

G-SHANK ENTERPRISE CO., LTD.

**Parent Company Only Financial Statements
for the Years Ended December 31, 2023 and 2022
and Independent Auditors' Report**

Notice to Readers

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

INDEPENDENT AUDITOR'S REPORT

To: G-SHANK ENTERPRISE CO., LTD.

Opinion

We have audited the accompanying parent company only balance sheets of G-SHANK ENTERPRISE CO., LTD. as of December 31, 2023, and 2022, and the related parent company only statements of comprehensive income, retained earnings, and cash flows for the years then ended.

In our opinion, based on our audit and the audit reports of other independent auditors (please refer to the relevant paragraphs for details), the parent company only financial statements referred to above present fairly, in all material respects, the financial position of G-SHANK as of December 31, 2023, and 2022, and the results of its operations and its cash flows for the years then ended in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

Basis for opinion

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

Key audit matters

The key audit matters refer to the most important matters in auditing the 2023 parent company only financial statements of G-SHANK in accordance with the professional judgment of the independent auditors. These matters have been handled during the process of reviewing the parent company only financial statements as a whole with audit opinions formed. The independent auditor does not express an independent opinion on these matters. The independent auditor determines that the key audit matters to be communicated in the audit report are as follows:

1. Income recognition

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

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

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

2. Inventory evaluation

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

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

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

Other matters

Regarding the parent company only financial report of G-SHANK and the relevant information of the investee company disclosed in Note 13. of the parent company only financial report, the financial statements as of December 31, 2023, and 2022 of G-SHANK, INC. are prepared in conformity with the generally accepted principles of the USA, the financial statements as of December 31, 2023, and 2022 of GREAT-SHANK CO., LTD. are prepared in conformity with the generally accepted principles of Thailand, and the financial statements as of December 31, 2023, and 2022 of G-SHANK ENTERPRISE (M) SDN. BHD. are prepared in conformity with the generally accepted principles of Malaysia, which were audited by other certified public accountants instead of the independent auditor. The financial statements of G-SHANK, INC., GREAT-SHANK CO., LTD., and G-SHANK ENTERPRISE (M) SDN. BHD. are translated in conformity with the “Regulations Governing the Preparation of Financial Reports by Securities Firms” and International Financial Reporting Standards (IFRS) that was recognized by the Financial Supervisory Commission, International Accounting Standards, Interpretations, and Notices (IFRS), Interpretation (IFRIC) and Interpretative Announcement (SIC). The independent auditor has completed all necessary auditing procedures. Therefore, the opinions of the independent auditor on the unadjusted amounts in the aforementioned financial statements of the subsidiaries are based on the audit reports of other certified public accountants and the results of additional audit procedures performed by them in compliance with the “Regulations Governing the Preparation of Financial Reports by Securities Firms” and generally auditing principles of the ROC. The total assets of the aforementioned subsidiaries were NT\$916,473 thousand and NT\$909,365 thousand on December 31, 2023, and 2022, accounting for 10.86% and 11.06% of the total parent company only assets, respectively. The net operating income from January 1 to December 31, 2023, and 2022 were NT\$115,485 thousand and NT\$73,822 thousand, accounting for 13.49% and 6.82% of the parent company only net operating income, respectively. Recognized the other comprehensive profit and loss of the subsidiaries and affiliated companies for an amount of NT\$(5,444) thousand and NT\$59,367 thousand, accounting for (0.82)% and 6.25% of the total comprehensive profit and loss, respectively.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and evaluate the risk of material misstatement arising from frauds or errors of the parent company only financial statements; design and implement proper responsive measures for the assessed risks; also, obtain sufficient and adequate audit evidence for forming an audit opinion. Frauds may involve conspiracy, forgery, deliberate omission, false declaration, or violation of internal control; therefore, the risk of material misstatement arising from fraud is higher than that caused by errors.

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

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

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

The independent auditors have based on the communications with the governing unit to determine the key audit matters to be performed on the 2023 parent company only financial statements of G-SHANK. The independent auditors shall state the key audit matters in the audit report except for the specific matters prohibited from being disclosed, or, in rare cases; the independent auditors decide not to have specific matters communicated in the audit report since the negative effect of such disclosure can be reasonably expected to be greater than the increase of public interest.

