretation (IFRIC) and Interpretative Announcement (SIC). The independent auditor has completed all necessary auditing procedures. Therefore, the opinions of the independent auditor on the unadjusted amounts in the aforementioned financial statements of the subsidiaries are based on the audit reports of other certified public accountants and the results of additional audit procedures performed by them in compliance with the "Regulations Governing the Preparation of Financial Reports by Securities Firms" and generally auditing principles of the ROC. The

total assets of the aforementioned subsidiaries were NT\$1,077,162 thousand and NT\$1,050,706 thousand on December 31, 2022 and 2021, accounting for 11.14% and 11.45% of the total consolidated assets, respectively. The net operating income from January 1 to December 31, 2022 and 2021 were NT\$794,679 thousand and NT\$810,628 thousand, accounting for 11.72% and 12.63% 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 2022 and 2021 parent alone financial reports prepared by G-SHANK GROUP.

THE RESPONSIBILITY OF THE MANAGEMENT AND GOVERNANCE UNIT FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The responsibility of the management is to have the consolidated financial statements presented fairly, in all material respects, in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Firms," International Financial Reporting Standards (IFRSs) that were recognized by the Financial Supervisory Commission, International Accounting Standards, Interpretations, and Notices (IFRSs), Interpretation (IFRIC) and Interpretative Announcement (SIC). Also, maintain the necessary internal controls related to the consolidated financial statements to ensure that the consolidated financial statements are free of any material misstatement arising from frauds or errors.

In the preparation of the consolidated financial statements, the management's responsibility also includes assessing the continuing operation of G-SHANK GROUP, the disclosure of the relevant matters, and the adoption of the continuing operation accounting base, unless the management intends to liquidate G-SHANK GROUP or cease the business operation, or there is lack of any option except for liquidation or suspension.

The governance unit (including the Audit Committee or supervisors) of G-SHANK GROUP is responsible for supervising the financial reporting process.

CPA'S RESPONSIBILITY FOR AUDITING THE CONSOLIDATED FINANCIAL STATEMENTS

The purpose of the independent auditor's auditing of the consolidated financial statements is to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement arising from frauds or errors and with an audit report issued. Reasonable assurance means high assurance. However, the audit conducted in accordance with generally accepted auditing standards does not guarantee to have any material misstatement in the consolidated financial statements detected. Material misstatement could be arising from frauds or errors. If the misstated amount or aggregated amount is reasonably expected to affect the economic decisions made by the readers of the consolidated financial statements, it is considered significant.

The independent auditors when conducting the audit in accordance with generally accepted auditing standards shall exercise professional judgment and maintain professional suspicion. The independent auditors also perform the following auditing tasks:

- I. Identify and evaluate the risk of material misstatement arising from frauds or errors of the consolidated financial statements; design and implement proper responsive measures for the assessed risks; also, obtain sufficient and adequate audit evidence for forming an audit opinion. Frauds may involve conspiracy, forgery, deliberate omission, false declaration, or violation of internal control; therefore, the risk of material misstatement arising from fraud is higher than that caused by errors.
- II. Obtain the necessary understanding of the internal control related to the audit in order to design appropriate audit procedures under the circumstance, but the purpose is not to express an opinion on

the effectiveness of the internal control of G-SHANK GROUP.

- III. Assess the appropriateness of the accounting policies adopted by the management; also, the reasonableness of the accounting estimates and related disclosures made.
- IV. Based on the audit evidence obtained, make conclusions on the suitability of the continuing operation accounting base adopted by the management and whether or not the events or circumstances causing significant doubts to the continuing operation ability of G-SHANK GROUP are with significant uncertainties. If the independent auditors believe that such events or circumstances are with significant uncertainties, it is necessary to remind the readers of the consolidated financial statements in the audit report to pay attention to the relevant disclosure or to revise the audit opinion when such disclosures are inappropriate. The conclusion of the independent auditors is based on the audit evidence obtained as of the audit report date. However, future events or circumstances may result in the inability of G-SHANK GROUP to continue operating.
- V. Assess the overall presentation, structure, and content of the consolidated financial statements (including the relevant notes) and whether or not the relevant transactions and events in the consolidated financial statements are presented fairly.
- VI. Obtain sufficient and appropriate audit evidence on the financial information of the individual business entity within the GROUP in order to express an opinion on the consolidated financial statements. The independent auditors are responsible for guiding, supervising, and implementing the auditing process of the GROUP; also, are responsible for forming an opinion on the audit of the GROUP.

The matters communicated by the independent auditors to the governing unit include the scope and timing of the planned audit, and the significant findings (including the major nonconformities of internal controls identified in the auditing process).

The independent auditors have provided to the governing unit the declaration of independence of the CPA Firm personnel subject to the Code of Ethics; also, have communicated with the governing unit regarding the relationship and other matters (including the relevant protection measures) that may affect the independence of the independent auditors.

The independent auditors have based on the communications with the governing unit to determine the key audit matters to be performed on the 2021 consolidated financial statements of G-SHANK GROUP. The independent auditors shall state the key audit matters in the audit report except for the specific matters prohibited from being disclosed, or, in rare cases; the independent auditors decide not to have specific matters communicated in the audit report since the negative effect of such disclosure can be reasonably expected to be greater than the increase of public interest.

Diwan & Company
Financial Supervisory Commission Certificate No.:
FSC-Shen-Tzi No. 1070312218
FSC-Shen-Tzi No. 1100149341

Tseng, Chiung-Hui

CPAs:

Li, Pin-Chueh

March 10, 2023

G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

(December 31, 2022 & 2021 have been audited)

(In Thousands of New Taiwan Dollars)

ASSETS		Notes	December 31, 2022		December 31, 2021	
Code	Accounts		Amount	%	Amount	%
11xx	Current assets					
1100	Cash and cash equivalents	4 & 6.(1)	\$ 4,006,405	41	\$ 3,232,253	35
1110	Financial assets at fair value through profit or loss - current	4 & 6.(2)	866,063	9	1,141,540	12
1150	Notes receivable, net	4,5,6.(3) & 6.(4)	42,518	-	55,848	1
1170	Accounts receivable, net	4,5 & 6.(4)	1,584,250	16	1,485,748	16
1180	Accounts receivable- related parties	4,5 & 7	15	-	112	-
1200	Other receivables	4,5 & 6.(4)	50,086	1	31,964	-
1220	Current tax assets	4 & 6.(29)	-	-	42,099	-
130x	Inventory	4,5 & 6.(5)	1,022,566	11	1,092,347	12
1470	Prepayments and Other current assets		40,416	1	143,782	2
1476	Other financial assets-current	4,6.(6) & 8	31,741	-	45,481	1
	Total current assets		7,644,060	79	7,271,174	79
15xx	Noncurrent Asset					
1517	Financial assets at fair value through profit or loss - noncurrent	4,5,6.(7) & 6.(22)	262,023	3	299,338	3
1550	Investments accounted for using equity method	4 & 6.(8)	161,170	2	157,750	2
1600	Property, Plant and Equipment	4,5,6.(9),7 & 8	1,253,826	13	1,238,776	14
1755	Right-of-use asset	4,6.(10) & 6.(14)	255,416	3	130,394	2
1780	Intangible assets	4 & 6.(11)	1,037	-	1,575	-
1840	Deferred tax assets	4 & 6.(29)	29,112	-	33,518	-
1915	Prepayments for business facilities	4	46,394	-	17,371	-
1920	Refundable deposits		4,553	-	4,857	-
1990	Other noncurrent assets, others	8	11,722	-	17,832	-
	Total noncurrent Asset		2,025,253	21	1,901,411	21
1xxx	Total Assets		\$ 9,669,313	100	\$ 9,172,585	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, 2022 & 2021 have been audited)

(In Thousands of New Taiwan Dollars)

