

**G-SHANK ENTERPRISE CO., LTD. AND
SUBSIDIARIES**

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2023 and 2022 and
Independent Auditors' Review Report**

Notice to Readers

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

INDEPENDENT AUDITOR'S REVIEW REPORT

To: G-Shank ENTERPRISE CO., LTD.

Introduction

We have reviewed the accompanying consolidated balance sheets of G-Shank Enterprise Co., Ltd. and its subsidiaries as of September 30, 2023 and 2022, the consolidated statements of comprehensive income for the three months and nine months ended September 30, 2023 and 2022, and the consolidated statements of changes in equity and of cash flows for the nine months ended September 30, 2023 and 2022, and notes to the financial statements, including a summary of significant accounting policies. (collectively referred to as the consolidated financial statements). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Statement of Review Engagements of the Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4.(2) of the consolidated financial statements, the same period financial statements of the insignificant subsidiaries included in the aforementioned consolidated financial statements have not been reviewed by the independent auditors. The total assets were NT\$3,492,075 thousand and NT\$3,703,237 thousand, accounted for 37.49% and 38.73% of the total consolidated assets as of September 30, 2023 and 2022, respectively. The total liabilities were NT\$549,777 thousand and NT\$678,995 thousand, accounted for 20.50% and 20.89% of total consolidated liabilities, respectively. The total consolidated profits and losses were NT\$168,104 thousand, NT\$144,158 thousand and NT\$219,514 thousand, NT\$412,364 thousand, constituting 39.42%, 31.65% and 34.83%, 44.78% of the consolidated total comprehensive income for the three months and nine months periods then ended September 30, 2023 and 2022, respectively. As stated in Note 6.(8) of the consolidated financial statements, the investment book amount under the equity method on the consolidated balance

sheet of G-Shank Enterprise Co., Ltd. and its subsidiaries were NT\$167,543 thousand and NT\$165,915 thousand, accounted for 1.80% and 1.74% of the total consolidated assets, respectively, as of September 30, 2023 and 2022, respectively. The amount of profit from the affiliated enterprise under the equity method was NT\$7,860 thousand, NT\$7,746 thousand and NT\$12,383 thousand, NT\$16,269 thousand, accounted for 1.84%, 1.70% and 1.96% ,1.77% of the total consolidated profits and losses for the period of the three months and nine months periods then ended September 30, 2023 and 2022, respectively, which were calculated according to the same period financial statements of the invested companies that have not been reviewed by the independent auditors. In addition, the relevant information of the aforementioned subsidiaries as disclosed in Note 13 to the consolidated financial statements and the invested companies under the equity method have not been reviewed by the independent auditors.

Conclusion

In our conclusion, except for the financial statements of the insignificant subsidiaries and the invested companies under the equity method as stated in the “Foundation for a qualified conclusion” paragraph and the relevant information disclosed in Note 13 to the consolidated financial statements may have affected the consolidated financial statements if they have been reviewed by the independent auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of G-Shank Enterprise Co., Ltd. as at September 30, 2023 and 2022, and of its consolidated financial performance for the three-month and nine-month periods then ended, and of its consolidated cash flows for the nine months ended September 30, 2023 and 2022, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

Chiung-hui Tseng
Diwan & Company
November 3, 2023

Pin-chueh Li

Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, the company cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

(September 30, 2023 & 2022 have been Reviewed 、 December 31, 2022 have been audited)

(In Thousands of New Taiwan Dollars)

ASSETS		Notes	September 30,2023		December 31,2022		September 30,2022	
Code	Accounts		Amount	%	Amount	%	Amount	%
11xx	Current assets							
1100	Cash and cash equivalents	4 & 6.(1)	\$ 3,857,932	41	\$ 4,006,405	41	\$ 3,720,373	39
1110	Financial assets at fair value through profit or loss - current	6.(2)	1,045,612	11	866,063	9	860,655	9
1150	Notes receivable, net	6.(3) & 6.(4)	37,882	-	42,518	-	23,020	-
1170	Accounts receivable, net	6.(4)	1,393,447	15	1,584,250	16	1,667,015	18
1180	Accounts receivable- related parties	7	39	-	15	-	36	-
1200	Other receivables	6.(4)	50,028	1	50,086	1	38,407	-
1220	Current tax assets	4 & 6.(29)	2,532	-	-	-	994	-
130x	Inventory	6.(5)	818,550	9	1,022,566	11	1,176,714	12
1470	Prepayments and Other current assets		49,004	1	40,416	-	57,286	1
1476	Other financial assets-current	4、6.(6) & 8	31,088	-	31,741	1	29,527	-
	Total current assets		<u>7,286,114</u>	<u>78</u>	<u>7,644,060</u>	<u>79</u>	<u>7,574,027</u>	<u>79</u>
15xx	Noncurrent Asset							
1517	Financial assets at fair value through other comprehensive income	6.(7) & 6.(21)	276,898	3	262,023	3	241,684	3
1550	Investments accounted for using equity method	6.(8)	167,543	2	161,170	2	165,915	2
1600	Property, Plant and Equipment	6.(9) & 9	1,269,798	14	1,253,826	13	1,227,867	13
1755	Right-of-use asset	6.(10)&6.(14)	267,173	3	255,416	3	258,590	3
1780	Intangible assets	6.(11)	792	-	1,037	-	1,290	-
1840	Deferred tax assets	4 & 6.(29)	18,715	-	29,112	-	34,189	-
1915	Prepayments for business facilities	9	12,209	-	46,394	-	41,838	-
1920	Refundable deposits		3,375	-	4,553	-	4,620	-
1990	Other noncurrent assets, others	8	11,879	-	11,722	-	12,737	-
	Total noncurrent Asset		<u>2,028,382</u>	<u>22</u>	<u>2,025,253</u>	<u>21</u>	<u>1,988,730</u>	<u>21</u>
1xxx	Total Assets		<u>\$ 9,314,496</u>	<u>100</u>	<u>\$ 9,669,313</u>	<u>100</u>	<u>\$ 9,562,757</u>	<u>100</u>

(CONTINUING)

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

G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

(September 30, 2023 & 2022 have been Reviewed 、 December 31, 2022 have been audited)

(In Thousands of New Taiwan Dollars)

Liabilities and Equity		Notes	September 30,2023		December 31,2022		September 30,2022	
Code	Accounts		Amount	%	Amount	%	Amount	%
21xx	Current liabilities							
2100	Short-term loans	6.(12) & 6.(31)	\$ 870,000	9	\$ 1,070,000	11	\$ 1,080,000	11
2130	Contract liabilities - current	6.(24)	23,583	-	39,036	-	31,384	-
2170	Accounts payable		467,773	5	545,261	6	693,075	7
2180	Accounts payable-related parties	7	3,423	-	11,289	-	3,702	-
2200	Other payables	6.(9) 、 6.(15) & 6.(25)	428,400	5	544,084	6	508,939	6
2220	Other payables-related parties	7	3,945	-	5,155	-	4,590	-
2230	Current tax liabilities	4 & 6.(29)	51,923	1	97,513	1	96,563	1
2280	Lease liabilities-current	6.(14) & 6.(31)	59,952	1	58,142	1	12,534	-
2322	Current portion of long-term loans payable	6.(13) & 6.(31)	-	-	38,735	-	28,856	-
2300	Other current liabilities		31,976	-	27,409	-	22,085	-
	Total current liabilities		<u>1,940,975</u>	<u>21</u>	<u>2,436,624</u>	<u>25</u>	<u>2,481,728</u>	<u>25</u>
25xx	Non-current liabilities							
2540	Long-term loans	6.(13) & 6.(31)	-	-	40,297	1	50,176	1
2570	Deferred tax liabilities	4 & 6.(29)	641,036	7	616,485	6	606,702	6
2580	Lease liabilities - noncurrent	6.(14) & 6.(31)	61,893	1	53,530	1	52,127	1
2640	Net defined benefit liabilities- noncurrent	4 & 6.(15)	31,929	-	31,929	-	54,310	1
2645	Guarantee deposits		6,073	-	4,704	-	4,705	-
	Total non-current liabilities		<u>740,931</u>	<u>8</u>	<u>746,945</u>	<u>8</u>	<u>768,020</u>	<u>9</u>
2xxx	Total liabilities		<u>2,681,906</u>	<u>29</u>	<u>3,183,569</u>	<u>33</u>	<u>3,249,748</u>	<u>34</u>
31xx	Equity attributable to owners of parent							
3100	Share capital	6.(16) 、 6.(23)&11						
3110	Ordinary shares		1,906,543	20	1,897,843	20	1,897,843	20
3140	Advance Receipts for Capital Stock		-	-	8,700	-	-	-
3200	Capital surplus	6.(17) 、 6.(22) & 6.(23)	483,559	5	472,021	5	464,950	5
3300	Retained earnings							
3310	Legal reserve	6.(18) & 6.(20)	981,760	11	892,927	9	892,927	9
3320	Special reserve	6.(19)	284,690	3	284,690	3	284,690	3
3350	Unappropriated earnings	6.(20)	2,368,121	25	2,365,496	24	2,189,800	23
3400	Other equity							
3410	Exchange differences on translation of foreign financial statements	6.(21) 、 6.(22) & 6.(28)	(314,919)	(3)	(338,584)	(3)	(284,528)	(3)
3420	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	6.(7) 、 6.(8) 、 6.(21) & 6.(28)	253,134	3	237,702	2	217,474	2
	Total equity attributable to owners of parent		<u>5,962,888</u>	<u>64</u>	<u>5,820,795</u>	<u>60</u>	<u>5,663,156</u>	<u>59</u>
36xx	Non-controlling interests	6.(22)	669,702	7	664,949	7	649,853	7
3xxx	Total Equity		<u>6,632,590</u>	<u>71</u>	<u>6,485,744</u>	<u>67</u>	<u>6,313,009</u>	<u>66</u>
	Total liabilities and equity		<u>\$ 9,314,496</u>	<u>100</u>	<u>\$ 9,669,313</u>	<u>100</u>	<u>\$ 9,562,757</u>	<u>100</u>

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

G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Reviewed, Not Audited)

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

Code	Accounts	Notes	For the three-month ended September 30				For the nine-month ended September 30			
			2023	%	2022	%	2023	%	2022	%
4000	Sales revenue	6.(24) & 7	\$ 1,470,794	100	\$ 1,897,287	100	\$ 4,289,594	100	\$ 5,062,054	100
5000	Operating costs	6.(5) 、6.(15) 、6.(25) & 7	(1,019,387)	(69)	(1,337,928)	(71)	(3,074,853)	(72)	(3,582,908)	(71)
5900	Gross profit from operations		451,407	31	559,359	29	1,214,741	28	1,479,146	29
6000	Operating expense	6.(14) 、6.(15) 、6.(25) & 7								
6100	Selling expense		(65,385)	(5)	(70,958)	(3)	(188,467)	(4)	(199,636)	(4)
6200	General and administrative expenses		(121,133)	(8)	(118,562)	(6)	(359,296)	(8)	(336,305)	(6)
6300	Research and development expenses		(43,108)	(3)	(55,060)	(3)	(127,920)	(3)	(148,286)	(3)
6450	Loss (reversal) of expected credit loss	6.(4)	1,559	-	(268)	-	(437)	-	1,376	-
	Total operating expense		(228,067)	(16)	(244,848)	(12)	(676,120)	(15)	(682,851)	(13)
6500	Other operating income and expenses, net	6.(9) 、6.(25) & 6.(26)	96	-	95	-	287	-	287	-
6900	Net operating income		223,436	15	314,606	17	538,908	13	796,582	16
7000	Non-operating income and expenses									
7100	Interest income	6.(27)	43,359	3	29,088	1	116,088	2	77,615	1
7010	Other income	6.(27)	5,765	-	11,344	1	30,126	1	45,314	1
7020	Other gains and losses	6.(2) 、6.(9) & 6.(27)	56,240	4	4,237	-	29,926	1	(56,319)	(1)
7050	Finance costs	6.(14) & 6.(27)	(4,584)	-	(4,619)	-	(15,217)	-	(12,231)	-
7060	Share of the profit of associates	6.(8) & 6.(27)	7,860	-	7,746	-	12,383	-	16,269	-
7630	Foreign exchange gains (loss)	6.(27)	38,992	3	115,433	6	100,114	2	213,132	4
	Total non-operating income and expenses		147,632	10	163,229	8	273,420	6	283,780	5
7900	Profit (loss) from continuing operations before tax		371,068	25	477,835	25	812,328	19	1,080,362	21
7950	Income Tax Expense	4 & 6.(29)	(98,621)	(6)	(126,266)	(6)	(221,679)	(5)	(273,500)	(5)
8200	Profit (loss) for the period		272,447	19	351,569	19	590,649	14	806,862	16
8300	Other comprehensive income	6.(7) 、6.(8) & 6.(28)								
8310	Components of other comprehensive income that will not be reclassified to profit or loss :									
8316	Unrealised gain (loss) on financial assets measured at fair through other comprehensive income		15,965	1	43,112	2	14,875	-	(57,654)	(1)
8320	Share of the other comprehensive (loss) income of associates		(13)	-	139	-	557	-	(4,167)	-
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		15,952	1	43,251	2	15,432	-	(61,821)	(1)
8360	Items that may be reclassified subsequently to profit or loss :									
8361	Exchange differences on translating foreign operations		138,077	9	60,618	3	24,250	1	175,731	3
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		138,077	9	60,618	3	24,250	1	175,731	3
	Total other comprehensive income (loss) for the period		154,029	10	103,869	5	39,682	1	113,910	2
8500	Total comprehensive income (loss) for the period		\$ 426,476	29	\$ 455,438	24	\$ 630,331	15	\$ 920,772	18
8600	Net profit (loss) attributable to :									
8610	Owners of the Corporation		\$ 245,755	17	\$ 312,396	17	\$ 529,963	12	\$ 712,635	14
8620	Non-controlling interests		26,692	2	39,173	2	60,686	2	94,227	2
			\$ 272,447	19	\$ 351,569	19	\$ 590,649	14	\$ 806,862	16
8700	Total comprehensive income attributable to :									
8710	Owners of the Corporation		\$ 382,074	26	\$ 411,078	22	\$ 569,060	13	\$ 808,138	16
8720	Non-controlling interests		44,402	3	44,360	2	61,271	2	112,634	2
			\$ 426,476	29	\$ 455,438	24	\$ 630,331	15	\$ 920,772	18
	Earnings per share (dollar)	6.(30)								
9750	Basic		\$ 1.29		\$ 1.65		\$ 2.78		\$ 3.77	
9850	Diluted		\$ 1.27		\$ 1.62		\$ 2.74		\$ 3.69	

(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
(Reviewed, Not Audited)

(In Thousands of New Taiwan Dollars)

Item	Equity Attributable to Owners of the Corporation									Non-controlling Interests	Total Equity
	Share Capital			Retained Earnings			Other Equity		Total		
	Ordinary Shares	Advance Receipts for Capital Stock	Capital Surplus	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, 2022	\$ 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)
Changes in the net interest of associates recognised under the equity method	-	-	(156)	-	-	-	-	-	(156)	-	(156)
Received donation from shareholders	-	-	27	-	-	-	-	-	27	-	27
Net profit for the nine months ended September 30, 2022	-	-	-	-	-	712,635	-	-	712,635	94,227	806,862
Other comprehensive income for the nine months ended September 30, 2022	-	-	-	-	-	-	157,324	(61,821)	95,503	18,407	113,910
Total comprehensive income for the nine months ended September 30, 2022	-	-	-	-	-	712,635	157,324	(61,821)	808,138	112,634	920,772
Share-based payment expenses	19,520	-	12,335	-	-	-	-	-	31,855	-	31,855
Cash dividends paid by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	(64,220)	(64,220)
BALANCE AT SEPTEMBER 30, 2022	\$ 1,897,843	\$ -	\$ 464,950	\$ 892,927	\$ 284,690	\$ 2,189,800	\$ (284,528)	\$ 217,474	\$ 5,663,156	\$ 649,853	\$ 6,313,009
BALANCE AT JANUARY 1, 2023	\$ 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
Appropriation of 2022 earnings (Note 6.(20))											
Legal reserve	-	-	-	88,833	-	(88,833)	-	-	-	-	-
Cash dividends to ordinary shareholders	-	-	-	-	-	(438,505)	-	-	(438,505)	-	(438,505)
Changes in the net interest of associates recognised under the equity method	-	-	199	-	-	-	-	-	199	-	199
Received donation from shareholders	-	-	54	-	-	-	-	-	54	-	54
Net profit for the nine months ended September 30, 2023	-	-	-	-	-	529,963	-	-	529,963	60,686	590,649
Other comprehensive income for the nine months ended September 30, 2023	-	-	-	-	-	-	23,665	15,432	39,097	585	39,682
Total comprehensive income for the nine months ended September 30, 2023	-	-	-	-	-	529,963	23,665	15,432	569,060	61,271	630,331
Share-based payment expenses	8,700	(8,700)	11,285	-	-	-	-	-	11,285	-	11,285
Cash dividends paid by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	(56,518)	(56,518)
BALANCE AT SEPTEMBER 30, 2023	\$ 1,906,543	\$ -	\$ 483,559	\$ 981,760	\$ 284,690	\$ 2,368,121	\$ (314,919)	\$ 253,134	\$ 5,962,888	\$ 669,702	\$ 6,632,590

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

G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Reviewed, Not Audited)

(In Thousands of New Taiwan Dollars)

Item	For the nine months ended September 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax from continuing operations	\$ 812,328	\$ 1,080,362
Adjustments for		
The profit or loss items which did not affect cash flows:		
Depreciation	135,194	133,329
Amortization	12,362	20,804
Expected credit (gains) loss	437	(1,376)
Net loss on financial assets and liabilities at fair value through profit or loss	(37,096)	56,485
Interest expenses	15,217	12,231
Interest income	(116,088)	(77,615)
Dividends income	(9,500)	(13,571)
Share-based payment expenses	11,285	2,697
Share of profit of associates ventures accounted for using the equity method	(12,383)	(16,269)
Losses(profit) on disposal of property, plant and equipment	7,144	(202)
Unrealized foreign exchange gains	(85,946)	(115,267)
Other item	(1,585)	-
Changes in operating assets and liabilities :		
Financial assets at fair value through profit or loss	(143,663)	224,658
Notes receivables	4,636	32,828
Accounts receivable	196,642	(157,016)
Accounts receivable-related parties	(24)	76
Other receivables	12,292	2,677
Inventories	199,466	(87,724)
Prepayments and Other current assets	(8,588)	(4,860)
Current contract	(15,453)	16,636
Accounts payable	(78,639)	141,288
Accounts payable-related parties	(7,866)	(211)
Other payables	(107,114)	(92,908)
Other payables-related parties	(1,210)	983
Other current liabilities	4,567	(21,991)
Net defined benefit liabilities-noncurrent	-	(7,704)
Cash (used in) generated from operating activities:	786,415	1,128,340
Interest received	104,283	70,830
Dividends received	9,500	13,571
Interest paid	(15,341)	(11,909)
Income tax paid	(234,853)	(232,742)
Net cash flows from operating activities	<u>650,004</u>	<u>968,090</u>

(Continuing)

G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUING)
(Expressed in thousands of New Taiwan dollars)
(Reviewed, Not Audited)

Description	For the nine months ended September 30	
	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received from investments accounted for using equity method	\$ 6,766	\$ 3,781
Acquisition of property, plant and equipment	(110,624)	(80,663)
Proceeds from disposal of property, plant and equipment	3,854	1,722
Decrease (Increase) in refundable deposits	1,178	237
Acquisition of intangible assets	(456)	(601)
Acquisition of right-to-use assets	(2,550)	-
Decrease in other current financial assets	1,150	16,392
Increase in Other current assets	(11,885)	(14,655)
Increase in prepayments for business facilities	(5,992)	(24,467)
Net cash used in investing activities	<u>(118,559)</u>	<u>(98,254)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in Short-term Loans	(200,000)	(180,000)
Long-term Loan Borrowing	-	2,708
Repayment of long-term borrowings	(79,032)	-
Increase in Deposit for Guarantee	2,934	-
Cash payment for the principal portion of the lease liabilities	(12,167)	(14,210)
Payment of cash dividends	(438,505)	(394,447)
Employee exercise of stock warrant	-	29,158
Cash dividends paid by subsidiaries to non-controlling interests	(56,518)	(64,220)
Other financing activities	54	27
Net cash used in financing activities	<u>(783,234)</u>	<u>(620,984)</u>
Effect of changes in exchange rate on cash and cash equivalents	<u>103,316</u>	<u>239,268</u>
Net increase (decrease) in cash and cash equivalents for the period	(148,473)	488,120
Cash and cash equivalents at the beginning of the period	<u>4,006,405</u>	<u>3,232,253</u>
Cash and cash equivalents at the end of the period	<u>\$ 3,857,932</u>	<u>\$ 3,720,373</u>

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

G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)
(Reviewed, Not Audited)

1. COMPANY HISTORY

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

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

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

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

2. FINANCIAL REPORT APPROVAL DATE AND PROCEDURE

The consolidated financial reports of the company and the subsidiaries (hereinafter referred to as “the Group”) for the nine-month periods ended September 30, 2023 and 2022 were submitted to the company’s board of directors on November 3, 2023 and then published lawfully.

3. Application of the newly issued and revised standards and interpretations

- (1) Implemented the standards and interpretations recognized and issued with effect by the Financial Supervisory Commission (hereinafter referred to as the “FSC”)

Since January 1, 2023, the Group has been applying the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), interpretations, and interpretations announcements applicable in 2023, as announced on the website of the Securities and Futures Bureau of the Financial Supervisory Commission. The new/amended/revised standards and interpretations that have been released by the International Accounting Standards Board (hereinafter referred to as IASB) and recognized and released by the FSC in 2023 are as follows:

<u>New/Revision/Amendment Standards and Explanations</u>	<u>Content</u>	<u>Effective in the annual period commencing from the following date of IASB</u>
IAS 1 (amendments)	Disclosure of accounting policies	January 1, 2023
IAS 8 (amendments)	Definition of accounting estimates	January 1, 2023
IAS 12 (amendments)	Deferred income tax related to assets and liabilities arising from one single transaction	January 1, 2023
IAS 12 (amendments)	International Tax Reform - Pillar Two Rule Template	May 23, 2023

The management of the Group believes that the above-mentioned revisions to the guidelines will not have a significant impact on the Group's consolidated financial statements.

Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES
(Continuing)
(Review only without following generally accepted auditing standards)
(Unit amount in NT\$ Thousand, unless otherwise specified)

- (2) The IASB has issued new/amended/revised standards and interpretations that have been recognized by the FSC as effective but have not yet been adopted:

New/Revision/Amendment Standards and Explanations	Content	Effective in the annual period commencing from the following date of IASB
IAS 1 (amendments)	Classification of liabilities as current or non-current	January 1, 2024
IAS 1 (amendments)	Non-current liabilities with contractual terms	January 1, 2024
IAS 7 and IFRS 7 (amendments)	Supplier Financing Arrangement	January 1, 2024
IFRS 16 (amendments)	Lease Liability in a Sale and Leaseback	January 1, 2024

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

New/Revision/Amendment Standards and Explanations	Content	Effective in the annual period commencing from the following date of IASB
IFRS 10 and IAS 28 (amendments)	Sale or investment of assets between investors and their affiliated enterprises or joint ventures	To be determined by IASB
IFRS 17	Insurance contracts	January 1, 2023
IFRS 17 (amendments)	Amendments to IFRS17	January 1, 2023
IFRS 17 (amendments)	First-time application of IFRS 17 and IFRS 9 - comparative information	January 1, 2023
IAS 21 (amendments)	Lack of Exchangeability	January 1, 2025

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

4. **SUMMARY OF MAJOR ACCOUNTING POLICIES**

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

(1) **Financial report preparation and measurement basis**

(A) **Statement of Compliance**

These consolidated financial statements are prepared in conformity with the “Regulations Governing the Preparation of Financial Reports by Securities Firms” (referred to as the “Regulations” hereinafter) and International Accounting Standards (IAS) No. 34 “Interim Financial Reporting” that was recognized and issued with effect by the Financial Supervisory Commission.

(B) **Measurement basis**

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

(C) **Functional and reporting currency**

The functional currency of each business entity of the Group is the currency used in the main economic environment where it operates. This consolidated financial report is prepared in New Taiwan Dollar that is the functional currency of the company. All financial information prepared in New Taiwan Dollar is in the unit of “NT\$ Thousand,” unless otherwise specified.

(2) **The preparation scope of consolidated financial report**

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

Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES

(Continuing)

(Review only without following generally accepted auditing standards)

(Unit amount in NT\$ Thousand, unless otherwise specified)

- (A) The power over the invested company, that is, with the vested power to lead the relevant activities of the invested company;
- (B) The risk exposure or rights to the variable remuneration resulted from the investment in the invested company; and
- (C) Exercise the power over the invested company to affect the company's remuneration.

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

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

Investing company	Subsidiary	Location	Business nature	Shareholding ratio (%)		
				September 30, 2023	December 31, 2022	September 30, 2022
The company	CHIN DE INVESTMENT CO., LTD.	Taiwan	General investment	100.00	100.00	100.00
The company	GRAND STAR ENTERPRISES L.L.C.	Anguilla	General investment	100.00	100.00	100.00
The company	G-SHANK, INC.	USA	Sales of stamping parts molds, and fixtures, and holding company	100.00	100.00	100.00
The company	SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.	China Shanghai (Note)	Precision progressive die and hardware products	85.00	85.00	85.00
The company	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	China Suzhou (Note)	Planer, milling machine or die machine, precision progressives die, and hardware products	5.86	5.86	5.86
The company	G-SHANK ENTERPRISE (M) SDN. BHD.	Malaysia	Stamping parts molds and fixtures	92.33	92.33	92.33
The company	G-SHANK JAPAN CO., LTD.	Japan Tokyo	International trade	58.89	58.89	58.89

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Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES

(Continuing)

(Review only without following generally accepted auditing standards)

(Unit amount in NT\$ Thousand, unless otherwise specified)

(Continued from the last page)

Investing company	Subsidiary	Location	Business nature	Shareholding ratio (%)		
				September 30, 2023	December 31, 2022	September 30, 2022
The company	GREAT-SHANK CO., LTD.	Thailand	Precision progressive die and hardware products	85.00	85.00	85.00
GRAND STAR ENTERPRISES L.L.C. (Note 3)	GLOBAL STAR INTERNATIONAL CO., LTD.	Cayman Islands	General investment	100.00	100.00	100.00
GLOBAL STAR INTERNATION AL CO., LTD.	HONG JING (SHANGHAI) ELECTRONICS CO., LTD.	China Shanghai (Note)	Precision progressive die and hardware products	80.19	80.19	80.19
GLOBAL STAR INTERNATION AL CO., LTD.	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	China Dongguan (Note)	Precision progressive die and hardware products	51.00	51.00	51.00
GLOBAL STAR INTERNATION AL CO., LTD.	XIAMEN G-SHANK PRECISION MACHINERY CO., LTD.	China Xiamen (Note)	Precision progressive die and hardware products	79.60	79.60	79.60
GLOBAL STAR INTERNATION AL CO., LTD.	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	China Suzhou (Note)	Planer, milling machine or die machine, precision progressive die, and hardware products	94.14	94.14	94.14
GLOBAL STAR INTERNATION AL CO., LTD.	QINGDAO G-SHANK PRECISION SDN.BHD.	China Qingdao (Note)	Precision progressive die and hardware products	92.83	92.83	92.83
GLOBAL STAR INTERNATION AL CO., LTD.	SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD	China Shanghai (Note)	Precision progressive die and hardware products	85.00	85.00	85.00
GLOBAL STAR INTERNATION AL CO., LTD.	TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.	China Tianjin (Note)	Precision progressive die and hardware products	88.20	88.20	88.20

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Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES

(Continuing)

(Review only without following generally accepted auditing standards)

(Unit amount in NT\$ Thousand, unless otherwise specified)

(Continued from the last page)

Investing company	Subsidiary	Location	Business nature	Shareholding ratio (%)		
				September 30, 2023	December 31, 2022	September 30, 2022
GLOBAL STAR INTERNATIONAL CO., LTD.	SHENZHEN G-SHANK PRECISION SDN.BHD.	China Shenzhen (Note)	Precision progressive die and hardware products	93.85	93.85	93.85
GLOBAL STAR INTERNATIONAL CO., LTD.	SHENZHEN G-BAO PRECISION SDN.BHD.	China Shenzhen (Note)	Precision progressive die and hardware products	91.43	91.43	91.43
G-SHANK, INC.	G-SHANK DE MEXICO, S.A. DE C.V.	Mexico	Stamping parts molds and fixtures	100.00	100.00	100.00
G-SHANK ENTERPRISE (M) SDN. BHD.	PT INDONESIA G-SHANK PRECISION	Indonesia	Stamping parts molds and fixtures	94.00	94.00	94.00
SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD.	HUBEI HANSTAR ELECTRONICS TECHNOLOGY CO., LTD.	China Hubei (Note)	Precision progressive die and hardware products, and electroplating processing	100.00	100.00	100.00
G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	DONGGUAN QIAOJU TRADING CO., LTD.	China Dongguan (Note)	Plastic hardware wholesale and import/export business	100.00	100.00	100.00
SHENZHEN G-BAO PRECISION SDN.BHD.	HUI ZHOU G-BAO PRECISION SDN.BHD.	China Huizhou (Note)	Precision progressive die and hardware products	100.00	100.00	100.00

Note : The aforementioned companies are established in China where the foreign exchange control is enforced; therefore, the transfer of funds is restricted by local law and regulations. As of September 30, 2023, December 31, 2022, and September 30, 2022, the cash, bank deposits, and financial assets-current measured at amortized cost and other financial assets-current of the companies that are subject to foreign exchange control regulation were NT\$2,451,204 thousand, NT\$2,158,306 thousand, and NT\$2,034,080 thousand, respectively.

Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES

(Continuing)

(Review only without following generally accepted auditing standards)

(Unit amount in NT\$ Thousand, unless otherwise specified)

G-SHANK ENTERPRISE CO., LTD. has prepared the consolidated financial reports with the separate statements from all subsidiaries accordingly. Except for SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD, GRAND STAR ENTERPRISES L.L.C. and GLOBAL STAR INTERNATIONAL Co., Ltd., which financial statements for the first three quarters of 2023 and 2022 having been audited by certified accounts, the financial statements of the remaining subsidiary companies have not been audited by certified accountants during the same accounting periods. The total assets of the unaudited subsidiary companies as of September 30, 2023 and 2022 are NT\$3,492,075 thousand and NT\$3,703,237 thousand, respectively. The total liabilities are NT\$549,777 thousand and NT\$678,995 thousand respectively. The total consolidated profits and losses were NT\$168,104 thousand, NT\$144,158 thousand and NT\$219,514 thousand, NT\$412,364 thousand, for the three months and nine months periods ended September 30, 2023 and 2022, respectively.

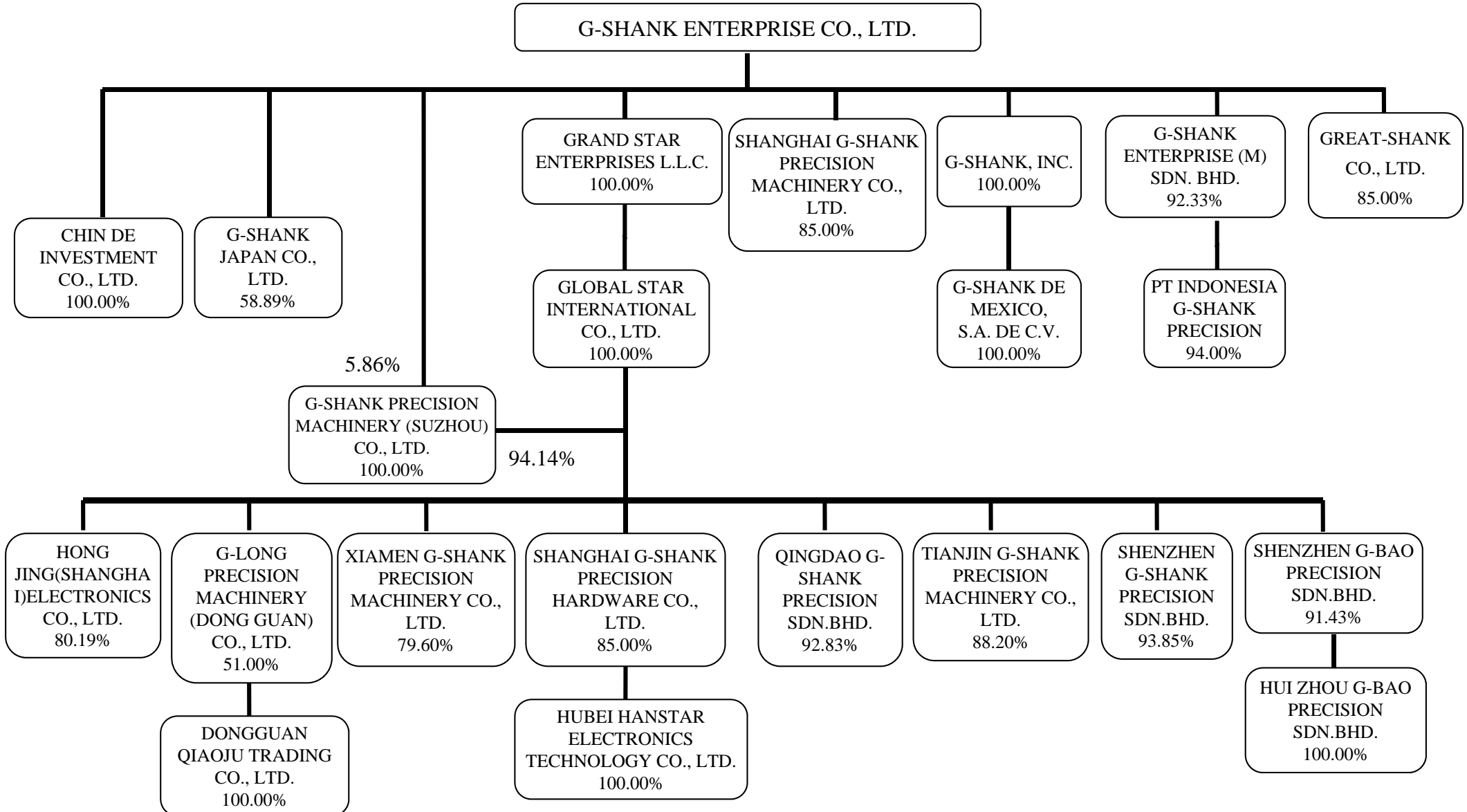
Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. and SUBSIDIARIES

(Continuing)

(Review only without following generally accepted auditing standards)

(Unit amount in NT\$ Thousand, unless otherwise specified)

As of September 30, 2023, the investment and shareholding ratios of the company and its subsidiaries are as follows:



(3) Principles for the preparation of consolidated financial report

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

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

(a) Without resulting in “loss of control”

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

(b) Resulting in “loss of control”

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

(4) Employee benefits - retirement benefits

- (A) All full-time employees of the company are entitled to the retirement plan. The entire employee pension fund is deposited in the pension fund account and managed by the Labor Retirement Reserve Committee. The aforementioned pension fund is deposited in the name of the Labor Retirement Reserve Committee that is completely separated from the company; therefore, it is not included in the aforementioned consolidated financial report. The retirement plan for employees of foreign subsidiaries is handled in accordance with local law and regulations.
- (B) For a defined contribution plan, the company's monthly employee pension contribution rate shall not be less than 6% of the employee's monthly salary, and the contributed amount is recognized as the current expense. Foreign subsidiaries are to appropriate a certain percentage of the salary as pension according to the local law; also, it is recognized as a current expense.
- (C) For a defined benefit plan, the actuarial pension amount should be appropriated on the annual reporting date according to the Projected Unit Credit Method. The re-measured amount is included in other comprehensive profits and losses when it occurs; also, it is immediately recognized in the retained earnings. The pension cost in the interim period is calculated according to the pension cost rate actuarially calculated at the end of the previous year for the period from the beginning to the end of the year; also, the major market fluctuations, major reductions, settlements, or other significant non-reoccurring events after the end of the year should be adjusted and disclosed accordingly.

(5) Income tax

- (A) Income tax expenses include current and deferred income taxes. Except for those related to business mergers, directly recognized in equity, or other comprehensive profit and loss, current income tax and deferred income tax expenses are recognized in profit and loss.
- (B) Current income tax expenses refer to the estimated income tax payable or tax refund receivable calculated on the taxable income or loss of the current year at the tax rate that has been legislated or substantively legislated on the reporting date, including any adjustment made to the income tax payable or refundable of the previous year.

(Continuing)

(Review only without following generally accepted auditing standards)

(Unit amount in NT\$ Thousand, unless otherwise specified)

- (C) Deferred income tax expenses are calculated and recognized on the temporary difference between the tax base of assets and liabilities and the book amounts reported.
- (D) Deferred income tax assets and liabilities are measured at the tax rate applicable when the temporary difference is expected to reverse that has been legislated or substantively legislated on the reporting date. Deferred income tax assets and liabilities can only be applied to offset current income tax assets and liabilities lawfully; also, it is limited to the same taxpayer and the same levying tax authority; or it can be offset by different taxpayers when the intention is to have the net current income tax liabilities and assets offset, or the income tax liabilities and assets will be realized at the same time.
- (E) The outstanding taxable losses, income tax credit, and deductible temporary differences are recognized as deferred income tax assets to the extent of the potential taxable income that occurred in the future. Also, the deferred income tax assets are evaluated on each reporting day and adjusted down to the extent of the relevant tax benefit unlikely to be realized.
- (F) For the domestic subsidiaries of the Group, for the additionally levied business income tax on the unappropriated earnings of the year, the income tax expense of the unappropriated earnings is recognized according to the actual earnings distribution that is resolved in the shareholders meeting of the following year.
- (G) The income tax expense of the interim reporting period is measured according to the best estimated annual effective tax rate by the management, that is, apply the estimated annual average effective tax rate to the net income before tax in the interim reporting period. For any change in the legislated tax rate that occurred in the interim reporting period, the relevant income tax effect is recognized in a lump sum during the said interim reporting period.
- (6) Other significant accounting policies
The other significant accounting policies adopted in preparing this consolidated financial report are the same as those in Note 4 of the 2022 consolidated financial report. Please refer to the Group's 2022 consolidated financial report for details.

(Continuing)

(Review only without following generally accepted auditing standards)

(Unit amount in NT\$ Thousand, unless otherwise specified)

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

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

The significant judgments made by the management of the Group while preparing this consolidated financial report, as well as the main causes of uncertainty in assumptions and estimations about the future are the same as those in Note 5 of the 2022 consolidated financial report. Please refer to the Group's 2022 consolidated financial report for details.

6. DESCRIPTION OF IMPORTANT ACCOUNTING ITEMS

(1) Cash and cash equivalents

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Cash and petty cash	\$6,296	\$6,389	\$5,186
Checking deposit and savings deposit	1,658,858	1,610,626	1,352,894
Time deposits	2,192,778	2,389,390	2,362,293
Total	<u>\$3,857,932</u>	<u>\$4,006,405</u>	<u>\$3,720,373</u>

(A) The aforementioned time deposits can be converted into a fixed amount of cash at any time and with limited risk of value changes.

(B) The aforementioned bank deposits had not been provided as collateral or mortgaged.

Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES
(Continuing)
(Review only without following generally accepted auditing standards)
(Unit amount in NT\$ Thousand, unless otherwise specified)

(2) Financial assets-current measured at fair value through profit and loss

	<u>September 30, 2023</u>	<u>December 31,2022</u>	<u>September 30,2022</u>
<u>Financial assets measured at fair value through profit and loss mandatorily</u>			
Acquisition cost:			
Funds	\$75,798	\$60,882	\$114,875
Bonds	1,047,427	893,375	861,184
SWAP contracts	-	-	-
Subtotal	<u>1,123,225</u>	<u>954,257</u>	<u>976,059</u>
Evaluation adjustment:			
Funds	(68)	174	(200)
Bonds	(100,008)	(94,622)	(145,846)
SWAP contracts	22,463	6,254	30,642
Subtotal	<u>(77,613)</u>	<u>(88,194)</u>	<u>(115,404)</u>
Total	<u>\$1,045,612</u>	<u>\$866,063</u>	<u>\$860,655</u>

(A) The SWAP contracts signed between our company and a financial institution is primarily aimed at avoiding the financial risks caused by fluctuations in foreign currency debt and liabilities. However, it was not designated as a hedging instrument, and details of the derivative instruments related to financial assets and financial liabilities held for trading that were not accounted for as hedging instruments are as follows:

<u>Financial instrument</u>	<u>Nominal principal (NT\$ Thousand)</u>	<u>Currency</u>	<u>Due date</u>
<u>September 30, 2023</u>			
SWAP contract	USD2,300	USD:NTD	10.13.2023
SWAP contract	USD2,000	USD:NTD	10.31.2023
SWAP contract	USD1,000	USD:NTD	11.10.2023
SWAP contract	USD3,000	USD:NTD	11.30.2023
SWAP contract	USD3,700	USD:NTD	01.05.2024
Total	<u>USD12,000</u>		

Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES
(Continuing)
(Review only without following generally accepted auditing standards)
(Unit amount in NT\$ Thousand, unless otherwise specified)

Financial instrument	Nominal principal (NT\$ Thousand)	Currency	Due date
<u>December 31, 2022</u>			
SWAP contract	USD900	USD:NTD	01.05.2023
SWAP contract	USD4,200	USD:NTD	01.17.2023
SWAP contract	USD5,000	USD:NTD	01.31.2023
SWAP contract	USD1,080	USD:NTD	02.10.2023
SWAP contract	USD3,300	USD:NTD	02.13.2023
SWAP contract	USD2,000	USD:NTD	03.27.2023
Total	USD16,480		
<u>September 30, 2022</u>			
SWAP contract	USD900	USD:NTD	10.31.2022
SWAP contract	USD4,200	USD:NTD	11.16.2022
SWAP contract	USD4,000	USD:NTD	11.28.2022
SWAP contract	USD3,300	USD:NTD	12.12.2022
SWAP contract	USD1,000	USD:NTD	01.31.2023
SWAP contract	USD1,080	USD:NTD	02.10.2023
SWAP contract	USD2,000	USD:NTD	03.27.2023
Total	USD16,480		

The net profits arising from foreign exchange transactions were NT\$10,285 thousand, NT\$24,208 thousand, NT\$31,096 thousand, and NT\$39,405 thousand , for the three months and nine months periods ended September 30, 2023 and 2022, respectively.

- (B) The Group's valuation profits(losses) of financial assets and liabilities at fair value through income were NT\$56,528 thousand, NT\$4,522 thousand, NT\$37,096 thousand, and NT\$(56,485) thousand, for the three months and nine months periods ended September 30, 2023 and 2022, respectively, which were booked in the “Non-operating income and expenses - other profit and loss” account.
- (C) The aforementioned financial assets measured at fair value through profit and loss had not been provided as collateral or mortgaged.

(Continuing)

(Review only without following generally accepted auditing standards)

(Unit amount in NT\$ Thousand, unless otherwise specified)

(D) Please refer to Note 12.(2)(C)(a) and (b) of the consolidated financial report for the disclosure of the market risk and credit risk of the Group's financial assets measured at fair value through profit and loss.

(3) Notes receivable - net

	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivable	\$37,882	\$42,518	\$23,020
Less: Allowance for loss	-	-	-
Net amount	<u>\$37,882</u>	<u>\$42,518</u>	<u>\$23,020</u>

(4) Accounts receivable - net

	September 30, 2023	December 31, 2022	September 30, 2022
Accounts receivable	\$1,422,641	\$1,612,966	\$1,697,142
Less: Allowance for loss	(29,194)	(28,716)	(30,127)
Net amount	<u>\$1,393,447</u>	<u>\$1,584,250</u>	<u>\$1,667,015</u>

(A) The allowance for loss of the Group's notes receivable, accounts receivable, and other receivable is simply measured by the expected credit losses amount throughout the duration. The notes receivable and accounts receivable are classified according to the common risk characteristics of the customers' ability to pay all due amounts in accordance with the contract terms, taking into account the reasonable and provable information related to past events, current conditions, and future economic conditions (obtainable without excessive cost or investment on the reporting date), and estimating the expected credit loss according to the estimated default rate and expected credit loss rate.

(B) The increase or decrease of allowance for loss of the Group's notes receivable, accounts receivable, and other receivable is as follows:

Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES

(Continuing)

(Review only without following generally accepted auditing standards)

(Unit amount in NT\$ Thousand, unless otherwise specified)

	For the nine months periods ended September 30,	
	2023	2022
Balance - beginning	\$28,716	\$30,641
Allowance account for the impairment of notes receivable, accounts receivable, and other receivables	437	-
Allowance reversal account for the impairment of notes receivable, accounts receivable, and other receivables	-	(1,376)
Exchange difference	41	862
Balance - ending	<u>\$29,194</u>	<u>\$30,127</u>

(C) Please refer to Note 12.(2)(C)(b) of the consolidated financial report for the disclosure of the credit risk of the Group's notes receivable, accounts receivable, and other receivables.