Chiung-hui Tseng

Pin-chueh Li

Diwan & Company

March 8, 2024

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

G-SHANK ENTERPRISE CO., LTD.
PARENT COMPANY ONLY BALANCE SHEET
(December 31, 2023 & 2022 have been audited)

(In Thousands of New Taiwan Dollars)

ASSETS		Notes	December 31,2023		December 31,2022	
Code	Accounts		AMOUNT	%	AMOUNT	%
11xx	Current assets					
1100	Cash and cash equivalents	4 & 6.(1)	\$ 619,238	7	\$ 1,324,890	16
1110	Financial assets at fair value through profit or loss - current	4 & 6.(2)	1,320,131	16	762,585	9
1150	Notes receivable, net	4, 5, 6.(3) & 6.(4)	4,095	-	2,897	-
1170	Accounts receivable, net	4, 5 & 6.(4)	430,952	5	562,036	7
1180	Accounts receivable- related parties	4, 5 & 7	2,026	-	4,111	-
1200	Other receivables	4, 5 & 6.(4)	30,111	1	24,990	-
1210	Other receivables - related parties	4, 5 & 7	950	-	2,419	-
130x	Inventory	4, 5 & 6.(5)	188,278	2	260,132	3
1470	Prepayments and Other current assets		9,613	-	5,893	-
1476	Other financial assets-current	4 & 6.(6)	7,637	-	7,383	-
	Total current assets		<u>2,613,031</u>	<u>31</u>	<u>2,957,336</u>	<u>36</u>
15xx	Noncurrent Asset					
1517	Financial assets at fair value through other comprehensive income - noncurrent	4, 5, 6.(7) & 6.(19)	320,903	4	262,023	3
1550	Investments accounted for using equity method	4 & 6.(8)	4,699,117	56	4,470,257	54
1600	Property, Plant and Equipment	4,5,6.(9) & 9	477,830	5	484,726	6
1780	Intangible assets	4 & 6.(10)	492	-	956	-
1840	Deferred tax assets	4 & 6.(26)	13,194	-	25,865	-
1915	Prepayments for business facilities	4 & 9.	311,081	4	13,135	-
1920	Refundable deposits		499	-	635	-
1990	Other noncurrent assets, others		4,978	-	5,178	-
	Total noncurrent Asset		<u>5,828,094</u>	<u>69</u>	<u>5,262,775</u>	<u>64</u>
1xxx	Total Assets		<u>\$ 8,441,125</u>	<u>100</u>	<u>\$ 8,220,111</u>	<u>100</u>

(CONTINUING)

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

G-SHANK ENTERPRISE CO., LTD.
PARENT COMPANY ONLY BALANCE SHEET
(December 31, 2023 & 2022 have been audited)

(In Thousands of New Taiwan Dollars)