Liabilities and Equity		Notes	December 31, 2022		December 31, 2021	
Code	Accounts		Amount	%	Amount	%
21xx	Current liabilities					
2100	Short-term borrowings	4,6.(12) & 6.(31)	\$ 1,070,000	11	\$ 1,260,000	14
2120	Financial liabilities at fair value through profit or loss - current	4 & 6.(2)	-	-	1,671	-
2130	Contract liabilities - current	4 & 6.(24)	39,036	-	14,748	-
2170	Accounts payable	4	545,261	6	550,041	6
2180	Accounts payable-related parties	4 & 7	11,289	-	3,913	-
2200	Other payables	4,6.(9),6.(15) & 6.(25)	544,084	6	552,516	6
2220	Other payables-related parties	4 & 7	5,155	-	3,607	-
2230	Current tax liabilities	4 & 6.(29)	97,513	1	139,348	2
2280	Lease liabilities-current	4,6.(14) & 6.(31)	58,142	1	18,377	-
2322	Current portion of long-term loans payable	4,6.(13) & 6.(31)	38,735	-	-	-
2300	Other current liabilities		27,409	-	44,076	-
	Total current liabilities		2,436,624	25	2,588,297	28
25xx	Non-current liabilities					
2540	Long-term borrowings	4,6.(13) & 6.(31)	40,297	1	76,324	1
2570	Deferred tax liabilities	4 & 6.(29)	616,485	6	563,593	6
2580	Lease liabilities - noncurrent	4,6.(14) & 6.(31)	53,530	1	58,468	1
2640	Net defined benefit liabilities- noncurrent	4,5 & 6.(15)	31,929	-	62,014	1
2645	Guarantee deposits received		4,704	-	4,711	-
	Total non-current liabilities		746,945	8	765,110	9
2xxx	Total liabilities		3,183,569	33	3,353,407	37
31xx	Equity attributable to owners of parent					
3100	Share capital	4,6.(16),6.(24) & 11				
3110	Ordinary shares		1,897,843	20	1,878,323	20
3140	Advance Receipts for Capital Stock		8,700	-	-	-
3200	Capital surplus	4,6.(17),6.(22) & 6.(23)	472,021	5	452,744	5
3300	Retained earnings					
3310	Legal reserve	6.(18) & 6.(21)	892,927	9	827,106	9
3320	Special reserve	6.(19)	284,690	3	284,690	3
3350	Unappropriated earnings	4,6.(20) & 11	2,365,496	24	1,937,433	21
3400	Other equity	6.(21)				
3410	Exchange differences on translation of foreign financial statements	4, 6.(21), 6.(22) & 6.(28)	(338,584)	(3)	(441,852)	(4)
3420	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	4, 6.(7), 6.(8), 6.(21) & 6.(28)	237,702	2	279,295	3
	Total equity attributable to owners of parent		5,820,795	60	5,217,739	57
36xx	Non-controlling interests	4 & 6.(22)	664,949	7	601,439	6
3xxx	Total Equity		6,485,744	67	5,819,178	63
	Total liabilities and equity		\$ 9,669,313	100	\$ 9,172,585	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	2022		2021	
			Amount	%	Amount	%
4000	Sales revenue	4,6.(24) & 7	\$ 6,781,030	100	\$ 6,420,460	100
5000	Operating costs	4,6.(5),6.(15),6.(25) & 7	(4,821,562)	(71)	(4,524,682)	(70)
5900	Gross profit from operations		1,959,468	29	1,895,778	30
6000	Operating expense	4,6.(14),6.(15) & 6.(25)				
6100	Selling expense		(270,700)	(4)	(268,963)	(4)
6200	General and administrative expenses		(457,437)	(7)	(433,635)	(7)
6300	Research and development expenses		(194,023)	(3)	(185,949)	(3)
6450	Loss (reversal) of expected credit loss	4,5 & 6.(4)	2,373	-	(5,505)	-
	Total operating expense		(919,787)	(14)	(894,052)	(14)
6500	Net other income (expenses)	4,6.(9),6.(25) & 6.(26)	578	-	1,285	-
6900	Net operating income		1,040,259	15	1,003,011	16
7000	Non-operating income and expenses					
7100	Interest income	6.(27)	106,766	1	92,719	1
7010	Other income	6.(7) & 6.(27)	52,977	1	35,500	1
7020	Other gains and losses	6.(2),6.(9) & 6.(27)	(20,249)	-	(38,529)	(1)
7050	Finance costs	4,6.(14) & 6.(27)	(17,318)	-	(14,684)	-
7060	Share of the profit (loss) of associates	4,6.(8) & 6.(27)	11,233	-	4,809	-
7630	Foreign exchange gains (loss)	4 & 6.(27)	141,073	2	(44,142)	(1)
	Total non-operating income and expenses		274,482	4	35,673	1
7900	Profit (loss) from continuing operations before tax		1,314,741	19	1,038,684	16
7950	Income Tax Expense	4 & 6.(29)	(330,826)	(5)	(285,819)	(4)
8200	Profit (loss) for the period		983,915	15	752,865	12
8300	Other comprehensive income	4,6.(7),6.(8),6.(15),6.(21) & 6.(28)				
8310	Components of other comprehensive income that will not be reclassified to profit or loss :					
8311	Remeasurements of the defined benefit plan		20,496	-	9,034	-
8316	Unrealised gain (loss) on financial assets measured at fair through other comprehensive income		(37,315)	(1)	93,984	1
8320	Share of the other comprehensive (loss) income of associates		(4,046)	-	8,421	-
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		(20,865)	(1)	111,439	1
8360	Items that may be reclassified subsequently to profit or loss :					
8361	Exchange differences on translating foreign operations		114,643	2	(97,441)	(1)
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		114,643	2	(97,441)	(2)
	Total other comprehensive income (loss) for the period		93,778	1	13,998	-
8500	Total comprehensive income for the period		\$ 1,077,693	16	\$ 766,863	12
8600	Net profit (loss) attributable to :					
8610	Owners of the Corporation		\$ 867,603	13	\$ 648,364	10
8620	Non-controlling interests		116,312	2	104,501	2
	Net income		\$ 983,915	15	\$ 752,865	12
8700	Total comprehensive income attributable to :					
8710	Owners of the Corporation		\$ 950,006	14	\$ 675,128	11
8720	Non-controlling interests		127,687	2	91,735	1
	Total comprehensive income		\$ 1,077,693	16	\$ 766,863	12
	Earnings per share (dollar)	4 & 6.(30)				
9750	Basic		\$ 4.58		\$ 3.49	
9850	Diluted		\$ 4.49		\$ 3.39	

(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		Advance Receipts for Capital Stock	Retained Earnings			Other Equity		Total		
	Ordinary Shares	Advance Receipts for Capital Stock		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gains and Losses on Financial Assets at Fair Value Through Other Comprehensive Income			
BALANCE AT JANUARY 1, 2021	\$ 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.(20))											
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 through 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 expenses	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
Appropriation of 2021 earnings (Note 6.(20))											
Legal reserve	-	-	-	65,821	-	(65,821)	-	-	-	-	-
Cash dividends to ordinary shareholders	-	-	-	-	-	(394,447)	-	-	(394,447)	-	(394,447)
Share of the other comprehensive income of associates disposal equity instruments designated as at fair value through other comprehensive income	-	-	15	-	-	-	-	-	15	-	15
Received donation from shareholders	-	-	27	-	-	-	-	-	27	-	27
Net profit for 2022	-	-	-	-	-	867,603	-	-	867,603	116,312	983,915
Other comprehensive income for 2022	-	-	-	-	-	20,728	103,268	(41,593)	82,403	11,375	93,778
Total comprehensive income for 2022	-	-	-	-	-	888,331	103,268	(41,593)	950,006	127,687	1,077,693
Share-based payment transaction	19,520	8,700	19,235	-	-	-	-	-	47,455	-	47,455
Cash dividends paid by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	(64,177)	(64,177)
BALANCE AT DECEMBER 31, 2022	\$ 1,897,843	\$ 8,700	\$ 472,021	\$ 892,927	\$ 284,690	\$ 2,365,496	\$ (338,584)	\$ 237,702	\$ 5,820,795	\$ 664,949	\$ 6,485,744