(5) Inventory

	September 30, 2023		
	Cost	Allowance for loss of inventory in valuation	Book amount
Raw materials	\$314,427	\$21,902	\$292,525
Substances	17,748	35	17,713
Work-in-process goods	201,848	30,908	170,940
Finished goods	361,708	26,287	335,421
Merchandise trade	2,529	578	1,951
Total	<u>\$898,260</u>	<u>\$79,710</u>	<u>\$818,550</u>

	December 31, 2022		
	Cost	Allowance for loss of inventory in valuation	Book amount
Raw materials	\$402,160	\$21,206	\$380,954
Substances	25,497	64	25,433
Work-in-process goods	231,977	32,008	199,969
Finished goods	438,084	28,006	410,078
Merchandise trade	6,684	552	6,132
Total	<u>\$1,104,402</u>	<u>\$81,836</u>	<u>\$1,022,566</u>

Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES

(Continuing)

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(Unit amount in NT\$ Thousand, unless otherwise specified)

	September 30, 2022		
	Cost	Allowance for loss of inventory in valuation	Book amount
Raw materials	\$418,419	\$19,173	\$399,246
Substances	33,930	44	33,886
Work-in-process goods	263,692	37,452	226,240
Finished goods	548,661	39,046	509,615
Merchandise trade	8,234	507	7,727
Total	<u>\$1,272,936</u>	<u>\$96,222</u>	<u>\$1,176,714</u>

(A) Cost of goods sold related to inventory is as follows:

	For the three-month periods		For the nine-month periods	
	ended September 30,		ended September 30,	
	2023	2022	2023	2022
Inventory booked in “cost of goods sold”	\$1,035,460	\$1,337,780	\$3,082,497	\$3,576,534
Inventory cost debited to “net cash value”	-	-	-	3,802
Recovery of the net cash value of inventory	(13,770)	(897)	(2,463)	-
Inventory loss	(2,303)	1,045	(5,181)	2,572
Total operating cost	<u>\$1,019,387</u>	<u>\$1,337,928</u>	<u>\$3,074,853</u>	<u>\$3,582,908</u>

(B) The recovery of raw material prices or their usage, or the completion and sale of work-in-progress products or finished products, in the third quarter of 2023 and the first three quarters of 2022 and 2023, respectively, resulted in the elimination of the factors causing the provision for inventory impairment. As a result, the net realizable value of inventory increased, leading to a decrease in cost of sales of NT\$13,770 thousand, NT\$897 thousand, and NT\$2,463 thousand, respectively.

(C) The aforementioned inventory had not been provided as collateral or mortgaged.

Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES
(Continuing)
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(Unit amount in NT\$ Thousand, unless otherwise specified)

(6) Other financial assets-current

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Time deposit	\$22,782	\$23,179	\$19,313
Restricted assets – bank deposit	548	1,179	1,772
Special account for transferring overseas funds back to Taiwan Savings deposit	-	-	882
Time deposit	7,758	7,383	7,560
Total	<u>\$31,088</u>	<u>\$31,741</u>	<u>\$29,527</u>

Please refer to Note 8 of the consolidated financial report for the other financial assets-current provided as collateral or mortgaged.

(7) Financial assets-noncurrent measured at fair value through other comprehensive profit and loss

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
<u>Equity instrument</u>			
Unlisted stocks	\$27,006	\$27,006	\$27,006
Equity instrument investment evaluation adjustment	249,892	235,017	214,678
Total	<u>\$276,898</u>	<u>\$262,023</u>	<u>\$241,684</u>

(A) Equity instrument investment measured at fair value through other comprehensive profit and loss was not an available-for-trade investment; therefore, the Group chose to have it designated as measured at fair value through other comprehensive profit and loss.

(B) The Group had recognized dividend income from the investment in equity instrument measured at fair value through other comprehensive profit and loss were NT\$0 thousand, NT\$0 thousand, NT\$9,500 thousand, and NT\$13,571 thousand for the three-month and nine-month periods ended September 30, 2023 and 2022, respectively.

(Continuing)

(Review only without following generally accepted auditing standards)

(Unit amount in NT\$ Thousand, unless otherwise specified)

- (C) The Group did not have cumulative profit or loss transferred within equity for the three-month and nine-month periods ended September 30, 2023 and 2022.
- (D) The aforementioned financial assets measured at fair value through other comprehensive profit and loss had not been provided as collateral or mortgaged.
- (E) Please refer to Note 12.(2)(C)(a) and (b) of the consolidated financial report for the disclosure of the market risk and credit risk of the Group's financial asset measured at fair value through other comprehensive profit and loss.

(8) Investment under the equity method

- (A) The Group's invested companies under the equity method are individually insignificant affiliated companies with the book amount and equity holding ratio as follows:

Affiliated enterprises	September 30, 2023	Equity holding ratio (%)	December 31, 2022	Equity holding ratio (%)	September 30, 2022	Equity holding ratio (%)
SUNFLEX TECHNOLOGY CO., LTD. (Note)	<u>\$167,543</u>	14.49	<u>\$161,170</u>	14.49	<u>\$165,915</u>	14.49

Note : The Group is the largest single shareholder of SUNFLEX TECHNOLOGY CO., LTD. with 14.49% voting shares. The shareholding of other top-ten shareholders (not related parties) exceeds the Group, and the shareholders have not agreed to discuss or make decisions collectively; apparently, the Group has no actual ability to lead relevant decision-making. Therefore, it is concluded that the Group has no control over SUNFLEX TECHNOLOGY CO., LTD., but only significant influence.

Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES

(Continuing)

(Review only without following generally accepted auditing standards)

(Unit amount in NT\$ Thousand, unless otherwise specified)

- (B) The Group's shareholding in each individual insignificant affiliated company is summarized as follows:

	For the three-month periods		For the nine-month periods	
	ended September 30,		ended September 30,	
	2023	2022	2023	2022
Net profit of the continuing business unit – current	\$7,860	\$7,746	\$12,383	\$16,269
Other comprehensive profit and loss (after tax) - current	(13)	139	557	(4,167)
Total comprehensive profit and loss - current	<u>\$7,847</u>	<u>\$7,885</u>	<u>\$12,940</u>	<u>\$12,102</u>

- (C) The increase or decrease of the Group's investments under the equity method is as follows:

	For the nine-month periods ended	
	September 30,	
	2023	2022
Balance - beginning	\$161,170	\$157,750
Dividends pay from associates	(6,766)	(3,781)
Profit amount - current	12,383	16,269
Changes in the affiliated enterprises under the equity method	199	(156)
The unrealized valuation profit (loss) amount of the financial assets measured at fair value through other comprehensive profit and loss	557	(4,167)
Balance - ending	<u>\$167,543</u>	<u>\$165,915</u>

- (D) The aforementioned investments under the equity method had not been provided as collateral or mortgaged.

Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. and SUBSIDIARIES
(Continuing)
(Review only without following generally accepted auditing standards)
(Unit amount in NT\$ Thousand, unless otherwise specified)

(9) Property, plant and equipment

(A) The change in the Group's property, plant and equipment is as follows:

For the nine months ended September 30, 2023

Cost	Land	House & building	Machinery equipment	Transportat ion equipment	Office equipment	Other equipment	Construction in progress and equipment yet to be tested	Total
Balance at January 1, 2023	\$134,237	\$1,059,748	\$2,407,211	\$103,678	\$102,304	\$225,462	\$6,573	\$4,039,213
Addition	-	8,298	22,968	3,011	4,500	13,072	50,273	102,122
Disposition	-	(11,086)	(42,640)	(556)	(2,040)	(3,559)	-	(59,881)
Reclassification	-	8,841	43,588	-	(53)	2,526	(10,175)	44,727
Exchange difference	(352)	1,359	5,094	479	382	(174)	293	7,081
Balance at September 30, 2023	133,885	1,067,160	2,436,221	106,612	105,093	237,327	46,964	4,133,262
<u>Accumulated depreciation</u>								
Balance at January 1, 2023	-	674,080	1,799,358	73,372	69,294	169,283	-	2,785,387
Depreciation	-	32,933	67,148	6,471	5,921	8,973	-	121,446
Disposition	-	(8,506)	(34,410)	(509)	(1,979)	(3,479)	-	(48,883)
Reclassification	-	-	16	-	(16)	-	-	-
Exchange difference	-	1,067	3,997	252	363	(165)	-	5,514
Balance at September 30, 2023	-	699,574	1,836,109	79,586	73,583	174,612	-	2,863,464
Carrying amount at September 30, 2023	\$133,885	\$367,586	\$600,112	\$27,026	\$31,510	\$62,715	\$46,964	\$1,269,798

Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES (Continuing)
 (Review only without following generally accepted auditing standards)
 (Unit amount in NT\$ Thousand, unless otherwise specified)

For the nine months ended September 30, 2022

Cost	Land	House & building	Machinery equipment	Transportat ion equipment	Office equipment	Other equipment	Construction in progress and equipment yet to be tested	Total
Balance at January 1, 2022	\$132,077	\$1,032,330	\$2,285,753	\$100,235	\$98,375	\$215,510	\$90	\$3,864,370
Addition	-	5,085	52,963	5,069	7,513	5,321	3,434	79,385
Disposition	-	(359)	(15,245)	(3,532)	(1,597)	(2,204)	-	(22,937)
Reclassification	-	-	809	-	92	-	2,456	3,357
Exchange difference	547	25,612	57,564	2,532	3,640	3,438	8	93,341
Balance at September 30, 2022	<u>132,624</u>	<u>1,062,668</u>	<u>2,381,844</u>	<u>104,304</u>	<u>108,023</u>	<u>222,065</u>	<u>5,988</u>	<u>4,017,516</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2022	-	620,112	1,715,568	66,903	65,103	157,908	-	2,625,594
Depreciation	-	32,888	63,824	6,767	5,741	8,371	-	117,591
Disposition	-	(190)	(14,155)	(3,475)	(1,519)	(2,078)	-	(21,417)
Reclassification	-	-	-	-	-	-	-	-
Exchange difference	-	15,098	46,028	1,590	2,474	2,691	-	67,881
Balance at September 30, 2022	<u>-</u>	<u>667,908</u>	<u>1,811,265</u>	<u>71,785</u>	<u>71,799</u>	<u>166,892</u>	<u>-</u>	<u>2,789,649</u>
Carrying amount at September 30, 2022	<u>\$132,624</u>	<u>\$394,760</u>	<u>\$570,579</u>	<u>\$32,519</u>	<u>\$36,224</u>	<u>\$55,173</u>	<u>\$5,988</u>	<u>\$1,227,867</u>

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- (B) The Group's major building constituents mainly include the main plant buildings, workshops, and plant decoration, which are depreciated according to their service life of 3-50 years.
- (C) The Group did not acquire property, plant and equipment that caused the capitalization of the loan cost for the three-month and nine-month periods ended September 30, 2023 and 2022.
- (D) The Group did not have any impairment occurred to the property, plant and equipment for the three-month and nine-month periods ended September 30, 2023 and 2022.
- (E) The aforementioned property, plant and equipment had not been provided as collateral or mortgaged.
- (F) The acquired property, plant and equipment listed in the consolidated cash flow statement :

	For the nine-month periods ended	
	September 30,	
	2023	2022
The current addition of property, plant and equipment listed in Note 6(9)(A) of the consolidated financial report	\$102,122	\$79,385
Add: Equipment payable - beginning	14,194	16,537
Less: Equipment payable - ending	(5,692)	(15,259)
Cash outflow for the acquisition of property, plant and equipment	\$110,624	\$80,663

- (G) The Group's leased assets are as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
House and building	\$1,340	\$1,340	\$1,340
Less: Accumulated depreciation	(1,034)	(1,006)	(997)
Leased assets - net	\$306	\$334	\$343

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- (a) The company had part of the plant building leased to BAIYUE PRECISION CO., LTD. (hereinafter referred to as “BAIYUE”) for a period from October 1, 2021 to September 30, 2022. The lease contract was renewed on September 30, 2022 for a lease period from October 1, 2022 to September 30, 2023. The lease contract was renewed on September 30, 2023 for a lease period from October 1, 2023 to September 30, 2024.
- (b) The Group had part of the plant building leased to BAIYUE and CHANG HONG SHEN HARDWARE. The said plant building could not be sold independently; also, the said plant building owned by the Group was mainly for the purpose of product production, service providing, and management; therefore, the proprietary plant was not classified as an investment property.

(10) Right-of-use assets

(A) The increase and decrease of the Group’s right-of-use assets are as follows:

Cost	For the nine-month periods ended September 30, 2023		
	Land	House & building	Total
Balance at January 1, 2023	\$203,775	\$124,742	\$328,517
Addition	2,550	22,724	25,274
Due/transfer amount	-	(21,376)	(21,376)
Exchange difference	274	(354)	(80)
Balance at September 30, 2023	206,599	125,736	332,335
<u>Accumulated depreciation</u>			
Balance at January 1, 2023	7,723	65,378	73,101
Depreciation	1,435	12,313	13,748
Due/transfer amount	-	(21,376)	(21,37)
Exchange difference	(16)	(295)	(311)
Balance at September 30, 2023	9,142	56,020	65,162
Carrying amount at September 30, 2023	\$197,457	\$69,716	\$267,173

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Cost	For the nine-month periods ended September 30, 2022		
	Land	House & building	Total
Balance at January 1, 2022	\$64,410	\$117,687	\$182,097
Addition	47,427	-	47,427
Due/transfer amount	-	-	-
Reclassification	91,356	-	91,356
Exchange difference	3,292	2,972	6,264
Balance at September 30, 2022	206,485	120,659	327,144
<u>Accumulated depreciation</u>			
Balance at January 1, 2022	5,827	45,876	51,703
Depreciation	1,441	14,297	15,738
Due/transfer amount	-	-	-
Exchange difference	20	1,093	1,113
Balance at September 30, 2022	7,288	61,266	68,554
Carrying amount at September 30, 2022	<u>\$199,197</u>	<u>\$59,393</u>	<u>\$258,590</u>

(B) The Group did not have the right-of-use assets sublet for the three-month and nine-month periods ended September 30, 2023 and 2022.

(C) The Group did not have any impairment occurred to the right-of-use assets for the three-month and nine-month periods ended September 30, 2023 and 2022.

(D) The aforementioned right-of-use assets had not been provided as collateral or mortgaged.

(11) Intangible assets

(A) The increase or decrease of the Group's intangible assets-computer software is as follows:

Cost	For the nine-month periods ended September 30,	
	2023	2022
Balance – beginning	\$3,310	\$5,612
Addition - current	456	601
Decrease in the current period – delisted on the due date	(1,798)	(2,693)
Exchange difference	(5)	9
Balance – ending	<u>1,963</u>	<u>3,529</u>

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Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES

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Accumulated depreciation	For the nine-month periods ended September 30,	
	2023	2022
Balance – beginning	2,273	4,037
Amortization – current	701	889
Decrease in current period – delisted on the due date	(1,798)	(2,693)
Exchange difference	(5)	6
Balance – ending	1,171	2,239
Book amount - ending	\$792	\$1,290

(B) The Group did not have any impairment occurred to the intangible assets for the three-month and nine-month periods ended September 30, 2023 and 2022.

(12) Short-term loans

	September 30, 2023	December 31, 2022	September 30, 2022
Credit loan	\$870,000	\$1,070,000	\$1,080,000

(A) The Group's short-term loan interest rate is as follows:

Nature of loan	September 30, 2023	December 31, 2022	September 30, 2022
Credit loan	1.640%-2.061%	1.350%-1.990%	1.180%-1.90%

(B) The Group did not provide collateral for the aforementioned short -term loans.

(13) Long-term loans

Creditor	Nature of loan	Contract period	Amount	Repayment method
<u>September 30, 2023</u> : None.			\$-	
<u>December 31, 2022</u>				
Fubon Bank	Credit loan	01/03/2020~01/03/2025	\$60,295	(Note 1)
Fubon Bank	Credit loan	02/07/2020~02/07/2025	18,737	(Note 2)
Total			79,032	
Less: Long-term loans due within one year			(38,735)	
Long-term loans due after one year			\$40,297	

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Creditor	Nature of loan	Contract period	Amount	Repayment method
<u>September 30, 2022</u>				
Fubon Bank	Credit loan	01/03/2020~01/03/2025	\$60,295	(Note 1)
Fubon Bank	Credit loan	02/07/2020~02/07/2025	18,737	(Note 2)
Total			79,032	
Less: Long-term loans due within one year			(28,856)	
Long-term loans due after one year			<u>\$50,176</u>	

Note 1: The first repayment date to Fubon Bank is on January 15, 2023, followed by a monthly installment for a total of 24 payments with the principal paid equally and the interest paid monthly. The company used it in stages from January 3, 2020 to January 5, 2022. The loan has been fully repaid in advance on September 5, 2023.

Note 2: The first repayment date to Fubon Bank is on February 15, 2023, followed by a monthly installment for a total of 24 payments with the principal paid equally and the interest paid monthly. The company used it in stages from February 7, 2020 to August 7, 2020. The loan has been fully repaid in advance on September 5, 2023.

(A) The long-term loans of Taipei Fubon Bank mentioned above are loans for financing investment projects by Taiwanese businesses returning to Taiwan. with interest rates of 1.096% as of December 31, 2022, and 0.96% as of September 30.

(B) The Group did not provide collateral for the aforementioned long-term loans.

(14) Lease liabilities

	Discount rate	September 30, 2023	December 31, 2022	September 30, 2022
Lease liabilities				
Land		\$46,958	\$47,288	\$-
House and building	2.475%-4.750%	74,887	64,384	64,661
Total		121,845	111,672	64,661
Less: Lease liabilities due within one year		(59,952)	(58,142)	(12,534)
Lease liabilities due after one year		<u>\$61,893</u>	<u>\$53,530</u>	<u>\$52,127</u>

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(A) The Group's subsidiaries, G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD., SHENZHEN G-SHANK PRECISION SDN.BHD., G-SHANK JAPAN CO., LTD., and SHENZHEN G-BAO PRECISION SDN.BHD. had leased factory and dormitory from the Group in September 2007, June 2016, April 2017, and August 2017 for a lease period of 40 years, 5 years, 2 years, and 3 years, respectively, which have been booked as right-of-use assets since January 1, 2019, with a monthly rent paid. The subsidiary of the Group, SHENZHEN G-SHANK PRECISION SDN.BHD., wrote off the self-use right asset under its ownership in April 2023 due to the expiration of the lease agreement.

(B) Other rental information is listed as follows:

	For the three-month periods		For the nine-month periods	
	ended September 30,		ended September 30,	
	2023	2022	2023	2022
Short-term lease expense	\$2,103	\$1,809	\$5,426	\$4,290
Low-value asset lease expenses	\$-	\$-	\$-	\$-
Changes in lease expense excluded from the measurement of a lease liability	\$-	\$-	\$-	\$-
Total cash outflow of all leases	\$6,144	\$7,469	\$19,741	\$21,051
Lease liabilities interest	\$760	\$798	\$2,148	\$2,551

The Group chose to have the qualified short-term dormitories lease exempted from lease recognition, and no related right-of-use assets and lease liabilities of such lease are recognized.

(15) Retirement benefits

(A) Defined benefits plan

(a) The company has established an employee retirement plan according to the employees' years of service and the expected wages before retirement. A certain percentage of the monthly wage is appropriated as pension in accordance with the "Labor Standards Act" that is deposited in the special account and managed by the Labor Retirement Reserve Committee. The aforementioned pension fund is

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completely separated from the company; therefore, it is not included in the consolidated financial report. As of September 30, 2023, December 31, 2022, and September 30, 2022, the company's pension reserve deposit account with the Bank of Taiwan was with a balance of NT\$163,060 thousand, NT\$174,034 thousand, and NT\$174,662 thousand, respectively.

(b) Please refer to Note 6.(15)(A) of the 2022 consolidated financial report for the company's defined benefit plan on December 31, 2022.

(c) Pension expenses recognized as profit or loss:

	For the three-month periods		For the nine-month periods	
	ended September 30,		ended September 30,	
	2023	2022	2023	2022
Operating cost	\$534	\$580	\$1,650	\$1,718
Selling expense	140	137	420	411
General and administrative expenses	320	328	966	979
Research and development expenses	104	102	322	308
Total	<u>\$1,098</u>	<u>\$1,147</u>	<u>\$3,358</u>	<u>\$3,416</u>

(B) Defined contribution plan

(a) The company has adopted a definite contribution plan since the implementation of the "Labor Pension Act" in July 2005. The employees can choose the relevant pension plan of the "Labor Standards Act" since then or apply the pension system of the "Labor Pension Act" and retain the seniority accumulated before the Act. For employees subject to the "Labor Pension Act," the company shall appropriate an amount not less than 6% of the employee's monthly salary and have it deposited in the employee's personal account with the Bureau of Labor Insurance, Ministry of Labor. The company after paying the monthly pension for each employee is not liable for the statutory and constructive obligations of paying additional contributions.

(b) The Group's subsidiaries in Mainland China, Malaysia, Indonesia, the United States, Mexico, Thailand, and Japan shall appropriate an amount equivalent to a certain percentage of the salaries as pension in accordance with the local law and regulations, and pay the appropriated amount to the responsible government departments and then have it deposited in each employee's personal account.

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- (c) The pension expenses recognized according to the defined contribution plan of the Group is as follows:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2023	2022	2023	2022
Operating cost	\$12,054	\$11,852	\$35,298	\$34,536
Selling expense	2,058	2,010	6,184	8,411
General and administrative expenses	2,702	2,554	7,855	7,478
Research and development expenses	2,022	2,029	6,094	5,931
Total	<u>\$18,836</u>	<u>\$18,445</u>	<u>\$55,431</u>	<u>\$56,356</u>

(16) Capital stock

	Authorized capital stock (1,000 shares)	Common stock shares issued at NT\$10 par	
		Shares (1,000 shares)	Capital stock
Balance amount on January 1,2023	<u>350,000</u>	<u>190,654</u>	<u>\$1,906,543</u>
Balance amount on September 30, 2023	<u>350,000</u>	<u>190,654</u>	<u>\$1,906,543</u>
Balance amount on January 1,2022	<u>350,000</u>	187,832	\$1,878,323
Employee exercise of stock warrant		<u>1,952</u>	<u>19,520</u>
Balance amount on September 30,2022	<u>350,000</u>	<u>189,784</u>	<u>\$1,897,843</u>

- (A) As of September 30, 2023, December 31, 2022, and September 30, 2022, the company's authorized capital stock included 20,000 thousand shares reserved for the issuance of an employee stock warrant.
- (B) The related rights, priority, and restrictions of the common stock shares issued by the company are as follows:
- Each shareholder is entitled to one vote per share.
 - The distribution of dividends and bonuses are based on the shareholding ratio of each shareholder.
 - The property net of the debt is distributed proportionally to the shareholding ratio of each shareholder.