Liabilities and Equity		Notes	December 31,2023		December 31,2022	
Code	Accounts		AMOUNT	%	AMOUNT	%
21xx	Current liabilities					
2100	Short-term loans	4, 6.(11) & 6.(28)	\$ 1,210,000	15	\$ 1,070,000	13
2130	Contract liabilities - current	4 & 6.(21)	6,497	-	9,033	-
2170	Accounts payable	4	149,351	2	209,214	3
2180	Accounts payable-related parties	4 & 7	2,041	-	11,528	-
2200	Other payables	4, 6.(9), 6.(13) & 6.(22)	275,060	3	299,216	4
2220	Other payables-related parties	4 & 7	2,706	-	3,667	-
2230	Current tax liabilities	4 & 6.(26)	13,166	-	53,630	1
2322	Current portion of long-term loans payable	4,6.(12) & 6.(28)	-	-	38,735	-
2300	Other current liabilities		6,789	-	10,985	-
	Total current liabilities		1,665,610	20	1,706,008	21
25xx	Non-current liabilities					
2540	Long-term loans	4, 6.(12) & 6.(28)	-	-	40,297	-
2570	Deferred tax liabilities	4 & 6.(26)	674,593	8	616,436	8
2640	Net defined benefit liabilities- noncurrent	4, 5 & 6.(13)	29,956	-	31,929	-
2645	Guarantee deposits		3,061	-	4,646	-
	Total non-current liabilities		707,610	8	693,308	8
2xxx	Total liabilities		2,373,220	28	2,399,316	29
31xx	Equity attributable to owners of parent					
3100	Share capital	4, 6.(14),6.(20) & 11				
3110	Ordinary shares		1,906,543	23	1,897,843	23
3140	Advance Receipts for Capital Stock		1,900	-	8,700	-
3200	Capital surplus	4, 6.(15), 6.(18), 6.(20) & 11	489,905	6	472,021	6
3300	Retained earnings					
3310	Legal reserve	6.(16) & 6.(18)	981,760	12	892,927	11
3320	Special reserve	6.(17)	284,690	3	284,690	3
3350	Unappropriated earnings	4, 6.(18) & 11	2,512,565	30	2,365,496	29
3400	Other equity					
3410	Exchange differences on translation of foreign financial statements	4, 6.(8), 6.(19) & 6.(25)	(409,638)	(5)	(338,584)	(4)
3420	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	4, 6.(7), 6.(8), 6.(19) & 6.(25)	300,180	3	237,702	3
3xxx	Total Equity		6,067,905	72	5,820,795	71
	Total liabilities and equity		\$ 8,441,125	100	\$ 8,220,111	100

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

G-SHANK ENTERPRISE CO., LTD.

PARENT COMPANY ONLY STATEMENT OF COMPREHENSIVE INCOME

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

Code	Accounts	Notes	For the years ended December 31,			
			2023	%	2022	%
4000	Sales revenue	4, 6.(21) & 7	\$ 1,942,821	100	\$ 2,395,398	100
5000	Operating costs	4, 6.(5), 6.(13), 6.(22),6.(29) & 7	(1,583,842)	(82)	(1,837,583)	(77)
5900	Gross profit from operations		358,979	18	557,815	23
6000	Operating expense	4, 6.(13), 6.(22), 6.(29) & 7				
6100	Selling and marketing expenses		(96,846)	(5)	(103,916)	(4)
6200	General and administrative expenses		(166,323)	(8)	(158,288)	(7)
6300	Research and development expenses		(50,597)	(3)	(49,114)	(2)
6450	Loss (reversal) of expected credit loss	4, 5 & 6.(4)	(192)	-	639	-
	Total operating expense		(313,958)	(16)	(310,679)	(13)
6500	Other operating income and expenses, net	4, 6.(9), 6.(22) & 6.(23)	383	-	383	-
6900	Net operating income (loss)		45,404	2	247,519	10
7000	Non-operating income and expenses					
7100	Interest income	6.(24) & 7	116,788	6	76,961	3
7010	Other income	6.(7), 6.(24) & 7	79,588	4	104,905	4
7020	Other gains and losses	6.(2) & 6.(24)	62,976	3	(13,650)	-
7050	Finance costs	4 & 6.(24)	(18,304)	(1)	(13,906)	-
7070	Share of the profit (loss) of associates and subsidiaries for using equity method	4, 6.(8) & 6.(24)	558,304	29	621,399	26
7630	Foreign exchange gains (loss)	4 & 6.(24)	11,525	1	59,020	2
	Total non-operating income and expenses		810,877	42	834,729	35
7900	Profit (loss) from continuing operations before tax		856,281	44	1,082,248	45
7950	Income Tax Expense	4 & 6.(26)	(181,241)	(9)	(214,645)	(9)
8200	Profit (loss) for the period		675,040	35	867,603	36
8300	Other comprehensive income	4, 6.(7),6.(8), 6.(13), 6.(19) & 6.(25)				
8310	Components of other comprehensive income that will not be reclassified to profit or loss :					
8311	Remeasurements of the defined benefit plan		(596)	-	20,496	1
8316	Unrealised gain (loss) on financial assets measured at fair through other comprehensive income		58,880	3	(37,315)	(1)
8330	Share of the other comprehensive (loss) income of associates for using equity method-will not be reclassified to profit or loss		3,561	-	(4,046)	-
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		61,845	3	(20,865)	-
8360	Items that may be reclassified subsequently to profit or loss :					
8380	Share of the other comprehensive income of subsidiaries and associates for using equity method-will may be reclassified subsequently to profit or loss		(71,054)	(4)	103,268	4
8399	Income tax expense relating to items that may be reclassified subsequently to profit or loss		-	-	-	-
	Total items that may be reclassified subsequently to profit or loss		(71,054)	(4)	103,268	4
	Total other comprehensive income (loss) for the period		(9,209)	(1)	82,403	4
8500	Total comprehensive income for the period		\$ 665,831	34	\$ 950,006	40
	Earnings per share (dollar)	4 & 6.(27)				
9750	Basic		\$ 3.54		\$ 4.58	
9850	Diluted		\$ 3.49		\$ 4.49	