(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	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax from continuing operations	\$ 1,314,741	\$ 1,038,684
Adjustments for		
The profit or loss items which did not affect cash flows:		
Depreciation	178,256	169,466
Amortization	27,341	24,664
Expected credit (gains) loss	(2,373)	5,505
Net loss on financial assets and liabilities at fair value through profit or loss	18,383	36,920
Interest expenses	17,318	14,684
Interest income	(106,766)	(92,719)
Dividends income	(13,571)	(8,482)
Share-based payment expenses	5,595	4,443
Share of profit of associates ventures accounted for using the equity method	(11,233)	(4,809)
Loss on disposal of property, plant and equipment	1,824	1,173
Unrealized foreign exchange (gains) losses	(10,306)	35,947
Other item	-	(5,938)
Changes in operating assets and liabilities :		
Financial assets at fair value through profit or loss	261,804	(90,457)
Notes receivables	13,330	25,053
Accounts receivable	(102,216)	(344,920)
Accounts receivable-related parties	97	(80)
Other receivables	(11,024)	21,671
Inventories	64,625	(346,926)
Prepayments and Other current assets	12,278	(96,093)
Current contract	24,288	2,333
Accounts payable	(3,688)	166,894
Accounts payable-related parties	7,376	3,367
Other payables	(6,258)	87,382
Other payables-related parties	1,548	1,230
Other current liabilities	(16,667)	19,471
Net defined benefit liabilities	(9,589)	(11,243)
Cash generated from operating activities:	1,655,113	657,220
Interest received	99,646	96,571
Dividends received	13,571	8,482
Interest paid	(17,041)	(14,571)
Income tax paid	(273,264)	(195,177)
Net cash flows from operating activities	1,478,025	552,525

(Continuing)

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

(In Thousands of New Taiwan Dollars)

Description	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets measured at amortized cost	\$ -	\$ 22,486
Dividends received from investments accounted for using equity method	3,782	1,990
Acquisition of property, plant and equipment	(155,561)	(183,471)
Proceeds from disposal of property, plant and equipment	1,986	2,776
(Increase) Decrease in refundable deposits	304	(16)
Acquisition of intangible assets	(600)	(477)
Decrease (Increase) in other current financial assets	13,862	45,431
Increase in other noncurrent assets	(19,945)	(16,310)
(Increase) Decrease in prepayments for business facilities	(29,023)	(699)
Net cash (used in) provided by investing activities	(185,195)	(128,290)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in Short-term borrowings	(190,000)	29,503
Increase in long-term borrowings	2,708	32,818
Cash payment for the principal portion of the lease liabilities	(19,088)	(16,998)
Payment of cash dividends	(394,447)	(221,962)
Employee exercise of stock warrant	41,860	44,134
Cash dividends paid by subsidiaries to non-controlling interests	(64,177)	(102,380)
Other financing activities	27	23
Net cash (used in) provided by financing activities	(623,117)	(234,862)
Effect of changes in exchange rate on cash and cash equivalents	104,439	(91,707)
Net (decrease) increase in cash and cash equivalents	774,152	97,666
Cash and cash equivalents at the beginning of the period	3,232,253	3,134,587
Cash and cash equivalents at the end of the period	<u>\$ 4,006,405</u>	<u>\$ 3,232,253</u>

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

INDEPENDENT AUDITOR'S REPORT

To: G-SHANK ENTERPRISE CO., LTD.

INDEPENDENT AUDITOR'S OPINION

We have audited the accompanying parent company only balance sheets of G-SHANK ENTERPRISE CO., LTD. as of December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, retained earnings, and cash flows for the years then ended.

In our opinion, based on our audit and the audit reports of other independent auditors (please refer to the relevant paragraphs for details), the parent company only financial statements referred to above present fairly, in all material respects, the financial position of G-SHANK as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Firm".

BASIS OF AN AUDIT OPINION

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

KEY AUDIT MATTERS

The key audit matters refer to the most important matters in auditing the 2022 parent company only financial statements of G-SHANK in accordance with the professional judgment of the independent auditors. These matters have been handled during the process of reviewing the parent company only financial statements as a whole with audit opinions formed. The independent auditor does not express an independent opinion on these matters. The independent auditor determines that the key audit matters to be communicated in the audit report are as follows:

III. Income recognition

Please refer to Note 4.(15) to the parent company only financial statements for the accounting policy on income recognition. Also, please refer to Note 6.(21) for the operating income in detail.

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

The auditing procedures implemented by the independent auditors for the aforementioned key audit

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

IV. Inventory evaluation

Please refer to Note 4.(9) of the parent company only financial statements for the accounting policy of inventory evaluation. please refer to Note 5.(2)(C) of the parent company only financial statements for the major sources of uncertainty of significant estimates and assumptions. Please refer to Note 6.(5) of the parent company only financial statements for inventory details.

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

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

OTHER MATTERS

Regarding the parent company only financial report of G-SHANK and the relevant information of the investee company disclosed in Note 13. of the parent company only financial report, the financial statements as of December 31, 2022 and 2021 of G-SHANK, INC. are prepared in conformity with the generally accepted principles of the USA, the financial statements as of December 31, 2022 and 2021 of G-S G-SHANK (Thai) Co., Ltd. are prepared in conformity with the generally accepted principles of Thailand, and the financial statements as of December 31, 2022 and 2021 of G-SHANK ENTERPRISE (M) SDN are prepared in conformity with the generally accepted principles of Malaysia, which were audited by other certified public accountants instead of the independent auditor. The financial statements of G-SHANK, INC., G-SHANK (Thai) Co., Ltd., and G-SHANK ENTERPRISE (M) SDN are translated in conformity with the “Regulations Governing the Preparation of Financial Reports by Securities Firms” and International Financial Reporting Standards (IFRS) that was recognized by the Financial Supervisory Commission, International Accounting Standards, Interpretations, and Notices (IFRS), Interpretation (IFRIC) and Interpretative Announcement (SIC). The independent auditor has completed all necessary auditing procedures. Therefore, the opinions of the independent auditor on the unadjusted amounts in the aforementioned financial statements of the subsidiaries are based on the audit reports of other certified public accountants and the results of additional audit procedures performed by them in compliance with the “Regulations Governing the Preparation of Financial Reports by Securities Firms” and generally auditing principles of the ROC. The total assets of the aforementioned subsidiaries

were NT\$909,365 thousand and NT\$868,806 thousand on December 31, 2022 and 2021 accounting for 11.06% and 11.10% of the total parent company only assets, respectively. The net operating income from January 1 to December 31, 2022 and 2021 were NT\$73,822 thousand and NT\$138,640 thousand, accounting for 6.82% and 17.3% of the parent company only net operating income, respectively. Recognized the other comprehensive profit and loss of the subsidiaries and affiliated companies for an amount of NT\$59,367 thousand and NT\$(53,971) thousand, accounting for 6.25% and (7.99)% of the total comprehensive profit and loss, respectively.

THE RESPONSIBILITY OF THE MANAGEMENT AND GOVERNANCE UNIT FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The responsibility of the management is to have the parent alone financial report prepared fairly in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Firms” and maintain the necessary internal control related to the preparation of the parent alone financial report so to assure that the financial report is free of material misstatement.

In the preparation of the parent company only financial statements, the management’s responsibility also includes assessing the continuing operation of G-SHANK, the disclosure of the relevant matters, and the adoption of the continuing operation accounting base, unless the management intends to liquidate G-SHANK or cease the business operation, or there is lack of any option except for liquidation or suspension.

The governance unit (including the Audit Committee or supervisors) of G-SHANK is responsible for supervising the financial reporting process.