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(C) The Company's employee stock option certificates exercised 1,952 thousand shares subscribed for the three quarters of 2022. As of September 30, 2023, December 31, 2022, and September 30, 2022, the Company's cumulative subscribed shares from the issuance of employee stock options amounted to 10,602 thousand shares, 10,602 thousand shares and 9,732 thousand shares. As of December 31, 2022, there were 870 thousand shares that had not yet completed the change registration procedures, and therefore, they were temporarily classified under subscribed capital in advance. For additional information regarding the issuance of employee stock option certificates, please refer to Note 6.(23) in the consolidated financial statements.

(17) Additional paid-in capital

	September 30, 2023	December 31, 2022	September 30, 2022
Common stock premium	\$314,662	\$314,662	\$306,429
Treasury stock transaction	63,306	63,306	63,306
The difference between the actual acquisition price of the subsidiary's equity and the book amount	3,563	3,563	3,563
Changes in the net equity value of subsidiaries under the equity method and affiliated enterprises	32,061	31,862	31,691
Employee stock options	31,904	20,619	22,037
Invalid employee stock options	36,325	36,325	36,240
Received donation from shareholders	1,738	1,684	1,684
Total	<u>\$483,559</u>	<u>\$472,021</u>	<u>\$464,950</u>

According to the Company Act, the company shall apply the additional paid-in capital to make up for losses only. However, if the company has no loss, the stock premium and all or part of the donation received may be used to distribute new shares or cash proportionally to the shareholders' original shareholding ratio. In addition, the company may apply the additional paid-in capital to supplement the capital loss only when there is an insufficient reserve.

(18) Legal reserve

According to the Company Act, the company after having all taxes paid and ready for earnings distribution shall first appropriate 10% legal reserve and continue to appropriate until the total legal reserve amount equals total capital. The legal reserve can be applied to make up for the company's losses; also, if the company has no loss, the amount of the legal reserve exceeding 25% of the paid-in capital can be used to distribute new shares or cash proportionally to the shareholders' original shareholding ratio.

(19) Special reserve

The Company has special reserve appropriated and reversed in accordance with Jin-Guan-Zheng-Far-Tzi No. 1010012865 Order, Jin-Guan-Zheng-Far-Tzi No. 1010047490 Order, and "Questions and Answers on the Appropriation of Special Reserves after the Adoption of International Financial Reporting Standards (IFRSs)." When the amount debited to other equity is reversed subsequently, the reversed amount could be distributed. In addition, the Financial Supervisory Commission had issued the Jin-Guan-Zheng-Far-Tzi No. 1090150022 Order on March 31, 2021, then the Jin-Guan-Zheng-Far-Tzi No. 1010012865 Order and Jin-Guan-Zheng-Far-Tzi No. 1010047490 Order were revoked on December 31, 2021 and March 31, 2021, respectively. The Company will comply with the relevant letter and orders continuously.

(20) Earnings distribution and dividend policy

(A) According to the company's Articles of Incorporation, the annual earnings, if any, should be applied to pay income tax and make up for the losses of the previous years; also, appropriate 10% legal reserve from the remaining balance, if any. In addition, appropriate or reverse a certain amount of special reserve according to the regulations of the competent authority. Then, for the balance amount, if any, and the unappropriated earnings of the previous year, except for the retained amount, the board of directors shall draft an earnings distribution plan for the resolutions of the shareholders meeting.

(B) The company's dividend policy: the company's current industrial development is growing and will be expanded to support the business development. The earnings distribution shall be handled in accordance with the company's Articles of Incorporation. However, the shareholders' dividends distributed in the current year shall include not more than 50% of the stock dividend and must be more than 50% of the cash.

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(Unit amount in NT\$ Thousand, unless otherwise specified)

- (C) The aforementioned earnings distribution proposal issued by the board of directors or resolved in the shareholders' meeting is as follows:

	2022	2021
Legal reserve	\$88,833	\$65,821
Special reserve	-	-
Shareholder's dividends		
Cash	\$438,505	\$394,447
Cash dividend per share	NT\$2.30	NT\$2.08
Stock (NT\$10 par)	-share	-share
Stock dividend per share	-NT\$	-NT\$

(21) Other equity (net amount after tax)

- (A) The exchange difference from the conversion of the financial statements of foreign operating institutions:

	For the nine-month periods ended September 30,	
	2023	2022
Balance - beginning	\$(338,584)	\$(441,852)
Transactions of current period	23,665	157,324
Reclassified to (profit) and loss in the current period	-	-
Balance - ending	\$(314,919)	\$(284,528)

- (B) Unrealized valuation benefits of financial assets measured at fair value through other comprehensive profit and loss:

	For the nine-month periods ended September 30,	
	2023	2022
Balance - beginning	\$237,702	\$279,295
Transactions of current period	14,875	(57,654)
Recognized under the equity method in the current period - affiliated enterprise	557	(4,167)
Reclassified to retained earnings in the current period	-	-
Balance - ending	\$253,134	\$217,474

Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES
(Continuing)
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(22) Non-controlling interests

	<u>For the nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Balance - beginning	\$664,949	\$601,439
The amount attributable to non-controlling interests:		
Net income	60,686	94,227
Exchange difference from the conversion of the financial statements of foreign operating institutions	585	18,407
Cash dividends paid by subsidiaries to non-controlling interests	(56,518)	(64,220)
Balance - ending	<u>\$669,702</u>	<u>\$649,853</u>

The Group had no subsidiaries with significant non-controlling interests for the nine-month periods ended September 30, 2023 and 2022.

(23) Share-based payment - employee rewards

The company was authorized by the Securities and Futures Bureau of the Financial Supervisory Commission to issue 500,000 units 、500,000 units and 300,000 units of employee stock warrants on January 13, 2015 、August 22, 2018 and June 21, 2022, respectively. One stock warrant is entitled to subscribe to 10 common stock shares of the company. New shares will be issued for the stock option exercised by employees and the subscription price is the company's common stock closing price on the issuance day. The stock warrant holders can exercise a certain percentage of the stock warrant after 2-year from the issuance date (according to the regulations, the exercisable subscription amount is 40% of the amount available for subscription in each stock warrant issued after 2-year from the issuance date, 60% after 3-year from the issuance date, 80% after 4-year from the issuance date, and 100% after 5 years from the issuance date). The duration of the stock warrant is for seven years. The unexercised stock options after 7 years shall be deemed as being waived, and the subscribers cannot claim their rights to subscribe.

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As of September 30, 2023, the issuance of compensatory employee stock warrants is disclosed as follows:

Warrant issuance date	Total warrants issued originally	Total warrants outstanding at yearend	Total warrants available for subscription at yearend	Subscription price (NTD) (Note)
September 12, 2018	290,000	206,700	2,067,000	\$19.30
August 12, 2019	210,000	179,000	1,390,000	19.40
August 5, 2022	100,000	100,000	-	49.00
November 4, 2022	100,000	100,000	-	42.90
June 5, 2023	100,000	100,000	-	48.60

Note: The company has the subscription price adjusted when there is a change in common stock share or cash dividend is distributed for common stock shares in accordance with the “Regulations Governing the Issuance of Employee Stock Warrant and Stock Subscription.” The stock subscription price per share after adjustment is disclosed as of September 30, 2023.

(A) The company adopts the Black-Scholes stock options model to assess the fair value of the employee stock warrant issued each year. The remuneration cost accrued were NT\$4,626 thousand, NT\$1,531 thousand, NT\$11,285 thousand, and NT\$2,697 thousand, for the three-month and nine-month periods ended September 30, 2023 and 2022, respectively. The input values of the stock option pricing model are as follows:

	2022 Stock option plan	2022 Stock option plan	2022 Stock option plan	2018 Stock option plan
Expected dividend ratio	-%	-%	-%	-%
Expected price fluctuation ratio	32.86%~36.80%	32.35%~36.13%	31.76%~35.33%	18.99%~20.95%
Risk-free interest rate	1.0873%~1.0996%	1.5365%~1.5954%	1.0109%~1.0687%	0.554%~0.582%
Expected duration	4.5~6 years	4.5~6 years	4.5~6 years	4.5~6 years

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	2018 Stock option plan	2014 Stock option plan	2014 Stock option plan
Expected dividend ratio	-%	-%	-%
Expected price fluctuation ratio	21.38%~22.07%	22.64%~25.43%	22.80%~27.68%
Risk-free interest rate	0.700%~0.758%	0.663%~0.831%	0.976%~1.203%
Expected duration	4.5~6 years	4.5~6 years	4.5~6 years

The assumption of the expected price fluctuation ratio is measured according to the impact of the annual dividend distribution in the past on stock price, and the expected stock price fluctuations in the future period. The stock option duration is the employee exercising stock option period that is deducted from the historical data and current expectation, which may not necessarily match the actual result or actual implementation.

- (B) The quantity and weighted average price of the compensatory employee stock option plan issued by the company is disclosed as follows:

Employee stock operations	For the nine-month periods ended September 30, 2023		For the nine-month periods ended September 30, 2022	
	QTY (unit)	Weighted average price per share (NTD)	QTY (unit)	Weighted average price per share (NTD)
Outstanding shares - beginning	585,700	\$29.89	670,600	\$18.64
Granted in current period	100,000	51.00	100,000	53.90
Exercised in current period	-	-	(195,200)	14.94
Lost in current period (expired)	-	-	-	-
Outstanding shares - ending	<u>685,700</u>	31.37	<u>575,400</u>	24.89
Exercisable employee stock options - ending	<u>345,700</u>	19.34	<u>339,800</u>	18.87
Average fair value per share of stock options granted to employees in the current period (NTD)	<u>\$16.67</u>		<u>\$16.97</u>	

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In the first three quarters of 2023, employees in our company did not exercise stock options. In the first three quarters of 2022, the weighted average per share price on the exercise date of employee stock options was NTD\$58.99.

As of September 30, 2023, and for the periods ended December 31, 2022, and September 30, 2022, the information regarding the outstanding share-based employee stock option plans of the Company is presented as follows:

	Outstanding stock options			Exercisable employee stock options		
	Price range per share (NTD)	Outstanding QTY (Unit)	Weighted average expected remaining duration	Weighted average price per share (NTD)	Exercisable QTY (Unit)	Weighted average price per share (NTD)
<u>September 30, 2023</u>						
2018 Stock option plan	\$19.30	206,700	0.37	\$19.30	206,700	\$19.30
2018 Stock option plan	19.40	179,000	1.03	19.40	139,000	19.40
2022 Stock option plan	49.00	100,000	3.94	49.00	-	49.00
2022 Stock option plan	42.90	100,000	4.19	42.90	-	42.90
2022 Stock option plan	48.60	100,000	4.78	48.60	-	48.60
<u>December 31, 2022</u>						
2018 Stock option plan	\$20.30	206,700	0.99	\$20.30	152,000	\$20.30
2018 Stock option plan	20.40	179,000	1.78	20.40	99,000	20.40
2022 Stock option plan	51.50	100,000	4.69	51.50	-	51.50
2022 Stock option plan	45.10	100,000	4.94	45.10	-	45.10
<u>September 30, 2022</u>						
2014 Stock option plan	14.60	87,000	-	14.60	87,000	14.60
2018 Stock option plan	20.30	209,400	1.24	20.30	153,800	20.30
2018 Stock option plan	20.40	179,000	2.03	20.40	99,000	20.40
2022 Stock option plan	51.50	100,000	4.94	51.50	-	51.50

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(Continuing)

(Review only without following generally accepted auditing standards)

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(24) Net operating income

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2023	2022	2023	2022
Sales income				
Parts income	\$1,390,170	\$1,785,853	\$4,032,025	\$4,774,278
Mold income	41,429	72,140	142,727	177,029
Fixture income	14,894	18,830	43,638	54,588
Merchandise income	27,632	29,889	88,065	75,028
Total	1,474,125	1,906,712	4,306,455	5,080,923
Less: Sales return	(2,025)	(3,065)	(10,166)	(5,801)
Sales discount	(1,306)	(6,360)	(6,695)	(13,068)
Net operating income	<u>\$1,470,794</u>	<u>\$1,897,287</u>	<u>\$4,289,594</u>	<u>\$5,062,054</u>

(A) Income classification:

(a) Main merchandise / service

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2023	2022	2023	2022
Parts income	\$1,386,878	\$1,776,864	\$4,015,540	\$4,756,177
Mold income	41,429	72,141	142,727	177,026
Fixture income	14,894	18,829	43,638	54,588
Merchandise income	27,593	29,453	87,689	74,263
Total	<u>\$1,470,794</u>	<u>\$1,897,287</u>	<u>\$4,289,594</u>	<u>\$5,062,054</u>

(b) Main regional markets

Customer location	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2023	2022	2023	2022
Taiwan	\$320,428	\$409,607	\$1,062,580	\$1,180,369
Asia (other than Taiwan)	975,028	1,294,690	2,746,511	3,457,800
America	100,689	78,764	292,739	234,846
Others	74,649	114,226	187,764	189,039
Total	<u>\$1,470,794</u>	<u>\$1,897,287</u>	<u>\$4,289,594</u>	<u>\$5,062,054</u>

Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES

(Continuing)

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(c) Income recognition time

	For the three-month periods		For the nine-month periods	
	ended September 30,		ended September 30,	
	2023	2022	2023	2022
Goods transferred at a certain time	\$1,470,794	\$1,897,287	\$4,289,594	\$5,062,054

(B) Contract liabilities:

	September 30, 2023	December 31, 2022	September 30, 2022
Contract liabilities	\$23,583	\$39,036	\$31,384

The significant changes in the contract liability balance are as follows:

	For the nine-month periods ended September 30,	
	2023	2022
Contract liabilities balance – beginning transferred to income in the current period	\$(28,225)	\$(10,152)
Increase in cash received in advance in the current period	12,772	26,788

(25) Operating costs and expenses

The Group's employee welfare expenses, depreciation, and amortization expenses are summarized as follows:

Function Nature	For the three-month periods ended September 30, 2023			For the three-month periods ended September 30, 2022		
	Attributable to operating cost	Attributable to operating expense	Total	Attributable to operating cost	Attributable to operating expense	Total
Employee welfare expenses						
Employee expense (Note 1)	\$187,737	\$114,219	\$301,956	\$214,729	\$110,509	\$325,238
Labor and health insurance expenses	15,320	10,163	25,483	15,686	10,152	25,838
Pension expenses	12,588	7,346	19,934	12,432	7,160	19,592
Director remuneration	-	1,403	1,403	-	1,273	1,273
Other welfare expenses	5,327	2,208	7,535	7,098	3,313	10,411
Depreciation expenses (Note 2)	32,537	11,561	44,098	32,563	12,125	44,688
Amortization expense	2,532	1,060	3,592	5,564	968	6,532

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Function Nature	For the nine-month periods ended September 30, 2023			For the nine-month periods ended September 30, 2022		
	Attributable to operating cost	Attributable to operating expense	Total	Attributable to operating cost	Attributable to operating expense	Total
Employee welfare expenses						
Employee expense (Note 1)	\$548,136	\$345,343	\$893,479	\$604,188	\$322,209	\$926,397
Labor and health insurance expenses	45,369	29,437	74,806	44,369	28,091	72,460
Pension expenses	36,948	21,841	58,789	36,254	23,518	59,772
Director remuneration	-	4,540	4,540	-	4,382	4,382
Other welfare expenses	16,401	6,875	23,276	20,258	9,685	29,943
Depreciation expenses (Note 2)	98,833	36,333	135,166	96,996	36,305	133,301
Amortization expense	9,390	2,972	12,362	17,768	3,036	20,804

Note 1 : (1) According to the company's Articles of Incorporation, the company shall appropriate an amount equivalent to 1-10% of the company's net income before tax before deducting remuneration to employees, directors, and supervisors as remuneration to employees and not more than 3% as remuneration to directors and supervisors. However, it is necessary to reserve a sufficient amount to make up for the losses, if any. The remuneration to employees in the preceding paragraph is paid in the form of stocks or cash, including the employees of the controlled companies who meet the conditions set by the board of directors. The remuneration to directors and supervisors must be paid in cash. The aforementioned matters shall be resolved by the board of directors for implementation and shall be reported to the shareholders meeting.

(2) The estimated remuneration payable to employees of the company for the nine-month periods ended September 30, 2023 and 2022 were NT\$17,316 thousand and NT\$18,036 thousand, respectively, and the remuneration to directors and supervisors was NT\$0, respectively. The estimated remuneration to employees was based on a certain percentage of the net income before tax (without considering the impact of employee remuneration) for the nine-month periods ended September 30, 2023 and 2022. The estimated remuneration to employees is recognized as the current operating cost or operating expense. However, if there is a change in the distribution amount resolved by the board of directors, it will be treated according to the accounting estimates changes and adjusted to the profit and loss of the following year.

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- (3) The company's board of directors had resolved on March 10, 2023 to distribute the 2022 remuneration to employees for NT\$23,000 thousand in cash and remuneration to directors for NT\$0 that were reported in the regular shareholders meeting on June 9, 2023 ; also, it was not different from the estimated remuneration to employees, directors, and in the company's 2022 financial report. The company's board of directors had resolved on March 10, 2022 to distribute the 2021 remuneration to employees for NT\$21,000 thousand in cash and remuneration to directors for NT\$0 that were reported in the regular shareholders meeting on June 10, 2022; also, it was not different from the estimated remuneration to employees and directors in the company's 2021 financial report.
- (4) Please refer to the Market Observation Post System for the information regarding the remuneration to employees and directors resolved by the company's board of directors.

Note 2 : The Group had appropriated the depreciation expenses were NT\$44,107 thousand, NT\$44,698 thousand, NT\$135,194 thousand, and NT\$133,329 thousand, for the three-month and nine-month periods ended September 30, 2023 and 2022, respectively. Also, the depreciation expenses of the property, plant and equipment - leased assets were NT\$9 thousand, NT\$10 thousand, NT\$28 thousand, and NT\$28 thousand, respectively, and listed in the "Other income and expenses - net" account.

(26) Other income and expenses - net

	For the three-month periods		For the nine-month periods	
	ended September 30,		ended September 30,	
	2023	2022	2023	2022
Property, plant and equipment – lease assets				
Rent income	\$105	\$105	\$315	\$315
Depreciation expense	(9)	(10)	(28)	(28)
Other income and expenses - net	<u>\$96</u>	<u>\$95</u>	<u>\$287</u>	<u>\$287</u>

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(27) Non-operating income and expense

	For the three-month periods		For the nine-month periods	
	ended September 30,		ended September 30,	
	2023	2022	2023	2022
(A) <u>Interest income</u>				
Bank deposit interest	\$25,173	\$14,748	\$65,317	\$36,576
Other interest income	18,186	14,340	50,771	41,039
Total	<u>\$43,359</u>	<u>\$29,088</u>	<u>\$116,088</u>	<u>\$77,615</u>
(B) <u>Other income</u>				
Cash dividends	\$-	\$-	\$9,500	\$13,571
Other income-other	5,765	11,344	20,626	31,743
Total	<u>\$5,765</u>	<u>\$11,344</u>	<u>\$30,126</u>	<u>\$45,314</u>
(C) <u>Other profit and loss</u>				
Net loss of financial assets measured at fair value through profit and (loss)	\$56,528	\$4,522	\$37,096	\$(56,485)
Net profit (loss) from the disposal of property, plant, and equipment	(287)	(260)	(7,144)	202
Other expenses	(1)	(25)	(26)	(36)
Total	<u>\$56,240</u>	<u>\$4,237</u>	<u>\$(29,926)</u>	<u>\$(56,319)</u>
(D) <u>Financial cost</u>				
Bank loan interest	(3,824)	(3,821)	(13,069)	(9,680)
Lease liability interest	(760)	(798)	(2,148)	(2,551)
Total	<u>(4,584)</u>	<u>(4,619)</u>	<u>(15,217)</u>	<u>(12,231)</u>
(E) <u>Profit amount from the affiliated enterprises under the equity method</u>				
Please refer to Note 6(8)(C) of the consolidated financial report for details.				

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	For the three-month periods		For the nine-month periods	
	ended September 30,		ended September 30,	
	2023	2022	2023	2022
(F) <u>Exchange loss - net</u>				
Realized Net Exchange				
Gain	\$29,301	\$35,333	\$14,168	\$97,865
Unrealized exchange Gain	9,691	80,100	85,946	115,267
Total	<u>\$38,992</u>	<u>\$115,433</u>	<u>\$100,114</u>	<u>\$213,132</u>

(28) Other comprehensive profit and loss

Other comprehensive profit and loss constituents	Transactions of current period	Reclassification and adjustment of current period	Other comprehensive profit and loss	Income tax expense	Amount after tax
<u>For the three-month periods ended September 30, 2023</u>					
Items not reclassified to profit and loss:					
Unrealized appraisal benefits of equity instrument investment measured at fair value through other comprehensive loss	\$15,965	\$-	\$15,965	\$-	\$15,965
Unrealized appraisal benefits of equity instrument investment measured at fair value through other comprehensive profit of affiliated enterprises under the equity method	(13)	-	(13)	-	(13)
Total amount of items not reclassified to profit and loss:	<u>15,952</u>	<u>-</u>	<u>15,952</u>	<u>-</u>	<u>15,952</u>
Items that may be reclassified to profit and loss subsequently:					
Exchange difference from the conversion of the financial statements of foreign operating institutions	138,077	-	138,077	-	138,077
Total	<u>\$154,029</u>	<u>\$-</u>	<u>\$154,029</u>	<u>\$-</u>	<u>\$154,029</u>

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Other comprehensive profit and loss constituents	Transactions of current period	Reclassification and adjustment of current period	Other comprehensive profit and loss	Income tax expense	Amount after tax
<u>For the three-month periods ended September 30,2022</u>					
Items not reclassified to profit and loss:					
Unrealized appraisal loss of equity instrument investment measured at fair value through other comprehensive profit	\$43,112	\$-	\$43,112	\$-	\$43,112
Unrealized appraisal loss of equity instrument investment measured at fair value through other comprehensive profit of affiliated enterprises under the equity method	139	-	139	-	139
Total amount of items not reclassified to profit and loss:	43,251	-	43,251	-	43,251
Item that may be reclassified to profit and loss subsequently:					
Exchange difference from the conversion of the financial statements of foreign operating institutions	60,618	-	60,618	-	60,618
Total	\$103,869	\$-	\$103,869	\$-	\$103,869

For the nine-month periods ended September 30,2023

Items not reclassified to profit and loss:

Unrealized appraisal benefits of equity instrument investment measured at fair value through other comprehensive loss	\$14,875	\$-	\$14,875	\$-	\$14,875
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Unrealized appraisal benefits of equity instrument investment measured at fair value through other comprehensive profit of affiliated enterprises under the equity method	557	-	557	-	557
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Total amount of items not reclassified to profit and loss:	15,432	-	15,432	-	15,432
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Items that may be reclassified to profit and
loss subsequently:

Exchange difference from the conversion of the financial statements of foreign operating institutions	24,250	-	24,250	-	24,250
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Total	\$39,682	\$-	\$39,682	\$-	\$39,682
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Other comprehensive profit and loss constituents	Transactions of current period	Reclassification and adjustment of current period	Other comprehensive profit and loss	Income tax expense	Amount after tax
<u>For the nine-month periods ended September 30, 2022</u>					
Items not reclassified to profit and loss:					
Unrealized appraisal benefits of equity instrument investment measured at fair value through other comprehensive loss	\$(57,654)	\$-	\$(57,654)	\$-	\$(57,654)
Unrealized appraisal benefits of equity instrument investment measured at fair value through other comprehensive profit of affiliated enterprises under the equity method	(4,167)	-	(4,167)	-	(4,167)
Total amount of items not reclassified to profit and loss:	<u>(61,821)</u>	<u>-</u>	<u>(61,821)</u>	<u>-</u>	<u>(61,821)</u>
Items that may be reclassified to profit and loss subsequently:					
Exchange difference from the conversion of the financial statements of foreign operating institutions	175,731	-	175,731	-	175,731
Total	<u>\$113,910</u>	<u>\$-</u>	<u>\$113,910</u>	<u>\$-</u>	<u>\$113,910</u>

(29) Income tax

(A) The Group's income tax return must be filed by each entity independently instead of filing collectively. The company's and the subsidiary, CHIN DE INVESTMENT CO., LTD., business income tax return filed before 2021 (inclusive) were reviewed and approved by the tax collection agency.