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

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

(In Thousands of New Taiwan Dollars)

Accounts	Equity Attributable to Owners of the Corporation								
	Share Capital		Capital Surplus	Retained Earnings			Other Equity		Total
	Ordinary Shares	Advance Receipts for Capital Stock		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gains and Losses on Financial Assets at Fair Value Through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2022	\$ 1,878,323	\$ -	\$ 452,744	\$ 827,106	\$ 284,690	\$ 1,937,433	\$ (441,852)	\$ 279,295	\$ 5,217,739
Appropriation of 2021 earnings (Note 6.(18))									
Legal reserve	-	-	-	65,821	-	(65,821)	-	-	-
Cash dividends to ordinary shareholders	-	-	-	-	-	(394,447)	-	-	(394,447)
Share of the other comprehensive income of associates disposal equity instruments designated as at fair value through other comprehensive income	-	-	15	-	-	-	-	-	15
Received donation from shareholders	-	-	27	-	-	-	-	-	27
Net profit for 2022	-	-	-	-	-	867,603	-	-	867,603
Other comprehensive income for 2022	-	-	-	-	-	20,728	103,268	(41,593)	82,403
Total comprehensive income for 2022	-	-	-	-	-	888,331	103,268	(41,593)	950,006
Share-based payment expenses	19,520	8,700	19,235	-	-	-	-	-	47,455
BALANCE AT DECEMBER 31, 2022	\$ 1,897,843	\$ 8,700	\$ 472,021	\$ 892,927	\$ 284,690	\$ 2,365,496	\$ (338,584)	\$ 237,702	\$ 5,820,795
Appropriation of 2022 earnings (Note 6.(18))									
Legal reserve	-	-	-	88,833	-	(88,833)	-	-	-
Cash dividends to ordinary shareholders	-	-	-	-	-	(438,505)	-	-	(438,505)
Share of the other comprehensive income of associates disposal equity instruments designated as at fair value through other comprehensive income	-	-	296	-	-	-	-	-	296
Received donation from shareholders	-	-	55	-	-	-	-	-	55
Net profit for 2023	-	-	-	-	-	675,040	-	-	675,040
Other comprehensive income for 2023	-	-	-	-	-	(633)	(71,054)	62,478	(9,209)
Total comprehensive income for 2023	-	-	-	-	-	674,407	(71,054)	62,478	665,831
Share-based payment transaction	8,700	(6,800)	17,533	-	-	-	-	-	19,433
BALANCE AT DECEMBER 31, 2023	\$ 1,906,543	\$ 1,900	\$ 489,905	\$ 981,760	\$ 284,690	\$ 2,512,565	\$ (409,638)	\$ 300,180	\$ 6,067,905

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

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

(In Thousands of New Taiwan Dollars)