CPA’S RESPONSIBILITY FOR AUDITING THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

The purpose of the independent auditor’s auditing of the parent company only financial statements is to obtain reasonable assurance about whether the parent company only financial statements are free of material misstatement arising from frauds or errors and with an audit report issued. Reasonable assurance means high assurance. However, the audit conducted in accordance with generally accepted auditing standards does not guarantee to have any material misstatement in the parent company only financial statements detected. Material misstatement could be arising from frauds or errors. If the misstated amount or aggregated amount is reasonably expected to affect the economic decisions made by the readers of the consolidated financial statements, it is considered significant.

The independent auditors when conducting the audit in accordance with generally accepted auditing standards shall exercise professional judgment and maintain professional suspicion. The independent auditors also perform the following auditing tasks:

- VII. Identify and evaluate the risk of material misstatement arising from frauds or errors of the parent company only financial statements; design and implement proper responsive measures for the assessed risks; also, obtain sufficient and adequate audit evidence for forming an audit opinion. Frauds may involve conspiracy, forgery, deliberate omission, false declaration, or violation of internal control; therefore, the risk of material misstatement arising from fraud is higher than that caused by errors.
- VIII. Obtain the necessary understanding of the internal control related to the audit in order to design appropriate audit procedures under the circumstance, but the purpose is not to express an opinion on the effectiveness of the internal control of G-SHANK.
- IX. Assess the appropriateness of the accounting policies adopted by the management; also, the reasonableness of the accounting estimates and related disclosures made.

- X. Based on the audit evidence obtained, make conclusions on the suitability of the continuing operation accounting base adopted by the management and whether or not the events or circumstances causing significant doubts to the continuing operation ability of G-SHANK are with significant uncertainties. If the independent auditors believe that such events or circumstances are with significant uncertainties, it is necessary to remind the readers of the parent company only financial statements in the audit report to pay attention to the relevant disclosure or to revise the audit opinion when such disclosures are inappropriate. The conclusion of the independent auditors is based on the audit evidence obtained as of the audit report date. However, future events or circumstances may result in the inability of G-SHANK to continue operating.
- XI. Assess the overall presentation, structure, and content of the parent company only financial statements (including the relevant notes) and whether or not the relevant transactions and events in the consolidated financial statements are presented fairly.
- XII. Obtain sufficient and appropriate audit evidence on the financial information of the individual business entity within the G-SHANK in order to express an opinion on the parent company only financial statements. The independent auditors are responsible for guiding, supervising, and implementing the auditing process of the G-SHANK; also, are responsible for forming an opinion on the audit of the G-SHANK.

The matters communicated by the independent auditors to the governing unit include the scope and timing of the planned audit, and the significant findings (including the major nonconformities of internal controls identified in the auditing process).

The independent auditors have provided to the governing unit the declaration of independence of the CPA Firm personnel subject to the Code of Ethics; also, have communicated with the governing unit regarding the relationship and other matters (including the relevant protection measures) that may affect the independence of the independent auditors.

The independent auditors have based on the communications with the governing unit to determine the key audit matters to be performed on the 2021 parent company only financial statements of G-SHANK. The independent auditors shall state the key audit matters in the audit report except for the specific matters prohibited from being disclosed, or, in rare cases; the independent auditors decide not to have specific matters communicated in the audit report since the negative effect of such disclosure can be reasonably expected to be greater than the increase of public interest.

Diwan & Company
Financial Supervisory Commission Certificate No.:
FSC-Shen-Tzi No. 1070312218
FSC-Shen-Tzi No. 1100149341

Tseng, Chiung-Hui

CPAs:

Li, Pin-Chueh

March 10, 2023

G-SHANK ENTERPRISE CO., LTD.
PARENT COMPANY ONLY BALANCE SHEET
(December 31, 2022 & 2021 have been audited)

(In Thousands of New Taiwan Dollars)

ASSETS		Notes	December 31,2022		December 31,2021	
Code	Accounts		AMOUNT	%	AMOUNT	%
11xx	Current assets					
1100	Cash and cash equivalents	4 & 6.(1)	\$ 1,324,890	16	\$ 1,038,389	13
1110	Financial assets at fair value through profit or loss - current	4 & 6.(2)	762,585	9	948,471	12
1150	Notes receivable, net	4, 5, 6.(3) & 6.(4)	2,897	-	3,864	-
1170	Accounts receivable, net	4, 5 & 6.(4)	562,036	7	560,386	7
1180	Accounts receivable- related parties	4, 5 & 7	4,111	-	8,367	-
1200	Other receivables	4, 5 & 6.(4)	24,990	1	21,365	-
1210	Other receivables - related parties	4, 5 & 7	2,419	-	21,132	-
1220	Current tax assets	4 & 6.(26)	-	-	38,483	-
130x	Inventory	4, 5 & 6.(5)	260,132	3	261,098	4
1470	Prepayments and Other current assets		5,893	-	7,668	-
1476	Other financial assets-current	4 & 6.(6)	7,383	-	25,589	1
	Total current assets		2,957,336	36	2,934,812	38
15xx	Noncurrent Asset					
1517	Financial assets at fair value through profit or loss - noncurrent	4, 5, 6.(7) & 6.(19)	262,023	3	299,338	4
1550	Investments accounted for using equity method	4 & 6.(8)	4,470,257	54	4,097,995	52
1600	Property, Plant and Equipment	4,5 & 6.(9)	484,726	6	441,544	6
1780	Intangible assets	4 & 6.(10)	956	-	1,450	-
1840	Deferred tax assets	4 & 6.(26)	25,865	1	28,717	-
1915	Prepayments for business facilities	4	13,135	-	12,769	-
1920	Refundable deposits		635	-	480	-
1990	Other noncurrent assets, others		5,178	-	7,235	-
	Total noncurrent Asset		5,262,775	64	4,889,528	62
1xxx	Total Assets		\$ 8,220,111	100	\$ 7,824,340	100

(CONTINUING)

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

G-SHANK ENTERPRISE CO., LTD.
PARENT COMPANY ONLY BALANCE SHEET
(December 31, 2022 & 2021 have been audited)

(In Thousands of New Taiwan Dollars)

Liabilities and Equity		Notes	December 31,2022		December 31,2021	
Code	Accounts		AMOUNT	%	AMOUNT	%
21xx	Current liabilities					
2100	Short-term borrowings	4, 6.(11) & 6.(28)	\$ 1,070,000	13	\$ 1,260,000	16
2120	Financial liabilities at fair value through profit or loss - current	4 & 6.(2)	-	-	1,671	-
2130	Contract liabilities - current	4 & 6.(21)	9,033	-	-	-
2170	Accounts payable	4	209,214	3	204,489	3
2180	Accounts payable-related parties	4 & 7	11,528	-	4,775	-
2200	Other payables	4, 6.(9), 6.(13) & 6.(22)	299,216	4	326,939	4
2220	Other payables-related parties	4 & 7	3,667	-	4,021	-
2230	Current tax liabilities	4 & 6.(26)	53,630	1	81,768	1
2322	Current portion of long-term loans payable	4,6.(12) & 6.(28)	38,735	-	-	-
2300	Other current liabilities		10,985	-	16,361	-
	Total current liabilities		1,706,008	21	1,900,024	24
25xx	Non-current liabilities					
2540	Long-term borrowings	4, 6.(12) & 6.(28)	40,297	-	76,324	1
2570	Deferred tax liabilities	4 & 6.(26)	616,436	8	563,593	7
2640	Net defined benefit liabilities- noncurrent	4, 5 & 6.(13)	31,929	-	62,014	1
2645	Guarantee deposits received		4,646	-	4,646	-
	Total non-current liabilities		693,308	8	706,577	9
2xxx	Total liabilities		2,399,316	29	2,606,601	33
31xx	Equity attributable to owners of parent					
3100	Share capital	4, 6.(14),6.(20) & 11				
3110	Ordinary shares		1,897,843	23	1,878,323	24
3140	Advance Receipts for Capital Stock		8,700	-	-	-
3200	Capital surplus	4, 6.(15) & 6.(20)	472,021	6	452,744	6
3300	Retained earnings					
3310	Legal reserve	6.(16) & 6.(18)	892,927	11	827,106	10
3320	Special reserve	6.(17)	284,690	3	284,690	4
3350	Unappropriated earnings	4, 6.(18) & 11	2,365,496	29	1,937,433	25
3400	Other equity					
3410	Exchange differences on translation of foreign financial statements	4, 6.(8), 6.(19) & 6.(25)	(338,584)	(4)	(441,852)	(6)
3420	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	4, 6.(7), 6.(8), 6.(19) & 6.(25)	237,702	3	279,295	4
3xxx	Total Equity		5,820,795	71	5,217,739	67
	Total liabilities and equity		\$ 8,220,111	100	\$ 7,824,340	100

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

G-SHANK ENTERPRISE CO., LTD.