(B) The income tax expense constituents:

(a) Income tax recognized in profit and loss

	For the three-month periods		For the nine-month periods	
	ended September 30,	ended September 30,	ended September 30,	ended September 30,
	2023	2022	2023	2022
Income tax expense - current				
Income tax expenses of the current period	\$54,624	\$78,468	\$186,731	\$231,062
Deferred income tax expense	43,997	47,798	34,948	42,438
Income tax expense	<u>\$98,621</u>	<u>\$126,266</u>	<u>\$221,679</u>	<u>\$273,500</u>

(Continuing)

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(Unit amount in NT\$ Thousand, unless otherwise specified)

(b) The Group had no income tax related to other comprehensive profit and loss constituents or direct debited or credited to equity for the three-month and nine-month periods ended September 30, 2023 and 2022, respectively.

(30) Earnings per share(A) Basic earnings per share

The basic earnings per share are calculated by dividing the profit and loss attributable to the company's common stock shareholders by the outstanding weighted average common stock shares in the current period as follows:

	For the three-month periods		For the nine-month periods	
	ended September 30,	ended September 30,	ended September 30,	ended September 30,
	2023	2022	2023	2022
Net profit attributable to the company's Common stock shareholders	\$245,755	\$312,396	\$529,963	\$712,635
Outstanding shares at the beginning of the period	190,654,298 shares	189,768,298 shares	190,654,298 shares	187,832,298 shares
Employee stock option – subscribing issue new shares (Note)	-	15,304	-	1,366,062
Outstanding weighted average shares	190,654,298 shares	189,783,602 shares	190,654,298 shares	189,198,361 shares
Basic earnings per share (after tax) (NTD)	\$1.29	\$1.65	\$2.78	\$3.77

Note : Calculated based on the period of circulation of each subscription.

(B) Diluted earnings per share

The diluted earnings per share are calculated by having the dilutive potential common stock share effect adjusted to the profit and loss attributable to the common stock shareholders of the company divided by the dilutive potential common stock share effect adjusted to the outstanding weighted average shares of the period as follows:

Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES

(Continuing)

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(Unit amount in NT\$ Thousand, unless otherwise specified)

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2023	2022	2023	2022
Net profit attributable to the company's common stock shareholders	\$245,755	\$312,396	\$529,963	\$712,635
Add: Potential common stock share effect	-	-	-	-
Adjusted net profit attributable to the company's common stock shareholders	\$245,755	\$312,396	\$529,963	\$712,635
Outstanding weighted average shares	190,654,298 shares	189,783,602 shares	190,654,298 shares	189,198,361 shares
Add: Potential common stock share effect				
Employee stock option hypothesis – subscribing new shares (Note)	2,323,712	2,894,632	2,364,278	3,429,252
Employee Remuneration hypothesis –issuing new shares	353,388	395,526	463,278	492,205
Adjusted weighted average shares	193,331,398 shares	193,073,760 shares	193,481,854 shares	193,119,818 shares
Basic earnings per share (after tax) (NTD)	\$1.27	\$1.62	\$2.74	\$3.69

Note : The Company's employee stock options issued and outstanding in 2023 and 2022, which are outstanding, were considered anti-dilutive for the three-month and nine-month periods ended September 30, 2023. Therefore, they were not included in the calculation of diluted earnings per share.

Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES

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(Unit amount in NT\$ Thousand, unless otherwise specified)

(31) Reconciliation of liabilities from financing activities

Accounting item	Balance - beginning	Cash flow	Changes in non-cash		Balance - ending
			Transaction of current period	Change in exchange rate	
<u>For the nine-month periods ended September 30,2023</u>					
Short-term loan	\$1,070,000	\$(200,000)	\$-	\$-	\$870,000
Long-term loan	79,032	(79,032)	-	-	-
Lease liabilities (including current and noncurrent)	111,672	(12,167)	22,724	(384)	121,845
Total	\$1,260,704	\$(291,199)	\$22,724	\$(384)	\$991,845
<u>For the nine-month periods ended September 30,2022</u>					
Short-term loan	\$1,260,000	\$(180,000)	\$-	\$-	\$1,080,000
Long-term loan	76,324	2,708	-	-	79,032
Lease liabilities (including current and noncurrent)	76,845	(14,210)	-	2,026	64,661
Total	\$1,413,169	\$(191,502)	\$-	\$2,026	\$1,223,693

7. Related party transactions

The account balance amount, transactions, income, and expenses related to the transactions between entities within the Group were written-off at the time of preparing the consolidated financial report. Please refer to Note 13.(1)(J) of the consolidated financial report for the business relationships and important transactions between the company and the subsidiaries and among subsidiaries. The relationship and transactions between the Group and related parties are disclosed as follows:

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(Continuing)

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(Unit amount in NT\$ Thousand, unless otherwise specified)

(1) Name of related party and relationship

<u>Name of related party</u>	<u>Relationship with the Group</u>
KUAI LUNG PRECISION INDUSTRY CO., LTD. (KUAI LUNG)	The chairman of KUAI LUNG is the general manager of G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD., the subsidiary of the company.
SUNFLEX TECHNOLOGY CO., LTD. (SUNFLEX)	SUNFLEX is invested by the company under equity method.

(2) Major transactions with related parties(A) Purchases

<u>Related party category/name</u>	<u>For the three-month periods ended September 30,</u>		<u>For the nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Other related parties				
KUAI LUNG	\$82	\$-	\$198	\$170
Affiliated enterprises				
SUNFLEX	2,148	3,526	8,435	8,022
Total	<u>\$2,230</u>	<u>\$3,526</u>	<u>\$8,633</u>	<u>\$8,192</u>

The aforementioned purchase is mostly for molds and parts with special specifications from one single supplier. Therefore, there is no other purchase price available for comparison. The payment term from such a single supplier is OA 30-60 days; while other suppliers are with a payment term of OA 90-120 days.

(B) Sales

<u>Related party category/name</u>	<u>For the three-month periods ended September 30,</u>		<u>For the nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Other related parties				
KUAI LUNG	\$-	\$17	\$-	\$52
Affiliated enterprises				
SUNFLEX	29	17	53	17
Total	<u>\$29</u>	<u>\$34</u>	<u>\$53</u>	<u>\$69</u>

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The products sold in the preceding paragraph are mostly equipment, tools, and materials used for production with the price negotiated by both parties by adding a percentage to the cost or by the cost price at the time of trade depending on the type of product traded; also, taking into account the expenses and exchange rate risk. The specifications of products that are sold to related parties are exclusive; therefore, there is no other customer available for comparison. The payment term of sales to a related party is OA 60-90 days; while the general customer is with a payment term of OA 90-120 days.

(C) Processing expense

The company had contracted the affiliated enterprise, SUNFLEX TECHNOLOGY CO., LTD., for product proceeding with a processing expense of NT\$3,501 thousand, NT\$4,463 thousand, NT\$10,573 thousand and NT\$12,060 thousand incurred for the three-month and nine-month periods ended September 30, 2023 and 2022, respectively.

(D) Claims/obligations arising from the aforementioned transactions

Related party category/name	September 30, 2023	December 31, 2022	September 30, 2022
<u>(a) Accounts receivable – related party</u>			
Other related parties			
KUAI LUNG	\$-	\$-	\$18
Affiliated enterprises			
SUNFLEX	39	15	18
Total	\$39	\$15	\$36
<u>(b) Accounts payable – related party</u>			
Other related parties			
KUAI LUNG	\$86	\$-	\$-
Affiliated enterprises			
SUNFLEX	3,337	11,289	3,702
Total	\$3,423	\$11,289	\$3,702
<u>(c) Other payable – related party</u>			
Other related parties			
KUAI LUNG	\$1,470	\$1,905	\$1,373
Affiliated enterprises			
SUNFLEX	2,475	3,250	3,217
Total	\$3,945	\$5,155	\$4,590

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The claims/obligations between the Group and the related party are without collateral or guarantee received or provided, and a conclusion is made after thorough evaluations that it is no need to appropriate allowance for loss for the Group's claims against the related parties.

(E) Information on total remunerations of key management personnel

The total remunerations to the Group's directors, general manager, vice general manager, and other managerial officers are summarized as follows:

Item	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2023	2022	2023	2022
Short-term benefits	\$4,119	\$3,856	\$11,850	\$10,458
Retirement benefits	97	97	289	270
Share-based payment	9	47	72	129
Total	\$4,225	\$4,000	\$12,211	\$10,857

The remuneration to key management personnel is determined by the Group's Remuneration Committee with reference to the general standards of the industry and taking into account personal performance, the company operating performance, and related future risks.

8. Mortgaged assets

As of September 30, 2023, December 31, 2022, and September 30, 2022, the Group had assets provided as collateral to financial institutions for loans, applying for credit line, electricity deposits, materials, contracts, and issuing the letter of credit as follows:

Accounting item	September 30, 2023	December 31, 2022	September 30, 2022	Mortgage agency	Collateral for loans
Other financial assets - current Bank deposits	\$548	\$1,179	\$1,772	Bank of China	Material deposit, contract deposit, and others
Other noncurrent assets - others Bank deposits	220	224	211	Bangkok Bank	Electricity deposit
Other noncurrent assets - others Bank deposits	1,081	1,162	1,101	Mizuho Bank	Tariff deposits
Total	\$1,849	\$2,565	\$3,084		

9. Significant contingent liabilities and unrecognized contractual commitments

The Group had the following significant contingent liabilities and unrecognized contractual commitments not yet included in the aforementioned consolidated financial report as of September 30, 2023:

- (1) The company had had a guaranteed amount of NT\$500 thousand for customs duties, provided by financial institutions on September 30, 2023.
- (2) The Group's G-SHANK ENTERPRISE (M) SDN. BHD. had a guaranteed loan of NT\$4,050 thousand from financial institutions for the introduction of foreign labor and other matters on September 30, 2023.
- (3) The Group has signed a contract for the construction of the factory with a total amount of RMB 46,647 thousand, of which the unpaid amount is RMB 36,802 thousand.
- (4) The Group's PTINDONESIA G-SHANK PRECISION has signed a land lease quotation with an amount of IDR 19,850,000 thousand, of which IDR 17,198,333 thousand remains unpaid.

10. Significant disaster loss

None

11. Material post events

- (1) On October 27, 2023, our company, by resolution of the board of directors, entered into a contract to acquire real estate, factory buildings, and equipment, with a total amount of NT\$1,550,000 thousand. On the same day, in accordance with the contract terms, we made the first installment payment of NT\$310,000 thousand. As of the date of approval of the consolidated financial statements, the outstanding payment amount is NT\$1,240,000 thousand.
- (2) On October 27, 2023, our company, through a board of directors resolution, decided to conduct a cash capital increase for the purchase of factory buildings, machinery and equipment, and plant facilities. We plan to issue up to 15,000 thousand shares of common stock with a par value of NT\$10 per share. The actual issuance price will be determined by the Chairman in accordance with relevant legal regulations, in consultation with the underwriter, based on the prevailing market conditions at the time.

- (3) On October 27, 2023, our company, through a board of directors resolution, decided to issue a second unsecured convertible corporate bond for the purpose of purchasing factory buildings, machinery and equipment, and plant facilities. The total face value of the issuance is NT\$1,000,000 thousand, with each bond having a face value of NT\$100,000. The number of bonds to be issued is 10,000. The issuance period is three years, and the coupon rate is 0%. The issuance amount will be determined through a competitive auction method for public underwriting, with a floor price set at no less than the face value. The actual total issuance amount will be based on the results of the competitive auction.

12. Others

(1) Capital management

- (A) The Group's capital management is aimed to ensure the Group's ongoing concern, to continue to provide remuneration to shareholders and benefits to stakeholders, and to maintain the best capital structure in order to reduce capital costs and to set the price of products or services according to the relative risk levels in order to provide shareholders with sufficient remuneration.
- (B) The Group bases on the risk ratio to set the capital stock; also, manage and adjust the capital structure appropriately in accordance with the changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the dividends paid to shareholders, refund shareholders by de-capitalization, and issue new shares or sell assets to settle liabilities.

(2) Financial risk management

- (A) The Group's main financial instruments include cash and cash equivalents, financial assets measured at fair value through profit and loss, financial assets measured at fair value through other comprehensive profit and loss, financial assets measured at amortized cost, other financial assets (time deposits), short-term loans, long-term loans, lease liabilities, receivables and payables arising from operating activities, etc., also, adjust operating fund needs through such financial instruments. Therefore, the Group's operations are subject to various financial risks, including market risk (including exchange rate risk, interest rate risk, and other price risks), credit risk, and liquidity risk. The purpose of the Group's overall financial risk management is to reduce the potential adverse effects of the Group's exposure to financial risks due to changes in the financial market.

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(Unit amount in NT\$ Thousand, unless otherwise specified)

- (B) The Finance Department of the Group is responsible for identifying, evaluating, and hedging financial risks through close contact with the business units of the Group, planning and coordinating the access to domestic and international financial markets, and manages the Group's operation related financial risks by analyzing the degree of risk exposure; also, the Group's board of directors is responsible for supervision and management. In addition, the Group uses derivative financial instruments to hedge risk exposure at an appropriate time to reduce the impact of financial risks. The Group has the procedures for derivative financial instrument transactions stipulated that have been approved by the board of directors and the shareholders meeting. The said procedures include trade principles and policies, risk management measures, internal audit systems, regular evaluation methods, and handling of nonconformities, of which, the risk management includes credit, market prices, liquidity, cash flow, operations, law, etc.
- (C) The main risks of the Group's financial instruments are as follows:

(a) Market risk

The main market risks of the Group are exchange rate risks arising from operating activities, such as sales or purchases denominated in non-functional currencies, and interest rate risks or price risks arising from financial instruments transactions.

(i) Exchange rate risk

- (01) The Group evaluates and analyzes the overall exchange rate risk. When the listed assets and liabilities and future business transactions are exposed to significant exchange rate risk, within the permitted range of the policy, manage risk through forwarding exchange contract. In addition, the Group's net investment in foreign operating institutions is a strategic investment; therefore, no hedging is performed.

The Group's financial assets and liabilities denominated in non-functional currencies with significant risk exposure of exchange rate fluctuations on the reporting date, and sensitivity analysis information are as follows (the functional currency of the company and some subsidiaries is "NTD," and the functional currency of some subsidiaries is RMB, THB, USD, MYR, IDR, and JPY); sensitivity analysis is regarding the impact of the Group's financial assets and liabilities denominated in non-functional currencies appreciated by 5% against a respective foreign currency that is the functional currency of each overseas subsidiary on the net income before tax or equity on the reporting date; also, when it depreciated by 5%, it will affect the net income before tax and equity reversely:

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	Foreign currency (Thousand)	Exchange rate	Book amount	Change ratio	Sensitive analysis	
					Increase/ decrease in net income before tax	Decrease in Equity
<u>September 30, 2023</u>						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$61,821	32.26	\$1,994,357	5%	\$99,718	\$-
JPY	56,335	0.2162	12,180	5%	609	-
HKD	5,212	4.125	21,500	5%	1,075	-
EUR	2,546	33.92	86,359	5%	4,318	-
<u>Non-monetary items</u>						
USD	\$29,368	32.26	\$947,419	5%	\$47,371	\$-
<u>Derivative financial instrument</u>						
USD	\$696	32.26	\$22,463 (Note)	5%	\$1,123	\$-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	\$918	32.26	\$29,619	5%	\$1,481	\$-
JPY	13,824	0.2162	2,989	5%	149	-
<u>Non-monetary items: None</u>						
<u>Derivative financial instrument: None</u>						
<u>December 31, 2022</u>						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$78,350	30.7	\$2,405,340	5%	\$120,267	\$-
JPY	42,019	0.2325	9,770	5%	489	-
RMB	1,917	4.409	8,453	5%	423	-
HKD	5,728	3.941	22,575	5%	1,129	-
EUR	1,473	32.74	48,237	5%	2,412	-

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	Foreign currency (Thousand)	Exchange rate	Book amount	Change ratio	Sensitive analysis	
					Increase/ decrease in net income before tax	Decrease in Equity
December 31, 2022						
<u>Financial assets</u>						
<u>Non-monetary items</u>						
USD	\$26,018	30.7	\$798,738	5%	\$39,938	\$-
<u>Derivative financial instrument</u>						
USD	\$204	30.7	\$6,254 (Note)	5%	\$313	\$-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	\$1,007	30.7	\$30,903	5%	\$1,545	\$-
JPY	47,162	0.2325	10,965	5%	548	-
RMB	1,065	4.409	4,695	5%	235	-
<u>Non-monetary items: None</u>						
<u>Derivative financial instrument: None</u>						
September 30, 2022						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$58,833	31.74	\$1,867,365	5%	\$93,368	\$-
JPY	32,643	0.2202	7,188	5%	359	-
RMB	99,051	4.474	443,154	5%	22,158	-
HKD	4,198	4.047	16,989	5%	849	-
EUR	1,266	31.25	39,570	5%	1,979	-
<u>Non-monetary items</u>						
USD	\$22,537	31.74	\$715,338	5%	\$35,767	\$-
<u>Derivative financial instrument</u>						
USD	\$965	31.74	\$30,642 (Note)	5%	\$1,532	\$-

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	Foreign currency (Thousand)	Exchange rate	Book amount	Change ratio	Sensitive analysis	
					Increase/ decrease in net income before tax	Decrease in Equity
<u>September 30, 2022</u>						
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	\$802	31.74	\$25,465	5%	\$1,273	\$-
JPY	69,678	0.2202	15,343	5%	767	-

Non-monetary items: None

Derivative financial instrument: None

Note: The aforementioned derivatives information refers to the book amount of the SWAP contracts that have not yet been settled on each reporting day. Please refer to Note 6.(2) of the consolidated financial report for the operation position, nominal principal, and due date.

The exchange profit and loss (including realized and unrealized) of the Group's monetary items converted to functional currencies, and the exchange rate for the conversion to the reporting currency of the consolidated financial report are as follows:

Functional currency	For the three-month periods ended September 30, 2023		For the three -month periods ended September 30, 2022	
	Exchange profit (loss)	Average exchange rate	Exchange profit (loss)	Average exchange rate
NTD	\$42,612	-	\$67,058	-
USD	366	31.84	(2,809)	30.70
RMB	(6,751)	4.391	46,842	4.444
MYR	2,424	6.903	4,186	6.79
Others	341	-	156	-
Total	\$38,992		\$115,433	

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Functional currency	For the nine-month periods ended September 30,2023		For the nine-month periods ended September 30,2022	
	Exchange profit (loss)	Average exchange rate	Exchange profit (loss)	Average exchange rate
NTD	\$59,938	-	\$118,121	-
USD	(268)	31.008	(1,246)	29.419
RMB	34,142	4.385	85,902	4.432
MYR	5,116	6.858	9,834	6.736
Others	1,186	-	521	-
Total	<u>\$100,114</u>		<u>\$213,132</u>	

(02) In addition, the SWAP contracts held by the Group are a financial hedging operation intended to hedge exchange rate risk arising from the change (mainly including sales and purchases denominated in non-functional currencies, such as USD) in the exchange rate of foreign claims. Regarding the aforementioned SWAP contracts, the profit and loss arising from changes in the exchange rate will generally offset the profit and loss of the hedged project, so there is no significant market risk. As for the aforementioned hedged project, the net position of foreign currency claims that are not effectively hedged is linked to the market risk of changes in exchange rates, of which, the depreciation or appreciation of USD, RMB, MYR, or JPY will result in the risk of exchange profit or loss.

(ii) Interest rate risk

The Group's interest rate risks include the fair value interest rate risk of the financial instruments with fixed interest rate and the cash flow interest rate risk of financial instruments with floating interest rate. The financial instruments with fixed interest rate refer to the company's time deposits, some financial assets-current measured at fair value through profit and loss, financial assets measured at amortized cost, some other financial assets-current and some bank loans; the financial instruments with floating rate refer to savings deposits, some other financial assets-current, some other noncurrent assets-others, and some bank loans. The Group has interest rate risk evaluated and analyzed on a dynamic basis and controlled the interest rate risk exposure by maintaining an appropriate combination of fixed and floating interest rates. The Group expects no significant interest rate risk.

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(Unit amount in NT\$ Thousand, unless otherwise specified)

(01) The Group's financial assets and liabilities with fixed and floating interest rates

	September 30, 2023	December 31, 2022	September 30, 2022
Fixed interest rate			
Financial assets	\$3,170,737	\$3,218,705	\$3,104,504
Financial liabilities	(991,845)	(1,134,384)	(1,144,661)
Net amount	<u>\$2,178,892</u>	<u>\$2,084,321</u>	<u>\$1,959,843</u>
Floating interest rate			
Financial assets	\$1,377,809	\$1,431,554	\$1,202,711
Financial liabilities	-	(79,032)	(79,032)
Net amount	<u>\$1,377,809</u>	<u>\$1,352,522</u>	<u>\$1,123,679</u>

(02) Sensitivity Analysis

For the Group's financial assets and liabilities with a floating interest rate, if the interest rate of market deposits or loans increased by 0.5% on the reporting date, assuming that it is held for an accounting quarter and all other factors are given, it would cause the Group's net income (loss) before tax increased by NT\$5,167 thousand and NT\$4,214 thousand for the nine-month periods ended September 30, 2023 and 2022, respectively.