Description	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax from continuing operations	\$ 856,281	\$ 1,082,248
Adjustments for		
The profit or loss items which did not affect cash flows:		
Depreciation	65,911	56,410
Amortization	4,492	12,051
Expected credit (profit) loss	192	(639)
Net loss on financial assets and liabilities at fair value through profit or loss	(62,757)	14,403
Interest expenses	18,304	13,906
Interest income	(116,788)	(76,961)
Dividends income	(9,500)	(13,571)
Share-based payment expenses	15,766	5,595
Share of profit of subsidiaries and associates ventures accounted for using the equity method	(558,304)	(621,399)
Profit on disposal of property, plant and equipment	(219)	(753)
Unrealized foreign exchange losses	6,929	4,020
Other item	(1,585)	-
Changes in operating assets and liabilities :		
Financial assets at fair value through profit or loss	(494,789)	169,812
Notes receivables	(1,198)	967
Accounts receivable	126,163	(2,430)
Accounts receivable-related parties	2,016	4,220
Other receivables	(6,515)	(89)
Other receivables -related parties	1,447	(700)
Inventories	67,304	(4,190)
Prepayments and Other current assets	(3,720)	1,775
Current contract	(2,536)	9,033
Accounts payable	(59,862)	4,787
Accounts payable-related parties	(9,455)	6,761
Other payables	(20,632)	(25,657)
Other payables-related parties	(960)	(358)
Other current liabilities	(4,196)	(5,376)
Net defined benefit liabilities	(2,569)	(9,589)
Cash inflows and outflows generated from operating activities:	(190,780)	624,276
Interest received	118,182	73,425
Dividends received	9,500	13,571
Interest paid	(17,989)	(13,629)
Income tax paid	(150,877)	(148,605)
Net cash inflows and outflows from operating activities	<u>(231,964)</u>	<u>549,038</u>

(Continuing)

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

(In Thousands of New Taiwan Dollars)

Description	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using equity method	\$ -	\$ (2,809)
Cash dividends issued by investee companies using equity method	262,247	351,183
Acquisition of property, plant and equipment	(45,192)	(96,779)
Proceeds from disposal of property, plant and equipment	242	753
Increase in refundable deposits	136	(155)
Other receivables -related parties -decrease in funds loan	-	19,390
Acquisition of intangible assets	(281)	(600)
Decrease in other current financial assets	(135)	18,328
Increase in other noncurrent assets	(3,547)	(8,900)
Increase in prepayments for business facilities	(311,081)	(366)
Net cash provided by investing activities	<u>(97,611)</u>	<u>280,045</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (Decrease) in Short-term borrowings	140,000	(190,000)
Increase in long-term borrowings	-	2,708
Repayment of long-term borrowings	(79,032)	-
Payment of cash dividends	(438,505)	(394,447)
Employee exercise of stock warrant	3,667	41,860
Other financing activities	55	27
Net cash (used in) provided by financing activities	<u>(373,815)</u>	<u>(539,852)</u>
Effect of changes in exchange rate on cash and cash equivalents	<u>(2,262)</u>	<u>(2,730)</u>
Net (decrease) increase in cash and cash equivalents	(705,652)	286,501
Cash and cash equivalents at the beginning of the period	<u>1,324,890</u>	<u>1,038,389</u>
Cash and cash equivalents at the end of the period	<u>\$ 619,238</u>	<u>\$ 1,324,890</u>

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

G-SHANK ENTERPRISE CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. COMPANY HISTORY

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

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

The company’s board of directors had resolved on October 22, 2007 for the merger of the company and the subsidiary “HON YE H INVESTMENT CO., LTD.” (Referred to as “HON YE H” hereinafter) with “HON YE H” 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 YE H,” the discontinued company, was approved for incorporation on February 24, 1998 for the operation of a general investment business.

2. FINANCIAL REPORT APPROVAL DATE AND PROCEDURE

The parent company only financial reports of the company (hereinafter referred to as “the company”) for the years ended December 31, 2023 and 2022 were submitted to the company’s board of directors on March 8, 2024 and then published lawfully.

(Continuing)

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

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

- (1) The new/amended/revised regulations and interpretations that have been adopted and approved by the Financial Supervisory Commission (FSC) and published to take effect.

Since January 1, 2023, the company has been applying the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), interpretations, and interpretation announcements disclosed on the website of the Securities and Futures Bureau of the Financial Supervisory Commission (FSC) applicable for the year 2023. There has been no significant impact on the company's individual financial statements.