PARENT COMPANY ONLY STATEMENT OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, except for earnings per share amounts)

Code	Accounts	Notes	For the years ended December 31,			
			2022	%	2021	%
4000	Sales revenue	4, 6.(21) & 7	\$ 2,395,398	100	\$ 1,976,474	100
5000	Operating costs	4, 6.(5), 6.(13), 6.(22),6.(29) & 7	(1,837,583)	(77)	(1,575,825)	(80)
5900	Gross profit from operations		557,815	23	400,649	20
6000	Operating expense	4, 6.(13), 6.(22), 6.(29) & 7				
6100	Selling expense		(103,916)	(4)	(100,493)	(5)
6200	General and administrative expenses		(158,288)	(7)	(155,619)	(8)
6300	Research and development expenses		(49,114)	(2)	(44,311)	(2)
6450	Loss (reversal) of expected credit loss	4, 5 & 6.(4)	639	-	(372)	-
	Total operating expense		(310,679)	(13)	(300,795)	(15)
6500	Net other income (expenses)	4, 6.(9), 6.(22) & 6.(23)	578	-	1,285	-
6900	Net operating income (loss)		247,714	10	101,139	5
7000	Non-operating income and expenses					
7100	Interest income	6.(24) & 7	76,961	4	68,979	4
7010	Other income	6.(7), 6.(24) & 7	104,710	4	92,088	5
7020	Other gains and losses	6.(2) & 6.(24)	(13,650)	(1)	(32,343)	(2)
7050	Finance costs	4 & 6.(24)	(13,906)	(1)	(10,515)	(1)
7070	Share of the profit (loss) of associates and subsidiaries for using equity method	4, 6.(8) & 6.(24)	621,399	27	602,724	31
7630	Foreign exchange gains (loss)	4 & 6.(24)	59,020	2	(20,483)	(1)
	Total non-operating income and expenses		834,534	36	700,450	36
7900	Profit (loss) from continuing operations before tax		1,082,248	45	801,589	41
7950	Income Tax Expense	4 & 6.(26)	(214,645)	(9)	(153,225)	(8)
8200	Profit (loss) for the period		867,603	36	648,364	33
8300	Other comprehensive income	4, 6.(7),6.(8), 6.(13), 6.(19) & 6.(25)				
8310	Components of other comprehensive income that will not be reclassified to profit or loss :					
8311	Remeasurements of the defined benefit plan		20,496	1	9,034	(1)
8316	Unrealised gain (loss) on financial assets measured at fair through other comprehensive income		(37,315)	(1)	93,984	5
8330	Share of the other comprehensive (loss) income of associates for using equity method-will not be reclassified to profit or loss		(4,046)	-	8,421	-
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		(20,865)	(2)	111,439	5
8360	Items that may be reclassified subsequently to profit or loss :					
8380	Share of the other comprehensive income of subsidiaries and associates for using equity method-will may be reclassified subsequently to profit or loss		103,268	4	(84,675)	(4)
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		103,268	4	(84,675)	(4)
	Total other comprehensive income (loss) for the period		82,403	3	26,764	1
8500	Total comprehensive income for the period		\$ 950,006	40	\$ 675,128	34
	Earnings per share (dollar)	4 & 6.(27)				
9750	Basic		\$ 4.58		\$ 3.49	
9850	Diluted		\$ 4.49		\$ 3.39	

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

G-SHANK ENTERPRISE CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

Accounts	Equity Attributable to Owners of the Corporation								Total
	Share Capital		Capital Surplus	Retained Earnings			Other Equity		
	Ordinary Shares	Advance Receipts for Capital Stock		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gains and Losses on Financial Assets at Fair Value Through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2021	\$ 1,849,683	-	\$ 432,784	\$ 798,682	\$ 284,690	\$ 1,529,619	\$ (357,177)	\$ 177,692	\$ 4,715,973
Appropriation of 2020 earnings (Note 6.(18))									
Legal reserve	-	-	-	28,424	-	(28,424)	-	-	-
Cash dividends to ordinary shareholders	-	-	-	-	-	(221,962)	-	-	(221,962)
Share of the other comprehensive income of associates disposal equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	763	-	(763)	-
Received donation from shareholders	-	-	23	-	-	-	-	-	23
Net profit for 2021	-	-	-	-	-	648,364	-	-	648,364
Other comprehensive income for 2021	-	-	-	-	-	9,073	(84,675)	102,366	26,764
Total comprehensive income for 2021	-	-	-	-	-	657,437	(84,675)	102,366	675,128
Share-based payment expenses	28,640	-	19,937	-	-	-	-	-	48,577
BALANCE AT DECEMBER 31, 2021	\$ 1,878,323	\$ -	\$ 452,744	\$ 827,106	\$ 284,690	\$ 1,937,433	\$ (441,852)	\$ 279,295	\$ 5,217,739
Appropriation of 2021 earnings (Note 6.(18))									
Legal reserve	-	-	-	65,821	-	(65,821)	-	-	-
Cash dividends to ordinary shareholders	-	-	-	-	-	(394,447)	-	-	(394,447)
Share of the other comprehensive income of associates disposal equity instruments designated as at fair value through other comprehensive income	-	-	15	-	-	-	-	-	15
Received donation from shareholders	-	-	27	-	-	-	-	-	27
Net profit for 2022	-	-	-	-	-	867,603	-	-	867,603
Other comprehensive income for 2022	-	-	-	-	-	20,728	103,268	(41,593)	82,403
Total comprehensive income for 2022	-	-	-	-	-	888,331	103,268	(41,593)	950,006
Share-based payment transaction	19,520	8,700	19,235	-	-	-	-	-	47,455
BALANCE AT DECEMBER 31, 2022	\$ 1,897,843	\$ 8,700	\$ 472,021	\$ 892,927	\$ 284,690	\$ 2,365,496	\$ (338,584)	\$ 237,702	\$ 5,820,795

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

G-SHANK ENTERPRISE CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

Description	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax from continuing operations	\$ 1,082,248	\$ 801,589
Adjustments for		
The profit or loss items which did not affect cash flows:		
Depreciation	56,410	44,825
Amortization	12,051	9,348
Expected credit (profit) loss	(639)	372
Net loss on financial assets and liabilities at fair value through profit or loss	14,403	32,881
Interest expenses	13,906	10,515
Interest income	(76,961)	(68,979)
Dividends income	(13,571)	(8,482)
Share-based payment expenses	(5,595)	4,443
Share of profit of subsidiaries and associates ventures accounted for using	(621,399)	(602,724)
Profit on disposal of property, plant and equipment	(753)	(538)
Unrealized foreign exchange losses	4,020	10,066
Changes in operating assets and liabilities :		
Financial assets at fair value through profit or loss	169,812	(12,450)
Notes receivables	967	8,998
Accounts receivable	(2,430)	(332,402)
Accounts receivable-related parties	4,220	(3,345)
Other receivables	(89)	4,402
Other receivables -related parties	(700)	3,325
Inventories	(4,190)	(90,749)
Prepayments and Other current assets	1,775	(4,223)
Current contract	9,033	-
Accounts payable	4,787	108,171
Accounts payable-related parties	6,761	3,673
Other payables	(25,657)	89,779
Other payables-related parties	(358)	35
Other current liabilities	(5,376)	4,488
Net defined benefit liabilities	(9,589)	(11,243)
Cash inflows and outflows generated from operating activities:	624,276	1,775
Interest received	73,425	70,366
Dividends received	13,571	8,482
Interest paid	(13,629)	(10,398)
Income tax paid	(148,605)	(70,008)
Net cash inflows and outflows from operating activities	549,038	217