(iii) Other price risks

The Group's beneficiary certificates and equity securities, such as financial assets measured at fair value through profit and loss and financial assets measured at fair value through other comprehensive profit and loss, are with price risk resulted. The Group manages the price risk of beneficiary certificates and equity securities by holding investment portfolios with different risks.

Sensitivity Analysis

For the Group's financial assets measured at fair value through profit and loss and financial assets measured at fair value through other comprehensive profit and loss, the impact of the beneficiary certificates and equity securities with a 5% price increase on the net income before tax or equity on the reporting date is as follows; also, the beneficiary certificates and equity securities with a 5% price decrease will affect the net income before tax or equity reversely:

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	September 30, 2023	December 31, 2022	September 30, 2022
Increase in net income before tax			
Financial assets measured at fair value through profit and loss	\$51,157	\$42,990	\$41,501
Increase in equity			
Financial assets measured at fair value through other comprehensive profit and loss	\$13,845	\$13,101	\$12,084

(b) Credit risk

- (i) The Group's credit risk is mainly the potential impact of the counterparty or other parties' failure in performing financial assets contracts, which includes the concentration of credit risks, constituents, contract amounts, and other receivables of the financial assets transactions of the Group. In order to reduce credit risk, the Group has dealt with all well-known domestic and foreign financial or securities institutions for bank deposits, financial assets measured at fair value through profit and loss, financial assets measured at amortized cost, some other financial assets, which are with low credit risk. For receivables, the Group continues to evaluate the financial status of the counterparties, historical experience, and other factors to adjust the trade amount and trade method of individual customers appropriately in order to improve the Group's credit-granting quality.
- (ii) The Group evaluates and analyzes the overdue or impairment of financial assets on the balance sheet date. The Group's credit risk exposure amount is as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Credit risk exposure amount			
Allowance for losses-measured by the expected credit losses amount for 12-month	\$-	\$-	\$-
Allowance loss-measured by the expected credit loss amount throughout the duration - Accounts receivable	29,194	28,716	30,127
Total	\$29,194	\$28,716	\$30,127

Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES

(Continuing)

(Review only without following generally accepted auditing standards)

(Unit amount in NT\$ Thousand, unless otherwise specified)

The aforementioned credit risk exposure amounts are all from the recovery of accounts receivable. The Group has continuously evaluated the losses that affect the estimated future cash flow of accounts receivable with appropriate allowance accounts appropriated. Therefore, the book amount of accounts receivable is with credit risk properly considered and reflected. In addition, the Group does not hold collateral for the impairment of financial assets that is with an allowance account appropriated.

(iii) The expected credit loss of the Group's notes and accounts receivable as of September 30, 2023, December 31, 2022 and September 30, 2022 is analyzed as follows:

	Total book amount of notes and accounts receivable	Reserve matrix (loss rate)	Allowance for loss (expected credit loss throughout the duration)
<u>September 30, 2023</u>			
Not overdue	\$1,263,599	0%-3.07%	\$944
30days overdue	136,964	0%-18.63%	797
31-90 days overdue	5,200	0%-10.75%	146
91-180 days overdue	26,288	0%-10.09%	2,101
181-365 days overdue	4,020	0%-37.14%	754
Over 366 days overdue	24,452	100.00%	24,452
Total	<u>\$1,460,523</u>		<u>\$29,194</u>
<u>December 31, 2022</u>			
Not overdue	\$1,497,199	0%-2.38%	\$1,125
30days overdue	91,726	0%-3.45%	804
31-90 days overdue	35,364	0%-9.55%	1,409
91-180 days overdue	5,165	0%-17.49%	509
181-365 days overdue	1,635	0%-37.14%	474
Over 366 days overdue	24,395	100.00%	24,395
Total	<u>\$1,655,484</u>		<u>\$28,716</u>

Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES

(Continuing)

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(Unit amount in NT\$ Thousand, unless otherwise specified)

<u>September 30, 2022</u>	<u>Total book amount of notes and accounts receivable</u>	<u>Reserve matrix (loss rate)</u>	<u>Allowance for loss (expected credit loss throughout the duration)</u>
Not overdue	\$1,570,605	0%-0.28%	\$2,601
30days overdue	104,584	0%-6.04%	998
31-90 days overdue	13,777	0%-11.68%	1,016
91-180 days overdue	4,441	0%-26.06%	296
181-365days overdue	1,974	0%-45.71%	435
Over 366 days overdue	24,781	100.00%	24,781
Total	<u>\$1,720,162</u>		<u>\$30,127</u>

(iv) The concentration of credit risk of accounts receivable is analyzed as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
The accounts receivable ratio of the top five customers	<u>33.77%</u>	<u>34.89%</u>	<u>33.16%</u>

(c) Liquidity risk

The Group manages and maintains sufficient cash and cash equivalents to support all contractual obligations for business operations and to minimize the impact of cash flow fluctuations. Bank loans are an important source of liquidity to the Group. The management ensures the repeating bank loans through capital structure management, monitoring the use of bank credit line, and complying with loan contract terms to reduce liquidity risk. The Group's stock investment under the financial assets measured at fair value through other comprehensive profit and loss is exposed to liquidity risk due to lack of an active market. In addition, the exchange rate of the Group's SWAP contract has been determined; therefore, there is no significant cash flow risk.

(i) Bank loan amount

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Short-term loan	\$1,599,500	\$1,520,468	\$1,109,500
Long-term loan	-	-	-
Long-term and short- term loan amount	-	-	150,968
Total	<u>\$1,599,500</u>	<u>\$1,520,468</u>	<u>\$1,260,468</u>

Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES

(Continuing)

(Review only without following generally accepted auditing standards)

(Unit amount in NT\$ Thousand, unless otherwise specified)

(ii) Maturity analysis of undiscounted financial liabilities

<u>September 30, 2023</u>	<u>Less than 1 year</u>	<u>More than 1-2 years</u>	<u>More than 2-5 years</u>	<u>Over 5 years</u>	<u>Total</u>
<u>Non-derivative financial liabilities</u>					
Short-term loan	\$875,556	\$-	\$-	\$-	\$875,556
Accounts payable	467,773	-	-	-	467,773
Accounts payable – related party	3,423	-	-	-	3,423
Other payables	397,135	7,300	-	23,965	428,400
Other payables – related party	3,945	-	-	-	3,945
Lease liabilities	62,601	11,064	10,434	73,125	157,224
Total	<u>\$1,810,433</u>	<u>\$18,364</u>	<u>\$10,434</u>	<u>\$97,090</u>	<u>\$1,936,321</u>

Derivative financial liabilities: NoneDecember 31, 2022Non-derivative financial liabilities

Short-term loan	\$1,075,100	\$-	\$-	\$-	\$1,075,100
Accounts payable	545,261	-	-	-	545,261
Accounts payable – related party	11,289	-	-	-	11,289
Other payables	510,139	8,898	-	25,047	544,084
Other payables – related party	5,155	-	-	-	5,155
Lease liabilities	60,802	4,223	11,203	76,192	152,420
Long-term loans	39,393	39,741	781	-	79,915
Total	<u>\$2,247,139</u>	<u>\$52,862</u>	<u>\$11,984</u>	<u>\$101,239</u>	<u>\$2,413,224</u>

Derivative financial liabilities: NoneSeptember 30, 2022Non-derivative financial liabilities

Short-term loan	\$1,082,125	\$-	\$-	\$-	\$1,082,125
Accounts payable	693,075	-	-	-	693,075
Accounts payable – related party	3,702	-	-	-	3,702
Other payables	474,216	9,817	-	24,906	508,939
Other payables – related party	4,590	-	-	-	4,590
Lease liabilities	15,145	3,183	9,881	77,251	105,460
Long-term loan	29,517	39,809	10,674	-	80,000
Total	<u>\$2,302,370</u>	<u>\$52,809</u>	<u>\$20,555</u>	<u>\$102,157</u>	<u>\$2,477,891</u>

Derivative financial liabilities: None

(D) Fair value of financial instruments

The book amount of the Group's financial instruments is an amount reasonably close to the fair value.

(a) The methods adopted for the fair value of financial instruments and the assumptions adopted for the use of evaluation techniques

- (i) The fair value of short-term financial instruments is estimated according to the book value on the balance sheet. Such financial instruments are with a short maturity date; also, the present value of future cash flows discounted at the market interest rate is close to the book amount; therefore, the book amount should be a reasonable basis for estimating the fair value. This method is applied to cash and cash equivalents, net notes receivable, net accounts receivable (including related parties), other receivables (including related parties), short-term loans, accounts payable (including related parties), and other payables (including related parties).
- (ii) The financial assets measured at fair value through profit and loss are with a market price available for reference; therefore, the said market price is the fair value. The foreign bonds are quoted on the reporting date through Bloomberg, Reuters or other brokers and trading platforms, This quotation is fair value.
- (iii) Financial assets measured at fair value through other comprehensive profit and loss are equity instrument investments without market price available for reference; therefore, the fair value is estimated according to the Market Approach. The company has the fair value estimated according to the prices derived from the market transactions of the same or comparable equity instruments and other relevant information.
- (iv) The fair value of other financial assets and other noncurrent assets-restricted assets is estimated according to the book amount, since the present value of future cash collected and discounted at the market interest rate is close to the book amount; therefore, the book amount should be a reasonable basis for estimating the fair value.

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(Unit amount in NT\$ Thousand, unless otherwise specified)

- (v) The evaluation of derivative financial instruments is based on the evaluation models that are widely accepted in the market, such as, discount method and option pricing model.
- (vi) Lease liabilities are discounted at the Group's increment loan interest rate on the unpaid lease expense on the lease starting day and then measured at amortized cost of the effective interest method subsequently. The book amount of the lease liabilities is an amount reasonably close to the fair value.
- (vii) The Group's long-term loans are based on floating interest rates with the fair value estimated according to the book amount on the balance sheet, which has been adjusted with reference to market conditions. Therefore, the company's loan interest rate is close to the market interest rate.

(b) Classification of fair value measurement

All assets and liabilities measured or disclosed at the fair value are classified to the respective fair value level according to the lowest level input value critical to the overall fair value measurement. The input values for each level are as follows:

Level 1: The market price (unadjusted) available for the same asset or liability on the measurement date;

Level 2: Direct or indirect observable input values of assets or liabilities, except for those quotations in Level 1;

Level 3: Unobservable input value of assets or liabilities;

The assets and liabilities that were originally measured at fair value on a repetitive basis and recognized on the balance sheet should be reassessed for classification at the end of each reporting period to determine whether there is a swift between the levels of the fair value hierarchy.

(Continuing)

(Review only without following generally accepted auditing standards)

(Unit amount in NT\$ Thousand, unless otherwise specified)

(i) The classification of financial instruments measured at fair value and recognized in the balance sheet

The Group does not have assets and liabilities measured at fair value on a non-repetitive basis. The fair value level of assets and liabilities measured at fair value on a repetitive basis is as follows:

	<u>Lever 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>September 30, 2023</u>				
<u>Assets</u>				
Financial assets				
measured at fair value				
through profit and loss				
Funds	\$75,730	\$-	\$-	\$75,730
Bonds	-	947,419	-	947,419
SWAP contracts	-	22,463	-	22,463
Financial assets				
measured at fair value				
through other profit				
and loss				
Unlisted stocks	-	-	276,898	276,898

Liabilities: NoneDecember 31, 2022Assets

Financial assets

measured at fair value

through profit and loss

Funds \$61,056 \$- \$- \$61,056

Bonds - 798,753 - 798,753

SWAP contracts - 6,254 - 6,254

Financial assets

measured at fair value

through other profit

and loss

Unlisted stocks - - 262,023 262,023

Liabilities: None

Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES

(Continuing)

(Review only without following generally accepted auditing standards)

(Unit amount in NT\$ Thousand, unless otherwise specified)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>September 30, 2022</u>				
<u>Assets</u>				
Financial assets				
measured at fair value through profit and loss				
Funds	\$114,675	\$-	\$-	\$114,675
Bonds	-	715,338	-	715,338
SWAP contracts	-	30,642	-	30,642
Financial assets				
measured at fair value through other profit and loss				
Unlisted stocks	-	-	241,684	241,684
<u>Liabilities: None</u>				

(ii) During the first three quarters of 2023, the Group did not experience any significant transfers between Level 1 and Level 2 in the fair value hierarchy. The overseas bonds held by the Group were categorized as non-active market debt instrument investments due to inadequate liquidity assessment. Therefore, an amount of RMB 688,332 thousand was reclassified from Level 1 to Level 2 in the second quarter of 2022.

(iii) The adjustment of the fair value measurement in Level 3 is as follows:

<u>Items</u>	<u>Financial assets measured at fair value through other comprehensive profit and loss</u>	
	<u>Equity instrument investment – Unlisted stocks</u>	
	<u>For the nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Balance – beginning	\$262,023	\$299,338
Total loss		
Recognized in other comprehensive profit and loss	14,875	(57,654)
Balance - ending	\$276,898	\$241,684

(Continuing)

(Review only without following generally accepted auditing standards)

(Unit amount in NT\$ Thousand, unless otherwise specified)

The Group had recognized total current (loss) profit for an amount of NT\$14,875 thousand and NT\$(57,654) thousand in other comprehensive profit and loss due to change in Level 3 fair value for the first three quarters of 2023 and 2022, respectively, and they were booked in the “other comprehensive profit and loss – unrealized appraisal loss of equity instrument investment measured at fair value through other comprehensive profit and loss.

- (iv) The evaluation techniques and assumptions adopted to measure the fair value of financial assets.
 - (01) The fair value of financial assets with standard terms and conditions that are traded in an active market is determined by referring to market price.
 - (02) The foreign bonds are determined by quotations on the reporting date through Bloomberg, Reuters or other brokers and trading platforms.
 - (03) The exchange transaction contracts are based on the discounted cash flow methods. Future cash flows are estimated at the forward exchange rate observable on the reporting date and the exchange rate set in the contract, and discounted at a discount rate that can reflect the credit risk of each counterparty.
 - (04) The fair value of domestic unlisted equity instrument investment is evaluated with the Market Approach.

Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES

(Continuing)

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(Unit amount in NT\$ Thousand, unless otherwise specified)

(v) Quantitative information on the fair value measurement of significant unobservable input values (Level 3):

	<u>Evaluation technique</u>	<u>Significant unobservable input value</u>	<u>Quantitative information</u>	<u>Relationship between the input value and fair value</u>	<u>Sensitivity analysis of the relationship between the input value and fair value</u>
<u>September 30, 2023</u>					
<u>Financial assets</u>					
Financial assets measured at fair value through other comprehensive profit and loss:					
Stock	Market Approach	Similar company's stock price-to-net value ratio	2.54	The higher the stock price-to-net value ratio of similar companies, the higher the estimated fair value	When the stock price-to-net value ratio of similar companies increases (decreases) by 5%, the equity of the Group will increase/decrease by NT\$13,845 thousand.
-					
<u>December 31, 2022</u>					
<u>Financial assets</u>					
Financial assets measured at fair value through other comprehensive profit and loss:					
Stock	Market Approach	Similar company's stock price-to-net value ratio	2.45	The higher the stock price-to-net value ratio of similar companies, the higher the estimated fair value	When the stock price-to-net value ratio of similar companies increases (decreases) by 5%, the equity of the Group will increase/decrease by NT\$13,101 thousand.
<u>September 30, 2022</u>					
<u>Financial assets</u>					
Financial assets measured at fair value through other comprehensive profit and loss:					
Stock	Market Approach	Similar company's stock price-to-net value ratio	2.48	The higher the stock price-to-net value ratio of similar companies, the higher the estimated fair value	When the stock price-to-net value ratio of similar companies increases (decreases) by 5%, the equity of the Group will increase/decrease by NT\$12,084 thousand.

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(Unit amount in NT\$ Thousand, unless otherwise specified)

- (vi) The evaluation process for the fair value measurement of significant unobservable input values (Level 3):

The Accounting Department of the Group is responsible for fair value verification, using independent sources of information to bring the evaluation results closer to the market, confirming that the data source is independent, reliable, consistent with other data resources, and representing executable prices. Also, analyze the value change in the assets and liability that must be re-measured or re-evaluated on the reporting date according to the Group's accounting policies to ensure the reasonableness of the evaluation result.

Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. and Subsidiaries (Continuing)
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13. Supplementary disclosure matters

The transactions between the company and the following subsidiaries and among the subsidiaries were written-off at the time of preparing the consolidated financial report. The information disclosed below is for reference only.

(1) Information on major transactions

Supplementary information of the company and the subsidiaries for the nine-month periods ended September 30, 2023 is disclosed as follows:

(A) Financings Provided:

Unit : NT\$ Thousand/USD

No	Lending company	Borrower	Accounting item	Related party	Maximum amount -current	Balance – ending (September 30, 2023) (Note 2)	Actual amount implemented (Note 3)	Interest rate range	Nature of loan	Transaction amount	Reason for short-term loan	Allowance for bad debt appropriated	Collateral		Loaning of fund limit to individual (Note 1)	Total loaning of fund limit (Note 1)
													Name	Value		
1	SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.	SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD	Other accounts receivable - related party	Yes	\$79,470 (RMB18,000,000)	\$44,150 (RMB10,000,000)	\$44,150 (RMB10,000,000)	0%	Short-term loan	-	Business operation of affiliated enterprise	-	-	-	\$192,829 (RMB 43,675,943)	\$771,317 (RMB 174,703,770)

Note 1: The total loaning of fund limit refers to an amount equivalent to 40% of the current net value of the lending company. The loaning of fund limit to individual refers to an amount equivalent to 10% of the current net value of the lending company. The current net value is based on the latest financial statements audited by an independent auditor.

Note 2: It is the loaning of fund amount resolved by the company's board of directors.

Note 3: It is the actual outstanding loan amount at yearend.

(B) Making of endorsements/guarantees: None

Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES (Continuing)
(Review only without following generally accepted auditing standards)
(Unit amount in NT\$ Thousand, unless otherwise specified)

(C) Securities held at yearend (excluding the investment in the equity of the subsidiaries, affiliate enterprises, and joint venture):

Unit: NT\$ Thousand/RMB/THB/USD

Holding company	Type of securities	Name of securities	Relationship with the securities issuer	Accounting title	Ending (September 30,2023)				Note
					Shares / unit / 1,000 shares	Book amount	Shareholding ratio (%)	Fair value / net value	
G-SHANK ENTERPRISE CO., LTD.	Stocks	REEL MASK INDUSTRY CO., LTD.	None	Financial assets-noncurrent measured at fair value through other comprehensive profit and loss	3,392,713	\$276,898	9.98	\$276,898	
	Bonds	AXA bonds AXASA 4.5 PERP	None	Financial assets-current measured at fair value through profit and loss	700,000	18,458 (USD572,166)	-	18,458 (USD572,166)	
	Bonds	HSBC Holding bonds HSBC 6 PERP (I)	None	Financial assets-current measured at fair value through profit and loss	3,100,000	88,993 (USD2,758,628)	-	88,993 (USD2,758,628)	
	Bonds	Macquarie Group Limited bonds MQGAU 6 1/8 PERP	None	Financial assets-current measured at fair value through profit and loss	1,400,000	40,508 (USD1,255,674)	-	40,508 (USD1,255,674)	
	Bonds	Societe Generale bonds SOCGEN 6.75 PERP (I)	None	Financial assets-current measured at fair value through profit and loss	4,720,000	124,469 (USD3,858,317)	-	124,469 (USD3,858,317)	
	Bonds	DB-Deutsche Bank AG bonds DB 6 PERP	None	Financial assets-current measured at fair value through profit and loss	6,400,000	161,575 (USD5,088,512)	-	161,575 (USD5,088,512)	
	Bonds	DB-Deutsche Bank AG bonds DB 7.5 PERP (I)	None	Financial assets-current measured at fair value through profit and loss	1,600,000	45,272 (USD1,403,344)	-	45,272 (USD1,403,344)	
	Bonds	Societe Generale bonds SOCGEN 7 3/8 PERP	None	Financial assets-current measured at fair value through profit and loss	400,000	12,904 (USD400,000)	-	12,904 (USD400,000)	
	Bonds	BCS-Barclays Plc bonds BACR 8 PERP	None	Financial assets-current measured at fair value through profit and loss	200,000	6,345 (USD196,678)	-	6,345 (USD196,678)	

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Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES (Continuing)
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Unit: NT\$ Thousand/RMB/THB/USD

Holding company	Type of securities	Name of securities	Relationship with the securities issuer	Accounting title	Ending (September 30,2023)			Note	
					Shares / unit / 1,000 shares	Book amount	Shareholding ratio (%)		Fair value / net value
G-SHANK ENTERPRISE CO., LTD.	Bonds	BCS-Barclays Plc (2022) bonds BACR 8 PERP (I)	None	Financial assets-current measured at fair value through profit and loss	2,290,000	\$66,214 (USD2,052,504)	-	\$66,214 (USD2,052,504)	
	Bonds	Societe Generale bonds SOCGEN 9.3/8 PERP (I)	None	Financial assets-current measured at fair value through profit and loss	1,280,000	40,520 (USD1,256,051)	-	40,520 (USD1,256,051)	
	Bonds	Societe Generale bonds SOCGEN 6.75 PERP (II)	None	Financial assets-current measured at fair value through profit and loss	2,000,000	52,741 (USD1,634,880)	-	52,741 (USD1,634,880)	
	Bonds	HSBC Holding bonds HSBC 6 RERP (II)	None	Financial assets-current measured at fair value through profit and loss	500,000	14,354 (USD444,940)	-	14,354 (USD444,940)	
	Bonds	HSBC Holding bonds HSBC 6 3/8 PERP	None	Financial assets-current measured at fair value through profit and loss	1,000,000	31,266 (USD969,190)	-	31,266 (USD969,190)	
	Bonds	DB-Deutsche Bank AG bonds DB 7.5 PERP (II)	None	Financial assets-current measured at fair value through profit and loss	800,000	22,636 (USD701,672)	-	22,636 (USD701,672)	
	Bonds	BCS-Barclays Plc (2022) bonds BACR 8 PERP (II)	None	Financial assets-current measured at fair value through profit and loss	800,000	23,131 (USD717,032)	-	23,131 (USD717,032)	
	Bonds	Societe Generale bonds SOCGEN 9.3/8 PERP (II)	None	Financial assets-current measured at fair value through profit and loss	1,300,000	41,153 (USD1,275,677)	-	41,153 (USD1,275,677)	
	Bonds	UBS Group AG bonds UBS 7 PERP	None	Financial assets-current measured at fair value through profit and loss	300,000	9,567 (USD296,568)	-	9,567 (USD296,568)	
	Bonds	Internationale Nederlanden Group N.V. bonds INTNED 7 1/2 PERP	None	Financial assets-current measured at fair value through profit and loss	500,000	14,771 (USD457,860)	-	14,771 (USD457,860)	