- (2) The International Accounting Standards Board (IASB) has issued and the Financial Supervisory Commission (FSC) has approved the new/amended/revised standards and interpretations that will be applicable in the year 2024.

<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)	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

The management of the company believes that the amendments to the aforementioned standards will not have a significant impact on the company's individual financial statements.

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

(Continuing)

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

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 IFRS 17	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 company's management believes that the amendments to the aforementioned standards will not have a significant impact on the company's individual financial statements.

4. SUMMARY OF MAJOR ACCOUNTING POLICIES

The significant accounting policies adopted for the preparation of the individual financial statements are summarized as follows, and unless otherwise indicated, these accounting policies are consistently applied to all reporting periods :

(1) Financial report preparation and measurement basis

(A) Statement of Compliance

The individual financial statements of the Company are prepared in accordance with the Financial Reporting Standards for Issuers of Securities (hereinafter referred to as the "Reporting Standards").

(B) Measurement basis

(a) According to Article 21 of the "Regulations Governing the Preparation of Financial Reports by Securities Firms," the profit and loss and other comprehensive profit and loss of the company's parent only financial statements shall be the same as the amortized amount of the profit and loss and other comprehensive profit and loss attributable to the shareholders of the parent company in the consolidated financial statements. Also, the shareholders' equity

(Continuing)

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

in the parent alone financial statements shall be the same as the shareholders' equity attributable to the parent company in the consolidated financial statements. Therefore, investments in subsidiaries are included in "investments under the equity method" in the parent-alone financial statements with necessary evaluation adjustments made.

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

(C) Functional and reporting currency

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

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

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

(Continuing)

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

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

- (A) New Taiwan Dollar (NTD) is the Company's functional currency that is also applied for the presentation of the parent company only financial statements. The Company's originally recognized foreign currency transactions are booked by having the foreign currency converted into the functional currency at the spot exchange rate between the functional currency and the foreign currency on the trade date. Monetary items in foreign currency are translated at the closing exchange rate on the reporting date; non-monetary items in foreign currency that are measured at historical cost are not retranslated on the reporting date; non-monetary items in foreign currency that are measured at fair value are translated according to the exchange rate on the date the fair value is determined. The exchange difference of monetary items is recognized as profit and loss upon occurrence. When the profit or loss of non-monetary items is recognized as other comprehensive profit and loss, the exchange component of the profit or loss is also recognized as other comprehensive profit and loss. When the profit or loss of non-monetary items is recognized as profit and loss, the exchange component of the profit or loss is also recognized as profit and loss.
- (B) The assets and liabilities of foreign operating entities, including goodwill arising from acquisitions and fair value adjustments to the book value of the assets and liabilities acquired, are presented in their functional currency. When the functional currency is different from the presentation currency in a non-highly inflationary economy, the financial performance and financial position are converted into the presentation currency according to the following procedures:
- (a) The assets and liabilities on each balance sheet are translated at the closing exchange rate on the reporting date.
 - (b) The income and expenses on each consolidated income statement are translated at the average exchange rate of the current period; however, if the exchange rate fluctuates significantly, the exchange rate on the trade date shall prevail.
 - (c) All exchange differences arising from translation are recognized in "other comprehensive profit and loss."

When the control over a subsidiary or the influence on the affiliated enterprise is lost due to the disposal of a foreign operating entity, the accumulated exchange differences related to the foreign operating entity that has been previously recognized in "other comprehensive profit and loss" and accumulated to the equity shall be

(Continuing)

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

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

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

(4) Cash and cash equivalents

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

(5) Financial instruments

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

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

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

(Continuing)

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

financial liabilities, financial assets, and equity instruments.