(Continuing)

G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

Description	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using equity method	\$ (2,809)	\$ -
Cash dividends issued by investee companies using equity method	351,183	561,805
Acquisition of property, plant and equipment	(96,779)	(84,693)
Proceeds from disposal of property, plant and equipment	753	538
Increase in refundable deposits	(155)	(156)
Other receivables -related parties -decrease in funds loan	19,390	6,136
Acquisition of intangible assets	(600)	(343)
Decrease in other current financial assets	18,328	4,708
Increase in other noncurrent assets	(8,900)	(8,169)
Increase in prepayments for business facilities	(366)	(9,010)
Net cash provided by investing activities	<u>280,045</u>	<u>470,816</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (Decrease) in Short-term borrowings	(190,000)	40,000
Increase in long-term borrowings	2,708	32,818
Payment of cash dividends	(394,447)	(221,962)
Employee exercise of stock warrant	41,860	44,134
Other financing activities	27	23
Net cash (used in) provided by financing activities	<u>(539,852)</u>	<u>(104,987)</u>
Effect of changes in exchange rate on cash and cash equivalents	<u>(2,730)</u>	<u>(9,508)</u>
Net (decrease) increase in cash and cash equivalents	286,501	356,538
Cash and cash equivalents at the beginning of the period	1,038,389	681,851
Cash and cash equivalents at the end of the period	<u>\$ 1,324,890</u>	<u>\$ 1,038,389</u>

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

List of Director and Independent Director Candidates

Position	Name	Major Education Degree	Major Experience	Number of Shares Held	Reasons for Nominating as Independent Director for Three Terms
Director	Lin, Yu-Huang	Department of Administrative Management, Takming University of Science and Technology	Current position: The Chairman, G-SHANK Enterprise Co., LTD. Experience: The Chairman, Sunflex Tech Co., LTD.	8,612,089	NA
Director	Lin, Shean-Kuo	Department of Mechanical Engineering, Tatung University	Current position: The Director, G-SHANK Enterprise Co., LTD. The Director, REEL MASK INDUSTRY CO., LTD. Experience: The Vice General Manager, G-SHANK Enterprise Co., LTD. The Supervisor, Sunflex Tech Co., LTD.	3,793,106	NA
Director	Tseng, Chai-Jung	Industrial Engineering and Management Science, Ching Hua High School	Current position: The Director and General Manager, SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. The Director, G-SHANK Enterprise Co., LTD.	2,362,703	NA
Director	Lin, Yin-Shuo	Department of Physics, National Chung Hsing University	Current position: The General Manager, G-SHANK Enterprise Co., LTD. The Director, G-SHANK Enterprise Co., LTD.	3,503,643	NA
Director	Lin, Yin-Chin	Master's in Financial Management, Adelphi University	Current position: The Vice General Manager, G-SHANK Enterprise Co., LTD.	3,468,439	NA

Position	Name	Major Education Degree	Major Experience	Number of Shares Held	Reasons for Nominating as Independent Director for Three Terms
Independent Director	Ma, Shu-Chin	Master's in Accounting, Chinese Culture University	Current position: The CPA, CHIALIN CPA Firm The Institute-Supervisor, Agricultural Technology Research Institute Experience: The Senior Manager, Spirox Corporation The Senior Manager, Ernst & Young Hsinchu Branch	30,000	None.
Independent Director	Liao, Ya-Ling	Master's in Chemical Engineering, National Chung Cheng University	Current position: The Supplier Management Manager, Applied Materials, Inc. Experience: The Supplier Management Manager, APPLE ASIA LLC, TAIWAN BRANCH (U.S.A.) The Quality Manager, Innolux Corporation.	200,000	None.
Independent Director	Chen, Hung-Yi	Department of Civil Engineering, Chung Yuan Christian University	Current position: The Section Chief, National Property Administration, Ministry of Finance The Commissioner, National Property Administration, Ministry of Finance The Technician, National Property Administration, Ministry of Finance, North District Office The Engineer, Land Affairs Office of Yangmei District	0	None.
Independent Director	Liu, Ssu-Min	Master's in Industrial Economics, Tamkang University	Current position: The Chief of Financial Dept. ,KIMLAN FOODS CO.,LTD. Experience: The Financial Administrator, Wellypower Optronics Corporation The Financial Administrator, UNIMICRON TECHNOLOGY CORP.	0	None.

Details of Positions Concurrently Held by Director (including Independent Director) Candidates

Position	Name	Currently hold concurrent positions in other companies.
Director	Lin, Yu-Huang	Chairman, G-SHANK ENTERPRISE (M) SDN. BHD. Chairman, SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. Chairman, GREAT-SHANK CO., LTD. Director, G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD. Director, QINGDAO G-SHANK PRECISION SDN.BHD. Chairman, XIAMEN G-SHANK PRECISION MACHINERY CO., LTD. Chairman, G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD. Chairman, TIANJIN G-SHANK PRECISION MACHINERY CO., LTD. Chairman, SHENZHEN G-SHANK PRECISION SDN.BHD. Chairman, SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD. Chairman, SHENZHEN G-BAO PRECISION SDN.BHD. Director, G-SHANK JAPAN CO., LTD. Chairman, HUBEI HANSTAR ELECTRONICS TECHNOLOGY CO., LTD.
Director	Lin, Shean-Kuo	Chairman, G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD. Director, XIAMEN G-SHANK PRECISION MACHINERY CO., LTD. Director, TIANJIN G-SHANK PRECISION MACHINERY CO., LTD. Director, REEL MASK INDUSTRY CO., LTD.

Director	Tseng, Chai-Jung	<p>Director & General Manager, SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.</p> <p>Director, G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.</p> <p>Director, G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.</p> <p>Director & General Manager, QINGDAO G-SHANK PRECISION SDN.BHD.</p> <p>General Manager, HONG JING (SHANGHAI) ELECTRONICS CO., LTD.</p> <p>Director & General Manager, TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.</p> <p>Director & General Manager, SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD.</p> <p>Director & General Manager, SHENZHEN G-SHANK PRECISION SDN.BHD.</p> <p>Director & General Manager, SHENZHEN G-BAO PRECISION SDN.BHD.</p> <p>Director, G-SHANK JAPAN CO., LTD.</p> <p>General Manager, HUBEI HANSTAR ELECTRONICS TECHNOLOGY CO., LTD.</p>
Director	Lin, Yin-Shuo	<p>Director, G-SHANK ENTERPRISE (M) SDN. BHD.</p> <p>Chairman, G-SHANK, INC.</p> <p>Director, SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.</p> <p>Chairman, HONG JING (SHANGHAI) ELECTRONICS CO., LTD.</p> <p>Director, XIAMEN G-SHANK PRECISION MACHINERY CO., LTD.</p> <p>Director, G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.</p> <p>Chairman, QINGDAO G-SHANK PRECISION SDN.BHD.</p> <p>Director, SHENZHEN G-BAO PRECISION SDN.BHD.</p> <p>Director, G-SHANK JAPAN CO., LTD.</p>
Director	Lin, Yin-Chin	<p>Director, SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD.</p> <p>Director, SHENZHEN G-SHANK PRECISION SDN.BHD.</p>

G-SHANK ENTERPRISE CO., LTD.

Articles of Incorporation

Chapter I. General Provisions

Article 1.

The Company is organized in accordance with the Company Act and named “G-SHANK ENTERPRISE CO., LTD.”