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Unit: NT\$ Thousand/RMB/THB/USD

Holding company	Type of securities	Name of securities	Relationship with the securities issuer	Accounting title	Ending (September 30,2023)				Note
					Shares / unit / 1,000 shares	Book amount	Shareholding ratio (%)	Fair value / net value	
G-SHANK ENTERPRISE CO., LTD.	Bonds	HSBC Holding bonds HSBC 8 PER (I)	None	Financial assets-current measured at fair value through profit and loss	300,000	\$9,547 (USD295,947)	-	\$9,547 (USD295,947)	
	Bonds	BNP Paribas bonds BNP 8.5 PERP	None	Financial assets-current measured at fair value through profit and loss	500,000	15,760 (USD488,515)	-	15,760 (USD488,515)	
	Bonds	BNP Paribas bonds BNP 5 1/8 PERP	None	Financial assets-current measured at fair value through profit and loss	200,000	5,046 (USD156,416)	-	5,046 (USD156,416)	
	Bonds	HSBC Holding bonds HSBC 6 RERP (III)	None	Financial assets-current measured at fair value through profit and loss	700,000	20,028 (USD620,830)	-	20,028 (USD620,830)	
	Bonds	HSBC Holding bonds HSBC 8 RERP (II)	None	Financial assets-current measured at fair value through profit and loss	787,000	25,048 (USD776,454)	-	25,048 (USD776,454)	
	Bonds	HSBC Holding bonds HSBC 6.5 RERP	None	Financial assets-current measured at fair value through profit and loss	500,000	14,615 (USD453,025)	-	14,615 (USD453,025)	
CHIN DE INVESTMENT CO., LTD.	Bonds	HSBC Holding bonds HSBC 6 RERP	None	Financial assets-current measured at fair value through profit and loss	470,000	13,447 (USD416,843)	-	13,447 (USD416,843)	
	Bonds	HSBC Holding bonds HSBC 4.7 PERP	None	Financial assets-current measured at fair value through profit and loss	1,200,000	29,051 (USD900,516)	-	29,051 (USD900,516)	
GREAT-SHANK CO., LTD.	Funds	KFAFIX-A	None	Financial assets-current measured at fair value through profit and loss	3,099,082	30,929 (THB35,226,641)	-	30,929 (THB35,226,641)	
	Funds	BBL-AIBP323	None	Financial assets-current measured at fair value through profit and loss	1,320,000	11,589 (THB13,198,944)	-	11,589 (THB13,198,944)	
	Funds	SCB FIXEDA	None	Financial assets-current measured at fair value through profit and loss	1,799,652	16,885 (THB19,230,898)	-	16,885 (THB19,230,898)	

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 (Unit amount in NT\$ Thousand, unless otherwise specified)

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Unit: NT\$ Thousand/RMB/THB/USD

Holding company	Type of securities	Name of securities	Relationship with the securities issuer	Accounting title	Ending (September 30,2023)				Note
					Shares / unit / 1,000 shares	Book amount	Shareholding ratio (%)	Fair value / net value	
GREAT-SHANK CO., LTD.	Funds	SCBINCA	None	Financial assets-current measured at fair value through profit and loss	960,642	\$8,449 (THB9,623,428)	-	\$8,449 (THB9,623,428)	
	Funds	SCBSF6MT7	None	Financial assets-current measured at fair value through profit and loss	900,000	7,878 (THB8,972,910)	-	7,878 (THB8,972,910)	

- (D) Cumulative purchases or sales of the same security amounted to more than NT\$300 million or 20% of the paid-in capital: None
- (E) Acquired real estate for an amount of more than NT\$300 million or 20% of the paid-in capital: None
- (F) Disposed real estate for an amount more than NT\$300 million or 20% of the paid-in capital: None
- (G) The purchase or sale of goods with the related party for an amount more than NT\$100 million or 20% of the paid-in capital: None
- (H) Accounts receivable from related parties amounted to more than NT\$100 million or 20% of the paid-in capital: None
- (I) Engage in derivative instruments transactions: Please refer to Notes 6.(2) and 12 of the consolidated financial statements.

Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES (Continuing)
(Review only without following generally accepted auditing standards)
(Unit amount in NT\$ Thousand, unless otherwise specified)

(J) Business relationship and important transactions and transaction amount between the parent company and subsidiaries and among subsidiaries:

No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions	Ratio to total consolidated operating income or total assets (Note 3)
0	G-SHANK ENTERPRISE CO., LTD.	SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.	1	Sales income	\$259	Note 4	0.01%
				Cost of goods sold	139	Note 5	-
				Other income	17,910	Note 7	0.42%
				Accounts receivable – related party	95		-
				Other receivables – related party	18,000		0.19%
0	G-SHANK ENTERPRISE CO., LTD.	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	1	Other income	799	Note 7	0.02%
				Other receivables – related party	803		0.01%
0	G-SHANK ENTERPRISE CO., LTD.	XIAMEN G-SHANK PRECISION MACHINERY CO., LTD.	1	Other income	1,977	Note 7	0.05%
				Other receivables – related party	1,987		0.02%
0	G-SHANK ENTERPRISE CO., LTD.	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	1	Cost of goods sold	1,180	Note 5	0.03%
				Other income	5,140	Note 7	0.12%
				Accounts payable – related party	582		0.01%
				Other receivables – related party	5,166		0.06%
0	G-SHANK ENTERPRISE CO., LTD.	QINGDAO G-SHANK PRECISION SDN.BHD.	1	Other income	27	Note 4	-
				Other receivables – related party	3,558	Note 7	0.08%
				Accounts receivable – related party	27		-
				Other receivables – related party	3,576		0.04%

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Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES (Continuing)
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No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions	Ratio to total consolidated operating income or total assets (Note 3)
0	G-SHANK ENTERPRISE CO., LTD.	SHENZHEN G-SHANK PRECISION SDN.BHD.	1	Cost of goods sold	\$694	Note 5	0.02%
				Other income	1,985	Note 7	0.05%
				Accounts payable – related party	726		0.01%
				Other receivables – related party	1,995		0.02%
				Other payables – related party	17		-
0	G-SHANK ENTERPRISE CO., LTD.	TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.	1	Cost of goods sold	52	Note 5	-
				Other income	3,361	Note 7	0.08%
				Other receivables – related party	3,377		0.04%
0	G-SHANK ENTERPRISE CO., LTD.	G-SHANK, INC.	1	Sales income	4,690	Note 4	0.11%
				Accounts receivable - related party	187		-
				Other receivables – related party	88		-
0	G-SHANK ENTERPRISE CO., LTD.	SHENZHEN G-BAO PRECISION SDN.BHD.	1	Sales income	2,124	Note 4	0.05%
				Cost of goods sold	77	Note 5	-
				Other income	3,163	Note 7	0.07%
				Accounts receivable – related party	115		-
				Other receivables – related party	3,179		0.03%
				Other payables – related party	51		-

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Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES (Continuing)
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(Unit amount in NT\$ Thousand, unless otherwise specified)

(Continued from the last page)

No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions	Ratio to total consolidated operating income or total assets (Note 3)
0	G-SHANK ENTERPRISE CO., LTD.	GREAT-SHANK CO., LTD.	1	Sales income	\$3,760	Note 4	0.09%
				Cost of goods sold	167	Note 5	-
				Other income	3,052	Note 7	0.07%
				Accounts receivable – related party	1,967		0.02%
				Accounts payables – related party	169		-
				Other receivables – related party	1,827		0.02%
0	G-SHANK ENTERPRISE CO., LTD.	G-SHANK ENTERPRISE (M) SDN. BHD..	1	Sales income	5,017	Note 4	0.12%
				Other income	4,994	Note 7	0.12%
				Accounts receivable – related party	1,146		0.01%
				Other receivables – related party	1,742		0.02%
0	G-SHANK ENTERPRISE CO., LTD.	PT INDONESIA G- SHANK PRECISION	1	Sales income	722	Note 4	0.02%
0	G-SHANK ENTERPRISE CO., LTD.	G-SHANK JAPAN CO., LTD.	1	Sales income	2,122	Note 4	0.05%
				Cost of goods sold	470	Note 5	0.01%
				Operating expense	401	Note 7	0.01%
				Accounts receivable – related party	1,022		0.01%
				Other receivables – related party	10		-
				Other payables – related party	70		-

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Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES (Continuing)
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(Continued from the last page)

No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions	Ratio to total consolidated operating income or total assets (Note 3)
1	SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.	HONG JING (SHANGHAI) ELECTRONICS CO., LTD.	3	Sales income	\$1,899	Note 6	0.04%
				Cost of goods sold	57,734	Note 6	1.35%
				Other profit and loss	11,839	Note 7	0.28%
				Accounts receivable – related party	470		0.01%
				Other receivables – related party	3,122		0.03%
				Other payable – related party	19,153		0.21%
1	SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.	TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.	3	Sales income	142	Note 6	-
				Accounts receivable – related party	161		-
1	SHANGHAI G-SHANK PRECISION MACHINERY CO., TD.	SHANGHAI G-SHANK PRECISION HARDWARE CO., TD.	3	Sales income	1,827	Note 6	0.04%
				Cost of goods sold	32,927	Note 6	0.72%
				Other profit and loss	14,830	Note 7	0.35%
				Accounts receivable – related party	379		-
				Other receivables – related party	48,046		0.52%
				Other payables – related party	9,741		0.10%
1	SHANGHAI G-SHANK PRECISION MACHINERY CO., TD.	GREAT-SHANK CO., LTD.	3	Sales income	170	Note 6	-
				Accounts receivable – related party	64		-
				Other receivables – related party	261		-
1	SHANGHAI G-SHANK PRECISION MACHINERY CO., TD.	PTINDONESIA G-SHANK PRECISION	3	Sales income	1,583	Note 6	0.04%
				Accounts receivable – related party	37		-
				Other receivables – related party	678		0.01%

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Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES (Continuing)
(Review only without following generally accepted auditing standards)
(Unit amount in NT\$ Thousand, unless otherwise specified)

(Continued from the last page)

No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions	Ratio to total consolidated operating income or total assets (Note 3)
1	SHANGHAI G-SHANK PRECISION MACHINERY CO., TD.	G-SHANK JAPAN CO., LTD.	3	Sales income	\$2,116	Note 6	0.05%
				Cost of goods sold	9,906	Note 6	0.23%
				Accounts receivable – related party	649		0.01%
				Other payables – related party	3,552		0.04%
1	SHANGHAI G-SHANK PRECISION MACHINERY CO., TD.	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	3	Sales income	175	Note 6	-
				Cost of goods sold	3,403	Note 6	0.08%
				Accounts receivable – related party	199		-
				Other payables – related party	504		0.01%
1	SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.	G-SHANK ENTERPRISE (M) SDN. BHD.	3	Sales income	229	Note 6	0.01%
				Cost of goods sold	454	Note 6	0.01%
				Accounts payables – related party	230		-
1	SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.	HUBEI HANSTAR ELECTRONICS TECHNOLOGY CO.,LTD.	3	Sales income	1,382	Note 6	0.03%
				Cost of goods sold	5,979	Note 6	0.14%
				Accounts receivable – related party	183		-
				Accounts payables – related party	519		0.01%
1	SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	3	Sales income	24	Note 6	-
				Accounts receivable – related party	9		-
1	SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.	QINGDAO G-SHANK PRECISION SDN.BHD.	3	Sales income	2	Note 6	-
				Cost of goods sold	4,929		0.11%
				Other payables – related party	2,751		0.03%

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Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES (Continuing)
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(Unit amount in NT\$ Thousand, unless otherwise specified)

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No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions	Ratio to total consolidated operating income or total assets (Note 3)
2	SHENZHEN G-SHANK PRECISION SDN.BHD.	SHENZHEN G-BAO PRECISION SDN.BHD.	3	Sales income Cost of goods sold Accounts receivable – related party	\$438 350 343	Note 6 Note 6	0.01% 0.01% -
2	SHENZHEN G-SHANK PRECISION SDN.BHD.	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	3	Cost of goods sold Accounts payable – related party	69 28	Note 6	- -
2	SHENZHEN G-SHANK PRECISION SDN.BHD.	XIAMEN G-SHANK PRECISION MACHINERY CO., LTD.	3	Sales income	622	Note 6	-
2	SHENZHEN G-SHANK PRECISION SDN.BHD.	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	3	Sales income	73	Note 6	-
2	SHENZHEN G-SHANK PRECISION SDN.BHD.	GREAT-SHANK CO., LTD.	3	Sales income	206	Note 6	-
3	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	G-SHANK JAPAN CO., LTD.	3	Cost of goods sold Accounts payable – related party	194 101	Note 6	- -
4	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.	3	Sales income Accounts receivable – related party	110 87	Note 6	- -

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Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES (Continuing)
(Review only without following generally accepted auditing standards)
(Unit amount in NT\$ Thousand, unless otherwise specified)

(Continued from the last page)

No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions	Ratio to total consolidated operating income or total assets (Note 3)
4	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	SHENZHEN G-BAO PRECISION SDN.BHD.	3	Sales income Accounts receivable – related party	\$110 8	Note 6	- -
4	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	HUBEI HANSTAR ELECTRONICS TECHNOLOGY CO., LTD.	3	Sales income Accounts receivable – related party	296 17	Note 4	0.01% -
4	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	DONGGUAN QIAOJU TRADING CO., LTD.	3	Sales income Other profit and loss Accounts receivable – related party Other receivables – related party	11,976 118 4,749 31	Note 6 Note 6	0.28% - 0.05% -
5	G-SHANK ENTERPRISE (M) SDN. BHD.	G-SHANK JAPAN CO., LTD.	3	Sales income Cost of goods sold Accounts receivable – related party Accounts payable – related party	5,452 6,313 1,872 2,479	Note 6 Note 6	0.13% 0.15% 0.02% 0.03%
6	HONG JING (SHANGHAI) ELECTRONICS CO., LTD.	SHANGHAI G-SHANK PRECISION HARDWARE CO., TD.	3	Sales income	1	Note 6	-
7	G-SHANK JAPAN CO., LTD.	SHENZHEN G-BAO PRECISION SDN.BHD.	3	Cost of goods sold Accounts payable – related party	1,822 1,092	Note 6	0.04% 0.01%

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Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES (Continuing)
 (Review only without following generally accepted auditing standards)
 (Unit amount in NT\$ Thousand, unless otherwise specified)

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No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions	Ratio to total consolidated operating income or total assets (Note 3)
7	G-SHANK JAPAN CO., LTD.	PTINDONESIA G-SHANK PRECISION	3	Sales income	\$275	Note 6	0.01%
7	G-SHANK JAPAN CO., LTD.	GREAT-SHANK CO., LTD.	3	Other receivables – related party	249		-
7	G-SHANK JAPAN CO., LTD.	XIAMEN G-SHANK PRECISION MACHINERY CO., LTD.	3	Sales income	44	Note 6	-
7	G-SHANK JAPAN CO., LTD.	TIANJIN G-SHANK RECISION MACHINERY CO., LTD	3	Cost of goods sold Accounts payable – related party	552 78	Note 6	0.01% -
8	QINGDAO G-SHANK PRECISION SDN.BHD.	TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.	3	Sales income Accounts receivable–related party	554 398	Note 6	0.01% -

Note 1: Business transactions conducted between the parent company and subsidiaries should be noted in the “No.” column as follows:

- (1) Fill in “0” for the parent company;
- (2) The subsidiaries are numbered sequentially starting from the Arabic number “1” by the company type.

Note 2: The “relationship with the trading companies” includes three types (The same transaction between parent company and subsidiary or between two subsidiaries needs not to be disclosed repeatedly, for example, if the parent company has already disclosed the transaction conducted with the subsidiary, the subsidiary does not need to have it disclosed again. If one of the two subsidiaries has already disclosed the transaction conducted, the other subsidiary does not need to have it disclosed again), which should be marked as follows:

Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES (Continuing)
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- (1) The parent company to the consolidated subsidiary;
- (2) Consolidate subsidiary to parent company;
- (3) Consolidated subsidiary to consolidated subsidiary;

Note 3: For the ratio of the transaction amount to the consolidated total operating income or total assets, if it is an asset or liability item, it is calculated for the ratio of the ending balance amount to the consolidated total assets; if it is a profit and loss item, it is calculated for the ratio of the interim cumulative amount to total consolidated operating income.

Note 4: The products sold are mostly equipment, tools, and materials used for production with the price negotiated by both parties by adding a percentage to the cost or by the cost price of trade depending on the type of product traded; also, taking into account the expenses and exchange rate risk. However, the specifications of products that are sold to related parties are exclusive; therefore, there is no other customer available for comparison. The payment term of sales to a related party is OA60-150 days.

Note 5: The purchase is mostly for molds and parts with special specifications from one single supplier. Therefore, there is no other purchase price available for comparison. The payment term for such single supplier is OA60-120 days.

Note 6: The collection (payment) term is OA90-150 days according to the contract signed.

Note 7: It is calculated and collected according to the contract signed.

Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES (Continuing)
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(Unit amount in NT\$ Thousand, unless otherwise specified)

(2) Re-investment business-related information

Supplementary disclosure of information related to the company's direct or indirect significant influence, control, or joint venture equity on the investee company not in Mainland China for the nine-month period ended September 30, 2023.

Unit : NTD Thousand/USD/MYR

Investor Company	Investee Company	Location	Main business operation	Original investment amount (Note 12)		As of September 30, 2023			Current profit (loss) of the Investee Company	Investment profit (loss) recognized in current period (Note 11)	Note
				September 30, 2023	December 31, 2022	Number of shares	Ratio (%)	Book amount (Note 11)			
G-SHANK ENTERPRISE CO., LTD.	CHIN DE INVESTMENT CO., LTD.	Note 1	General investment	\$50,000	\$50,000	5,000,000	100.00	\$54,803	\$2,094	\$2,094	
	GRAND STAR ENTERPRISES L.L.C.	Note 2	General investment	590,864	590,864	-	100.00	1,616,330	84,920	84,975	
	G-SHANK, Inc.	Note 3	Stamping parts molds, fixtures	36,686	36,686	1,000	100.00	385,008	15,380	15,457	
	G-SHANK ENTERPRISE (M) SDN. BHD.	Note 4	Stamping parts molds, fixtures	85,112	85,112	6,924,750	92.33	402,497	62,058	57,466	
	GREAT-SHANK CO., LTD.	Note 5	Precision progressive die and hardware products	69,509	69,509	7,968,750	85.00	124,355	14,272	12,144	
	G-SHANK JAPAN CO., LTD.	Note 6	International trade	19,749	19,749	1,060	58.89	13,823	3,610	2,126	
	SUNFLEX TECHNOLOGY CO., LTD.	Note 7	Manufacturing and trading of electronic components	40,448	40,448	9,940,956	14.48	167,372	85,432	12,370	
CHIN DE INVESTMENT CO., LTD.	SUNFLEX TECHNOLOGY CO., LTD.	Note 7	Manufacturing and trading of electronic components	217	217	10,000	0.01	171	85,432	13	

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Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. and Subsidiaries (Continuing)
(Review only without following generally accepted auditing standards)
(Unit amount in NT\$ Thousand, unless otherwise specified)

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Unit : NTD Thousand/USD/MYD

Investor Company	Investee Company	Location	Main business operation	Original investment amount (Note 12)		As of September 30, 2023			Current profit (loss) of the Investee Company	Investment profit (loss) recognized in current period (Note 11)	Note
				September 30, 2023	December 31, 2022	Number of shares	Ratio (%)	Book amount (Note 11)			
G-SHANK ENTERPRISE (M) SDN. BHD.	PT INDONESIA G-SHANK PRECISION	Note 8	Stamping parts molds, fixtures	\$49,083 (RM7,144,500)	\$49,083 (RM7,144,500)	18,800	94.00	\$218,939 (RM31,868,890)	\$31,160 (RM4,543,565)	-	
G-SHANK, INC.	G-SHANK DEMEXICO,S.A. DE C.V.	Note 9	Stamping parts molds, fixtures	5,130 (USD159,025)	5,130 (USD159,025)	-	100.00	26,052 (USD807,579)	1,068 (USD34,431)	-	
GRAND STAR ENTERPRISES L.L.C. (Note 2)	GLOBAL STAR INTERNATIONAL CO., LTD.	Note 10	General investment	619,973 (USD19,218,011)	619,973 (USD19,218,011)	19,218,011	100.00	1,603,316	83,832	-	

Note 1: 20F-2, No. 83, Section 1, Chung Hsiao E. Road, Zhongzheng District, Taipei City.

Note 2: 201 Rogers Office Building Edwin Wallace Rey Drive George Hill Anguilla.

Note 3: 1034 Old Port Isabel Rd., Suite 2 Brownsville, TX 78521, U.S.A.

Note 4: Plot 94, Bayan Lepas Industrial Estate 11900 Bayan Lepas, Penang, Malaysia.

Note 5: 116 Moo 1 Hitech Industrial Estate T.Banlane , A.Bang Pa-In , Ayutthaya Thailand 13160

Note 6: 1-17-14, Nishi-Shinbashi ,Excel Annex 8F, Nishi-Shinbashi, Minato-Ku,Tokyo, 105-0003
Japan.

Note 7: No. 522, Nanshang Road, Guishan District, Taoyuan City.

Note 8: Jl. Industri Kawasan JABABEKA Tahap II Block RR 5C-5D Cikarang-Bekasi 17530,
Indonesia.

Note 9: NO.15, Gral, Pedro Hinojosa, cd industrial H.Matamoros, Tamps, Mexico.

Note 10: Suite 102, Cannon Place, P.O. Box 712, North Sound Rd., George Town, Grand Cayman,
KY1-9006 Cayman Islands.

Note 11: Except for GRAND STAR ENTERPRISES L.L.C. and GLOBAL STAR INTERNATIONAL CO., LTD. the calculation according to the financial statements of the invested companies of the same period that have not been reviewed by the independent auditor.

Note 12: The original investment amount at the end of the current period and the end of last year is calculated according to the exchange rate on September 30, 2023.

Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES (Continuing)
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(3) Investment in China

(A) The name, main business operation, paid-in capital, investment methods, remittance in and out of funds, shareholding ratio, investment profit and loss, investment book amount at yearend, remittance in of investment profit and loss, and investment limits of the invested company in China:

Unit : NTD Thousand/USD/RMB/HKD

Invested company in China	Main business operation	Paid-in capital	Investment method	Cumulative investment amount remitted out of Taiwan in current period - beginning	Investment amount remitted in or out in current period		Cumulative investment amount remitted out of Taiwan in current period - ending	Current profit (loss) of the invested company	The company's direct or indirect investment shareholding ratio (%)	Investment profit (loss) recognized in current period (Note 4)	Book amount of investment - ending	Investment profit remitted into Taiwan as of current period
					Remitted out	Remitted in						
SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.	Precision progressive die and hardware products	USD 10,000,000 (Note A)	Entrusted investment (Note B)	USD1,700,000	\$-	\$-	USD1,700,000	\$240,851	85.00	\$204,723	\$1,845,172	\$1,852,076 (USD57,410,906)
HONG JING (SHANGHAI) ELECTRONICS CO., LTD.	Precision progressive die and hardware products	USD1,590,000	Investment through the company set up in the third region (Note C)	USD1,275,000	-	-	USD1,275,000	3,695	80.19	2,963	61,348	99,927 (USD3,097,555)
G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	Precision progressive die and hardware products	USD3,000,000	Investment through the company set up in the third region (Note D)	USD1,530,000	-	-	USD1,530,000	17,789	51.00	9,072	125,134	22,007 (USD682,168)
XIAMEN G-SHANK PRECISION MACHINERY CO., LTD.	Precision progressive die and hardware products	USD2,500,000	Investment through the company set up in the third region (Note E)	USD1,990,000	-	-	USD1,990,000	(9,458)	79.60	(7,529)	80,340	73,619 (USD2,282,062)

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Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES (Continuing)
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(Continued from the last page)

Unit : NTD Thousand/USD/RMB/HKD

Invested company in China	Main business operation	Paid-in capital	Investment method	Cumulative investment amount remitted out of Taiwan in current period - beginning	Investment amount remitted in or out in current period		Cumulative investment amount remitted out of Taiwan in current period - ending	Current profit (loss) of the invested company	The company's direct or indirect investment shareholding ratio (%)	Investment profit (loss) recognized in current period (Note 4)	Book amount of investment - ending	Investment profit remitted into Taiwan as of current period
					Remitted out	Remitted in						
G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	Planer, milling machine or die machine, precision continuous die and hardware products	USD1,400,000	Investment through the company set up in the third region (Note F)	USD1,671,825	\$-	\$-	USD1,671,825	\$39,932	100.00	\$39,932	\$286,097	\$126,216 (USD3,912,452)
QINGDAO G-SHANK PRECISION SDN.BHD.	Precision progressive die and hardware products	USD4,000,000	Investment through the company set up in the third region (Note G)	USD3,342,000	-	-	USD3,342,000	(1,172)	92.83	(1,088)	229,260	350,381 (USD10,861,158)
TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.	Precision progressive die and hardware products	USD2,500,000	Investment through the company set up in the third region (Note H)	USD2,205,000	-	-	USD2,205,000	32,066	88.20	28,282	213,564	123,123 (USD3,816,588)
SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD.	Precision progressive die and hardware products	USD300,000	Investment through the company set up in the third region (Note I)	USD 255,000	-	-	USD 255,000	16,042	85.00	13,635	89,526	620,810 (USD19,243,948)
SHENZHEN G-SHANK PRECISION SDN.BHD.	Precision progressive die and hardware products	USD2,600,000	Investment through the company set up in the third region (Note J)	USD2,440,000	-	-	USD2,440,000	(23,244)	93.85	(21,815)	100,807	8,412 (USD260,742)

(Continuing to next page)

Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES (Continuing)
(Review only without following generally accepted auditing standards)
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(Continued from the last page)

Unit : NTD Thousand/USD/RMB/HKD

Invested company in China	Main business operation	Paid-in capital	Investment method	investment amount remitted out of Taiwan in current period - beginning	Investment amount remitted in or out in current period		Cumulative investment amount remitted out of Taiwan in current period - ending	Current profit (loss) of the invested company	The company's direct or indirect investment shareholding ratio (%)	Investment profit (loss) recognized in current period (Note 4)	Book amount of investment - ending	Investment profit remitted into Taiwan as of current period
					Remitted out	Remitted in						
SHENZHEN G-BAO PRECISION SDN.BHD.	Precision progressive die and hardware products	USD3,150,000	Investment through the company set up in the third region (Note K)	USD2,880,000	\$-	\$-	USD2,880,000	\$24,599	91.43	\$22,491	\$430,789	\$159,263 (USD4,936,848)
HUBEI HANSTAR ELECTRONICS TECHNOLOGY CO., LTD. (Note 5)	Precision progressive die and hardware products, electroplating processing	RMB19,000,000 (Note 6)	Transfer investment of SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD.	-	-	-	-	358	100.00	358	89,545	-
DONGGUAN QIAOJU TRADING CO., LTD. (Note 5)	Plastic hardware wholesale and import/export business	HKD3,000,000	Transfer investment of G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	-	-	-	-	3,647	100.00	3,647	38,568	-
HUI ZHOU G-BAO PRECISION SDN.BHD. (Note 5)	Precision progressive die and hardware products	RMB55,000,000	Transfer investment of SHENZHEN G-BAO PRECISION SDN.BHD.	-	-	-	-	1,465	100.00	1,465	245,693	-

Cumulative investment amount remitted out from Taiwan to China at yearend (Note 1)	Investment amount approved by the Investment Commission, MOEA (Notes 1 and 2)	The investment amount limit stipulated by the Investment Commission, MOEA (Note 3)
\$680,239 (USD21,086,140)	\$911,586 (USD28,257,472)	\$3,979,554

Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES (Continuing)
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- Note 1 : It includes the net amount of USD1,797,315 derived from the approved investment of GSYUE DG TOOLING CO.,LTD. for USD2,730,000 and net of the liquidating investment fund remitted in for USD932,685.
- Note 2 : It includes the capital increase from earnings of SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. in May 2001 and October 2004, and the capital increase from earnings of QINGDAO G-SHANK PRECISION SDN.BHD. in January 2019.
- Note 3 : According to the “Principles for the Review of Investment or Technical Cooperation in Mainland China” stipulated by the Investment Commission, MOEA the company’s investment in China is limited to 60% of the net worth or consolidated net worth, whichever is higher. However, the enterprises that are with the certification document to evidence its meeting the operation scope of the headquarters issued by the Industrial Development Bureau, MOEA is not subject to this limit. The company had applied to the Industrial Development Bureau, MOEA for approval as the corporate operation headquarters on April 18, 2019 that would be valid from March 29, 2021 to March 28, 2024 for the investment in China, which had not violated the investment limit of the Investment Commission, MOEA.
- Note 4 : The profit and loss amount from the subsidiary under the equity method for the nine-month period ended September 30, 2023 was calculated according to the investee company’s financial statements not audited by the independent auditors, except for SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.
- Note 5 : It is an investment made through the invested company in China; therefore, it is unnecessary to report to the Investment Commission MOEA and is not included in the “Cumulative investment amount remitted out from Taiwan to China.”
- Note 6 : HUBEI HANSTAR ELECTRONICS TECHNOLOGY CO., LTD. originally had a paid-in capital of RMB 30,000,000. In May 2023, it carried out a reduction of capital and refunded RMB 11,000,000 to shareholders, resulting in a revised paid-in capital of RMB 19,000,000.

Note A : SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. had a paid-in capital of US\$2,000 thousand originally. It had arranged a capital increase from earnings for an amount of US\$2,500 thousand and US\$5,500 thousand in May 2001 and October 2004, respectively. As of September 30, 2023, SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. had a paid-in capital of US\$10,000 thousand.

Note B : The company has signed a power of attorney with G-SHANK ENTERPRISE (M) SDN. BHD. (hereinafter referred to as the “trustee”), a business entity of the company in the third region, to indirectly establish SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. in China with the related party, Yuhuang Lin. The main content of the power of attorney is as follows:

- (a) The company designated the trustee to invest US\$1,700,000 (including bank transfer of US\$1,250,000 and machinery and equipment for an amount of US\$450,000) in SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. in China.
- (b) The trustee is to apply to the competent authorities in China to invest and establish SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. in the name of the trustee.
- (c) The trustee upon receiving income or benefits from SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. should have it transferred to the company entirely.
- (d) If SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. is to return the investment funds due to capital reduction, business termination, or other reasons, the trustee upon receiving such refund shall have it transferred to the company entirely.
- (e) The trustee shall notify the company when transferring investment funds, benefits, or income due to the reasons stated in the last two preceding paragraphs according to the instruction of the company.
- (f) The trustee’s rights and obligations in SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. are transferred to the company due to this entrusted investment relationship; therefore, the trustee does not guarantee the income and profit and loss.
- (g) The trustee shall exercise due diligence to manage investment, foreign exchange settlement, and benefit collection.
- (h) The matters not addressed in the power of attorney shall be handled in accordance with the law and regulations of the Republic of China, domestic and foreign banking practices, and other regulations.

Note C : HON YEY INVESTMENT CO., LTD., a subsidiary of the company, was approved by the Investment Commission, MOEA by issuing the (90) Tou-Shen-II-Tzi No. 90010260 (Investment Commission, MOEA had the (90) Shen-II-Tzi No. 90010260 amended by issuing the (95) Shen-II-Tzi No. 095004988 on 03.03.2006), and the company was approved by the Investment Commission, MOEA by issuing the Shen-II-Tzi No. 093031757 Letter to invest in GLOBAL STAR INTERNATIONAL CO., LTD. through GRAND STAR ENTERPRISES L.L.C. in the third region and then it indirectly invested in HONG JING (SHANGHAI) ELECTRONICS CO., LTD. HONG JING (SHANGHAI) ELECTRONICS CO., LTD. had arranged a capital increase in cash on November 1, 2012; however, the company did not subscribe shares proportionally to the shareholding ratio; therefore, the company's shareholding ratio was 80.19% thereafter.

Note D : HON YEY INVESTMENT CO., LTD., a subsidiary of the company, was approved by the Investment Commission, MOEA by issuing the (90) Tou-Shen-II-Tzi No. 90010259 and Jin-Shen-II-Tzi No. 91015965, and the company was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 092042580 Letter and Jin-Shen-II-Tzi No. 093031432 Letter to invest in GLOBAL STAR INTERNATIONAL CO., LTD. through GRAND STAR ENTERPRISES L.L.C. in the third region and then it indirectly invested in G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.

Note E : HON YEY INVESTMENT CO., LTD., a subsidiary of the company, was approved by the Investment Commission, MOEA by issuing the (90) Tou-Shen-II-Tzi No. 90022866, and the company was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 092042581 Letter and Jin-Shen-II-Tzi No. 093006075 Letter to invest in GLOBAL STAR INTERNATIONAL CO., LTD. through GRAND STAR ENTERPRISES L.L.C. in the third region and then it indirectly invested in XIAMEN G-SHANK PRECISION MACHINERY CO., LTD.

Note F : HON YEY INVESTMENT CO., LTD., a subsidiary of the company, was approved by the Investment Commission, MOEA by issuing the (90) Tou-Shen-II-Tzi No. 90001835, Jin-Shen-II-Tzi No. 091031112, and Jin-Shen-II-Tzi No. 92008940 to invest in GLOBAL STAR INTERNATIONAL CO., LTD. through GRAND STAR ENTERPRISES L.L.C. in the third region and then it indirectly invested in G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD. Subsequently, 5.86% (investment amount of US\$82 thousand) and 2% (investment amount US\$28 thousand) of the shareholding was transferred to non-related parties, Mr. Bershin Lo and Mr. Guodong Hsu, in March 2003, respectively. The company's shareholding was reduced to 92.14 % thereafter that was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 092010563 Letter. HON YEY INVESTMENT CO., LTD., a subsidiary

of the company, had paid US\$23 thousand to acquire the 2% (investment amount US\$28 thousand) shareholding from Mr. Guodong Hsu on January 5, 2007 with the shareholding increased to 94.14% thereafter and it was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 09500329480 Letter. The company's board of directors had resolved on September 13, 2019 to acquire the 5.86% (investment amount US\$361 thousand) shareholding from the non-related party, Mr. Bershin Lo, and it was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 10800157300 Letter with the comprehensive shareholding increased to 100% thereafter.

Note G : HON YE H INVESTMENT CO., LTD., a subsidiary of the company, was approved by the Investment Commission, MOEA by issuing the (90) Shen-II-Tzi No. 90010261, Jin-Shen-II-Tzi No. 91039369, Jin-Shen-II-Tzi No. 092003008 Letter, and Jin-Shen-II-Tzi No. 094008181 to invest in GLOBAL STAR INTERNATIONAL CO., LTD. through GRAND STAR ENTERPRISES L.L.C. in the third region and then it indirectly invested in QINGDAO G-SHANK PRECISION SDN.BHD. Subsequently, 5% (investment amount of US\$130 thousand), 2.23% (investment amount US\$58 thousand), and 0.58% (investment amount US\$15 thousand) of the shareholding was transferred to non-related parties, Mr. Shenwei Guo, Mr. Hongjun Li, and Mr. Bangyong Liu, in March 2003, respectively. The company's shareholding was reduced to 92.19 % thereafter that was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 092010560 Letter. QINGDAO G-SHANK PRECISION SDN.BHD. had arranged capital increase in cash on November 25, 2006; however, the company did not subscribe shares proportionally to the shareholding ratio; therefore, the company's shareholding ratio was 92.83% thereafter. QINGDAO G-SHANK PRECISION SDN.BHD. had a paid-in capital of US\$3,600 thousand and then arranged a capital increase from earnings for an amount of US\$400 thousand in January 2019 and the paid-in capital of QINGDAO G-SHANK PRECISION SDN.BHD. was US\$4,000 thousand thereafter.

Note H : The Company was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 092044159, Jin-Shen-II-Tzi No. 093005557, and Jin-Shen-II-Tzi No. 093006249 Letter to invest in GLOBAL STAR INTERNATIONAL CO., LTD. through GRAND STAR ENTERPRISES L.L.C. in the third region and then it indirectly invested in TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.

Note I : The Company was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 095026420 Letter to indirectly invest in SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD. through G-SHANK ENTERPRISE (M) SDN. BHD. in the third region. Then it was approved for amendment by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 095032048 Letter to invest in

SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD. through GLOBAL STAR INTERNATIONAL CO., LTD. that was invested by GRAND STAR ENTERPRISES L.L.C. in the third region. The investment fund was transferred through GRAND STAR ENTERPRISES L.L.C. to GLOBAL STAR INTERNATIONAL CO., LTD. for an amount of US\$255 thousand on November 18, 2006, and the said amount was then transferred to SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD. on January 20, 2006.

Note J : The Company was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 09500121350, Jin-Shen-II-Tzi No. 09600108160, and Jin-Shen-II-Tzi No. 09600265810 Letter to invest in GLOBAL STAR INTERNATIONAL CO., LTD. through GRAND STAR ENTERPRISES L.L.C. in the third region and then it indirectly invested in SHENZHEN G-SHANK PRECISION SDN.BHD.

Note K : The Company was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 09600405610 and Jin-Shen-II-Tzi No. 09700084160 Letter to invest in GLOBAL STAR INTERNATIONAL CO., LTD. through GRAND STAR ENTERPRISES L.L.C. in the third region and then it indirectly invested in SHENZHEN G-BAO PRECISION SDN.BHD. SHENZHEN G-BAO PRECISION SDN.BHD. had arranged capital increase in cash on September 13, 2012; however, the company did not subscribe shares proportionally to the shareholding ratio; therefore, the company's shareholding ratio was reduced to 91.43% thereafter.

- (B) Significant transactions conducted with the invested companies in China in the current period :
- (a) The purchase amount and percentage and the related payable amount and percentage at yearend : Please refer to Notes 13.(1)(J) of the consolidated financial report for details.
 - (b) The sales amount and percentage and the related receivable amount and percentage at yearend: Please refer to Note 13.(1)(J) of the consolidated financial report for details.
 - (c) The property transaction amount and the profit and loss resulted : None
 - (d) The ending balance and purpose of notes endorsements/guarantees or collateral provided : None
 - (e) Maximum balance amount, ending balance amount, interest rate range, and total interest of the current period of loans: Please refer to Note 13.(1)(A) of the consolidated financial report for details.

- (f) Other transactions that have a significant impact on the profit and loss or financial status: Please refer to Notes 13.(1)(J) of the consolidated financial report for details.

(4) Major Shareholder information

The name, shareholding, and shareholding ratio for more than 5% of the company's shareholders :

Shares	Shareholding (shares)	Shareholding ratio (%)
Major shareholders		
JIHONG INVESTMENT CO., LTD.	16,089,465 shares	8.43
CHEN-LIN INVESTMENT COMPANY	10,140,790 shares	5.31

Note 1 : The information of the major shareholders in this table is based on the shareholders who have received more than 5% common stock shareholding completed with dematerialized registration (including treasury stock) on the last business day of each quarter that is counted by Taiwan Depository & Clearing Corporation. The capital stock recorded in the company's consolidated financial report and the company's actual number of shares delivered with dematerialized registration may be different due to different calculation bases adopted.

Note 2 : If the aforementioned information is regarding shareholders having their shares delivered to the trust, it is disclosed by the individual account of the principal who entrusts the trustee to open a trust account. As for the shareholder's reporting 10% or more of insider's shareholding in accordance with the Securities and Exchange Act, the shareholding includes the principal's shareholding and the shares delivered to the trust that remains under the control of the principal. Please refer to the Market Observation Post System for the insider's equity reporting information.

14. Department information

There are two reporting departments within the Group, including the stamping parts department and the general investment department. The stamping parts department is mainly for the manufacturing and production, processing, and trading of stamping components, while the general investment department is engaged in short-term investment and general investment activities. The reportable departmental profit and loss are measured by operating profit and loss before tax (excluding the total management and logistics costs to be amortized, non-operating income and benefits, non-operating expenses and losses, and income tax expenses) and it is the base for performance evaluation. This measurement amount is provided to the operating decision-maker to determine the allocation of resources to each department and to evaluate the performance of each department. The accounting policies of the operating department are the same as the summary of the significant accounting policies described in Note IV of the consolidated financial report.

Department information

	<u>Stamping parts department</u>	<u>General investment department</u>	<u>Adjustment & write-off</u>	<u>Consolidation</u>
<u>For the three-month period ended September 30, 2023</u>				
<u>Revenue</u>				
Revenue from external customers	\$1,470,794	\$-	\$-	\$1,470,794
Interdepartment revenue	-	-	-	-
Total Revenue	<u>\$1,470,794</u>	<u>\$-</u>	<u>\$-</u>	<u>\$1,470,794</u>
Departmental profit and loss	<u>\$223,455</u>	<u>\$2,718</u>	<u>\$-</u>	<u>\$226,173</u>
Non-operating income and expense				<u>144,895</u>
Net income before tax of the continuing business unit				<u>\$371,068</u>
<u>For the three-month period ended September 30, 2022</u>				
<u>Revenue</u>				
Revenue from external customers	\$1,897,287	\$-	\$-	\$1,897,287
Interdepartment revenue	-	-	-	-
Total Revenue	<u>\$1,897,287</u>	<u>\$-</u>	<u>\$-</u>	<u>\$1,897,287</u>
Departmental profit and loss	<u>\$314,662</u>	<u>\$1,192</u>	<u>\$-</u>	<u>\$315,854</u>
Non-operating income and expense				<u>161,981</u>
Net income before tax of the continuing business unit				<u>\$477,835</u>

Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES (Continuing)
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	Stamping parts department	General investment department	Adjustment & write-off	Consolidation
<u>For the nine -month period ended September 30, 2023</u>				
<u>Revenue</u>				
Revenue from external customers	\$4,289,594	\$-	\$-	\$4,289,594
Interdepartment revenue	-	-	-	-
Total Revenue	<u>\$4,289,594</u>	<u>\$-</u>	<u>\$-</u>	<u>\$4,289,594</u>
Departmental profit and loss	<u>\$538,955</u>	<u>\$2,614</u>	<u>\$-</u>	<u>\$541,569</u>
Non-operating income and expense				<u>270,759</u>
Net income before tax of the continuing business unit				<u>\$812,328</u>

For the nine-month period ended September 30, 2022

<u>Revenue</u>				
Revenue from external customers	\$5,062,054	\$-	\$-	\$5,062,054
Interdepartment revenue	-	-	-	-
Total Revenue	<u>\$5,062,054</u>	<u>\$-</u>	<u>\$-</u>	<u>\$5,062,054</u>
Departmental profit and loss	<u>\$796,793</u>	<u>\$(5,002)</u>	<u>\$-</u>	<u>\$791,791</u>
Non-operating income and expense				<u>288,571</u>
Net income before tax of the continuing business unit				<u>\$1,080,362</u>

September 30, 2023

<u>Assets</u>				
Department assets	\$7,792,540	\$53,325	\$-	\$7,845,865
Current tax assets	2,532	-	-	2,532
Deferred tax assets	16,963	1,752	-	18,715
Investment –non-investment department	1,447,384	-	-	1,447,384
Total assets	<u>\$9,259,419</u>	<u>\$55,077</u>	<u>\$-</u>	<u>\$9,314,496</u>
<u>Liabilities</u>				
Department liabilities	\$1,957,018	\$-	\$-	\$1,957,018
Current tax liabilities	51,763	160	-	51,923
Deferred tax liabilities	640,922	114	-	641,036
Net defined benefit liabilities	31,929	-	-	31,929
Total liabilities	<u>\$2,681,632</u>	<u>\$274</u>	<u>\$-</u>	<u>\$2,681,906</u>

Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES (Continuing)
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	Stamping parts department	General investment department	Adjustment & write-off	Consolidation
<u>December 31, 2022</u>				
Assets				
Department assets	\$8,342,182	\$51,349	\$-	\$8,393,531
Deferred tax assets	27,345	1,767	-	29,112
Investment –non-investment department	1,246,670	-	-	1,246,670
Total assets	<u>\$9,616,197</u>	<u>\$53,116</u>	<u>\$-</u>	<u>\$9,669,313</u>
Liabilities				
Department liabilities	\$2,437,617	\$25	\$-	\$2,437,642
Current tax liabilities	97,180	333	-	97,513
Deferred tax liabilities	616,436	49	-	616,485
Net defined benefit liabilities	31,929	-	-	31,929
Total liabilities	<u>\$3,183,162</u>	<u>\$407</u>	<u>\$-</u>	<u>\$3,183,569</u>
<u>September 30, 2022</u>				
Assets				
Department assets	\$8,251,092	\$48,122	\$-	\$8,299,214
Current tax assets	994	-	-	994
Deferred tax assets	31,882	2,307	-	34,189
Investment –non-investment department	1,228,360	-	-	1,228,360
Total assets	<u>\$9,512,328</u>	<u>\$50,429</u>	<u>\$-</u>	<u>\$9,562,757</u>
Liabilities				
Department liabilities	\$2,492,173	\$-	\$-	\$2,492,173
Current tax liabilities	96,366	197	-	96,563
Deferred tax liabilities	606,622	80	-	606,702
Net defined benefit liabilities	54,310	-	-	54,310
Total liabilities	<u>\$3,249,471</u>	<u>\$ 277</u>	<u>\$-</u>	<u>\$3,249,748</u>