Article 2.

The business operation of the Company:

- (1) Manufacturing and trading of molds and stampings;
- (2) Manufacturing and trading of tools and automation machines;
- (3) Assembly and processing of electrical components and finished products;
- (4) Assembly and processing of mechanical components and finished products
- (5) The operation of import and export business and the agency business of domestic and foreign manufacturers;
- (6) Except for the business operations subject to special approval, all business not prohibited or restricted by law and regulations;

Article 3.

The Company has the head office setup in Taoyuan City, and may set up branches or offices, when necessary, according to the resolution of the board of directors.

Chapter II. Shares

Article 4.

The total authorized capital stock of the Company is NT\$3.5 billion with 350 million shares issued at NT\$10 par and with the board of directors authorized to make multiple issuances and handle all relevant matters.

In terms of the total capital stock referred to in Paragraph I, an amount for NT\$200 million is reserved for the issuance of stock warrants for a total of 20 million shares at NT\$10 par with multiple issuances arranged in accordance with the resolution of the board of directors.

Article 5.

The Company’s stock shares are ordered and signed or stamped by the representing directors, and are issued after being certified by the competent authority or its authorized issuance agency.

The Company is exempted from printing certificates for the shares issued, provided that the centralized securities depository institution should be contacted for registration or custody.

Article 6

The entries to the shareholders' register shall be ceased within 60 days prior to the convening date of a general shareholders' meeting, or within 30 days prior to the convening date of an extraordinary shareholders' meeting, or within 5 days prior to the target date fixed by the Company for distribution of dividends, bonus, or other benefits.

Article 7.

Shareholders should fill in the specimen card when opening an account for the record of the Company. The receipt of dividends and exercise of equity in writing in the future must be with the proof of the specimen card on file. Unless otherwise provided by the Company Act or the securities regulations, it is to be handled in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies" of the Financial Supervisory Commission.

Chapter III. Shareholders' Meeting

Article 8.

The shareholders' meeting includes both general shareholders' meeting that is to be held at least once a year and convened by the board of directors within 6 months at the end of the fiscal year and extraordinary shareholders' meeting that is to be held when necessary.

Article 8-1.

The Company's shareholders' meeting may be convened by virtual communication network or other methods announced by the central competent authority. A virtual shareholders' meeting shall be convened in compliance with the relevant regulations on the conditions, operating procedures, and other mandatory matters; also, the regulations otherwise imposed by the competent authorities shall prevail.

Article 9.

The shareholder who cannot attend the shareholders' meeting for reasons may appoint a proxy to attend the meeting by providing the proxy form issued by the Company with the scope of the proxy's authorization detailed, then signed and sealed. The use of the proxy form, unless otherwise provided by the Company Act, shall be handled in accordance with the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies."

Article 10.

The Company's shareholders are entitled to one voting power in respect of each share in their possession, unless otherwise provided by law and regulations.

Article 11.

Resolutions reached in the Company's shareholders' meeting shall, unless otherwise provided by the Company Act, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.

Chapter IV. Directors

Article 12.

The Company has a quorum of 7~11 directors set. The candidate nomination system is adopted for the shareholders to elect the directors from among the nominees listed in the register of director candidates. The directors are elected for a 3-year term and eligible for re-election.

According to the quorum of board directors set in the preceding paragraph, there shall be not less than 3 independent directors in number and not less than one-fifth of the total number of directors. Independent directors shall possess professional knowledge and there shall be restrictions on their shareholdings, restriction on holding employment concurrently, nomination and election method, and other requirements on compliance that are to be handled in accordance with the Company Act, and relevant requirements of the competent securities authorities.

The Company shall acquire liability insurance for the directors during the term of office according to their indemnity responsibilities within the scope of business execution lawfully.

Article 12-1.

The Company's board of directors has the Audit Committee, Remuneration Committee, and other functional committees formed, of which, the Audit Committee is formed by all independent directors.

The duties, organizational charters, exercise of powers, and other matters to be complied with by the Audit Committee referred to in the preceding paragraph shall be handled in accordance with the relevant regulations of the competent securities authority and the Company.

Article 13.

The board of directors is organized by all directors. The Chairman is elected with the consent of more than half of the directors present at the meeting that is attended by more than two-thirds of the directors. The Chairman is to chair the shareholders' meeting internally and to represent the Company externally.

Article 14.

When the Chairman requests leave or is unable to exercise his/her powers for any reason, the representative of the Chairman shall be processed in accordance with Article 208 of the Company Act. If a director is unable to attend the board meeting for some reasons, he/she may entrust another director to attend the meeting as his/her proxy in accordance with Article 205 of the Company Act. The aforementioned proxy is limited to one person only.

Article 14-1.

The reasons for convening the board meeting shall be detailed in the written meeting notice and sent to each director 7 days in advance. However, a board meeting can be convened at any time in case of emergency.

The aforementioned meeting notice can be sent to each director by correspondence, fax, or e-mail.

Article 14-2.

The board of directors is authorized to determine the remuneration and allowance for travel expenses to the Company's board directors based on the degree of their participation in the Company's business operation and the value of their contributions, and with reference to the standards of the industry.

Chapter V Management

Article 15.

The Company may have one President and several Vice Presidents appointed to serve; also, their appointment, dismissal, and remuneration is to be handled in accordance with Article 29 of the Company Act.

Chapter VI Accounting

Article 16.

The Company's board of directors shall have the following reports prepared at the end of each fiscal year, and then presented in the shareholders' meeting for resolutions in accordance with the statutory procedures: (I) The business report; (II) The financial statements; and (III) The earning distribution or loss off-setting proposals.

Article 17.

If there is net income before tax and before deducting compensation to employees and remuneration to directors, an amount equivalent to 1%~10% of the net income shall be appropriated to pay compensation to employees and an amount not more than 3% of the net income shall be appropriated to pay remuneration to directors. However, if there remains cumulative loss, the Company shall have the equivalent amount reserved to make up for the said cumulative loss.

The compensation to employees stated in the preceding paragraph shall be paid with stock shares or in cash. The recipients of such compensation may include employees of subordinate companies who meet the conditions set by the board of directors. The remuneration to directors can be paid only in cash.

The earnings distribution stated in the preceding paragraph shall be implemented according to the resolution of the board of directors and the presentation in the shareholders' meeting.

Article 17-1.

The Company shall apply the earnings, if any, to pay income tax and make up for the losses of previous years, then appropriate 10% of the balance amount as legal reserve thereafter. In addition, a certain amount of special reserve shall be retained or reversed in accordance with the regulations of the competent authority. Then, for the remaining amount thereafter plus the unappropriated earnings of previous years, after having a certain amount reserved, it is to be distributed according to the distribution plan proposed by the board of directors after being resolved by the shareholders' meeting.

Chapter VII Supplementary Provisions

Article 18.

The Company is currently engaging in a growing industry; therefore, the Company will develop and expand along with business development in the future. The earnings distribution will be handled in accordance with the Articles of Incorporation. However, for the distribution of dividends to shareholders in the current year, the maximum proportion of stock dividends shall not exceed 50% of the total dividends distributed; that is, the remaining dividends must be in the form of cash dividends.

Article 19.

The board of directors is authorized to handle the Company's investment that may exceed 40% of the paid-in capital.

Article 20.

The Company may grant guarantees externally due to business needs.

Article 21.

The matters not fully addressed in the Articles of Incorporation shall be handled in accordance with the Company Act.

Article 22.

The Articles of Incorporation was formulated on October 2, 1973. The 1st amendment was made on January 31, 1975. The 2nd amendment was made on July 1, 1977. The 3rd amendment was made on August 6, 1979. The 4th amendment was made on June 22, 1984. The 5th amendment was made on December 28, 1985. The 6th amendment was made on October 30, 1987. The 7th amendment was made on March 26, 1989. The 8th amendment was made on May 31, 1992. The 9th amendment was made on June 27, 1993. The 10th amendment was made on July 25, 1994. The 11th amendment was made on June 21, 1995. The 12th amendment was made on August 1, 1995. The 13th amendment was made on May 22, 1996. The 14th amendment was made on April 30, 1997. The 15th amendment was made on May 21, 1999. The 16th amendment was made on April 29, 2000. The 17th amendment was made on April 29, 2000. The 18th amendment was made on April 19, 2001. The 19th amendment was made on April 19, 2001. The 20th amendment was made on May 30, 2002. The 21st amendment was made on June 15, 2004. The 22nd amendment was made on June 14, 2005. The 23rd amendment was made on June 15, 2007. The 24th amendment was made on June 25, 2008. The 25th amendment was made on June 16, 2009. The 26th amendment was made on June 14, 2010. The 27th amendment was made on June 22, 2012. The 28th amendment was made on June 16, 2016. The 29th amendment was made on June 13, 2019. The 30th amendment was made on June 15, 2020.

G-SHANK ENTERPRISE CO., LTD. Chairman: LIN, YU-HUANG

G-SHANK ENTERPRISE CO., LTD.
Rules of Procedure for Shareholders' Meetings

Article 1.

The Company's shareholders' meetings are to be processed in accordance with the "Rules of Procedure for Shareholders' Meetings."

Article 2.

The Company furnishes the attending shareholders with an attendance book to sign, or attending shareholders (or the representatives) may hand in a sign-in card in lieu of signing in.

The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, and the number of shares whose voting rights are exercised by electronic means.

Article 3.

Attendance at shareholders' meetings and voting shall be calculated based on numbers of shares.

Article 4.

The venue for a shareholders' meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

Article 5.

If a shareholders' meeting is convened by the board of directors, the meeting shall be chaired by the chairman of the board. When the chairman of the board is on leave or for any reason unable to exercise the powers of the chairman, the vice chairman shall act in place of the chairman. If there is no vice chairman or the vice chairman also is on leave or for any reason unable to exercise the powers of the vice chairman, the chairman shall appoint one of the directors to act as chair. Where the chairman does not make such a designation, the directors shall select from among themselves one person to serve as chair. If a shareholders' meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

Article 6.

The Company may appoint its attorneys, certified public accountants, or related persons retained by the Company to attend the shareholders' meeting in a non-voting capacity. Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.

Article 7.

The Company shall make an uninterrupted audio and video recording the entire proceedings of the shareholders' meeting, and the recorded materials of the preceding paragraph shall be retained for at least one year.

Article 8.

The Chairman shall call the meeting to order at the scheduled meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the Chairman may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.

Article 9.

If a shareholders' meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene that is not the board of directors.

The Chairman may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting. If the Chairman declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new Chairman in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

After the meeting is adjourned by resolution, shareholders shall not elect another Chairman to continue the meeting at the original venues or at another venue.

Article 10.

Before speaking, an attending shareholder (or a representative) must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the Chairman.

A shareholder (or a representative) in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken.

When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the Chairman and the shareholder that has the floor; the

Chairman shall stop any violation.

Article 11.

Except with the consent of the Chairman, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes.

If the shareholder's speech violates the aforementioned rules or exceeds the scope of the agenda item, the Chairman may terminate the speech.

Article 12.

The juristic person attending the shareholders' meeting by proxy can only assign one representative to attend the meeting.

When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.

Article 13.

After an attending shareholder has spoken, the Chairman may respond in person or direct relevant personnel to respond.

Article 14.

The Chairman shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the Chairman is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the Chairman may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

Article 15.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the Chairman, provided that all monitoring personnel shall be shareholders of the Company. Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 16.

When a meeting is in progress, the Chairman may announce a break based on time considerations.

Article 17.

Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.

At the time of a vote, for each proposal, the Chairman or a person designated by the Chairman shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders.

Article 18.

When there is an amendment or an alternative to a proposal, the Chairman shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Article 19.

The Chairman may direct the proctors (or security personnel) to help maintain order at the meeting place.

When proctors (or security personnel) help maintain order at the meeting place, they shall wear an armband bearing the word "Proctor."

Article 20.

Matters not stipulated in the "Rules" shall be handled in accordance with the provisions of the Company Act and relevant laws and regulations.

Article 21.

The "Rules" shall take effect after having been submitted to and approved by a shareholders' meeting. Subsequent amendments thereto shall take effect in the same manner.

G-SHANK ENTERPRISE CO., LTD.

Method of Election of Directors

Article 1.

The election of directors of this company shall be held at the shareholders' meeting.

Article 2.

The election of directors of this company shall adopt the system of candidate nomination, and the elected candidates shall be selected from the list of candidates by the shareholders' meeting.

Article 3.

The number of directors to be elected by this company shall be determined in accordance with the company's articles of association and the resolution of the board of directors.

Article 4.

The election of directors of this company shall adopt the system of cumulative voting by shareholders. Each shareholder shall have the same number of voting rights as the number of directors to be elected. They may choose to elect one person or distribute the votes to elect multiple people.

Article 5.

The number of independent directors and non-independent directors to be elected by this company, as stipulated in the company's articles of association, shall be counted separately. The elected candidate with the most votes shall be elected. If two or more candidates obtain the same number of votes and exceed the prescribed quota, a drawing lots shall be conducted to determine the winner. If the candidates with the same number of votes are absent, the chairman shall draw lots on their behalf.

Article 6.

The board of directors shall prepare election ballots equal to the number of directors to be elected, and fill in the number of voting rights. They shall be distributed to shareholders attending the shareholders' meeting, and the voter's name may be represented by the attendance number printed on the ballot.

Article 7.

Before the election, the chairman shall designate several shareholders to serve as inspectors and vote counters to execute the related duties.

Article 8.

The ballot box prepared by the board of directors shall be inspected by the inspector in public before the vote is cast.

Article 9.

To cast their vote, shareholders shall fill in the name or title of the candidate they are voting for in the "candidate" column of the ballot. However, if the government or corporate shareholder is the candidate, the "title" column of the ballot shall indicate the name of the government or corporation, and the name of its representative may also be included if there are multiple representatives.

Article 10.

The following situations shall render the ballot invalid:

- (1) Ballots that are not prepared by the person with the right to call the meeting.
- (2) Blank ballots that are not written on.
- (3) Ballots with unclear handwriting or alterations.
- (4) Ballots with a candidate's name or title that does not match the list of candidates.
- (5) Ballots with additional text other than the name or title of the candidate.
- (6) Ballots that list two or more candidates.

Article 11.

If the total number of allocated voting rights is less than the number of voting rights held by shareholders, then the reduced number of votes shall be considered as abstention.

Article 12.

After voting is concluded, the ballot shall be opened and counted in public, and the result shall be announced by the chairman in public.

Article 13.

For matters not covered in these regulations, relevant laws and regulations shall apply.

Article 14.

These regulations shall be implemented after being passed by the shareholders' meeting, and shall apply when revised.

(First revision on August 28, 1996)

(Second revision on April 19, 2001)

(Third revision on May 30, 2002)

(Fourth revision on June 5, 2020)

(Fifth revision on July 16, 2021)

G-SHANK ENTERPRISE CO., LTD.

Shareholdings of Directors

1. The minimum number of shares to be held by all directors and the number of shares recorded in the shareholder register

Title	Shares to be held	Shares recorded in the shareholders register
Directors	11,439,257	18,271,541

2. Shareholdings of directors

April 11, 2023

Title	Name	Shares recorded in the shareholders register	Remarks
Chairman	LIN, YU-HUANG	8,612,089	
Director	LIN, SHEAN-KUO	3,793,106	
Director	TSENG, CHAI-JUNG	2,362,703	
Director	LIN, YING-SHUO	3,503,643	
Independent Director	MA, SHU-CHIN	30,000	
Independent Director	LIAO, YA-LING	200,000	
Independent Director	CHEN, HUNG-YI	0	