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

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

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

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

(b) Financial assets measured at amortized cost

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

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

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

(Continuing)

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

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

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

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

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

(d) Financial liabilities measured at amortized cost

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

(Continuing)

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

(e) The non-hedging derivatives and embedded derivatives

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

(6) Measurement at fair value

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

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

(Continuing)

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

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

(7) Delisting of financial assets and liabilities

(A) Financial assets

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

(B) Financial liabilities

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

(8) Asset impairment

(A) Impairment of financial assets

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

(B) Impairment of non-financial assets

For the assets subject to IAS 36 “Impairment of Assets,” except for goodwill, intangible assets with an undetermined useful life, and intangible assets not yet available for use are with an impairment test performed annually and when there are indications that they may be impaired, the Company assesses assets to determine whether there is any indication of impairment on each reporting date. If there is an indication of impairment, the recoverable amount of the asset is estimated. The recoverable amount refers to the fair value of the assets or the cash-generating unit net of the cost of sales and the values in use whichever is higher. If the recoverable amount of the asset is lower than the book value, the said book value must be reduced to be equal to the recoverable amount and the amount of reduction is the impairment loss that is to be recognized in profit and loss. If there is any indication

(Continuing)

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

of the recovery or decrease of the previously recognized impairment loss of assets, except for goodwill, on the reporting date subsequently, the recoverable amount of the asset should be re-estimated. If the estimated recoverable amount of the assets is increased as a result of a change in the estimation, the impairment loss should be reversed. However, the increased book value of the asset arising from the reversal of the impairment loss shall not exceed the book value of the asset net of the amortization or depreciation, but before recognizing the impairment.

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

(9) Inventory

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

(10) Investments under the equity method

(A) The Company's controlled entities are the Company's subsidiaries. The Company's investment in subsidiaries is evaluated with the equity method. According to Article 21 of the "Regulations Governing the Preparation of Financial Reports by Securities Firms," the "investment under the equity method" comes with necessary evaluation adjustments so to have had the profit and loss and other comprehensive profit and loss of the Company's parent alone financial statements same as the amortized amount of the profit and loss and other comprehensive profit and loss attributable to the shareholders of the parent company in the consolidated financial statements; also, the shareholders' equity in the parent alone financial statements same as the shareholders' equity attributable to the parent company in the consolidated financial statements.

(Continuing)

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

- (B) An affiliated enterprise is an entity that is significantly influenced but not controlled by the Company, that is, the Company holds more than 20% but less than 50% of the voting rights of the invested company directly or indirectly, or holds less than 20% of the voting rights but can clearly prove that the Company has a significant influence on the affiliated enterprise. The investment in the affiliated enterprise is valued under the equity method starting from the date when it becomes an affiliated enterprise of the Company.
- (C) The investment under the equity method is recognized at cost initially and adjusted subsequently according to the changes in the ownership of the affiliated enterprise's net assets proportionally. When the Company's loss from the ownership of the subsidiaries net assets exceeds the equity owned in the subsidiaries, the loss should be recognized by shareholding proportion continually; When the Company's loss from the ownership of the affiliated enterprise net assets exceeds the equity owned in the affiliated enterprise, no loss should be recognized further, and the Company will only recognize additional losses and liabilities within the scope of legal obligation, presumed obligation, or payment made on behalf of the affiliated enterprise. If the investment cost exceeds the Company's share of the net fair value of the identifiable assets and liabilities of the subsidiaries and affiliated enterprise on the acquisition date, the difference is the goodwill related to the subsidiaries and affiliated enterprise that is included in the book value of the investment and shall not be amortized; otherwise, it is to be recognized in profit immediately after the reassessment.
- (D) If the changes in the Company's ownership interests in subsidiaries do not result in the loss of control, it is to be processed as an equity transaction. The difference between the book value of the investment and the fair value of the consideration paid or received is directly recognized as equity.
- (E) When there is a change in equity that is non-profit and loss and other comprehensive profit and loss occurred to the subsidiaries and affiliated enterprise; also, it does not affect the shareholding ratio of the subsidiaries and affiliated enterprise, the Company will have the change in the equity of the subsidiaries and affiliated enterprise recognized in the "additional paid-in capital" proportionally to the shareholdings.

(Continuing)

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

- (F) When the affiliated enterprise issues new shares, if the Company does not subscribe it proportionally to the shareholdings, resulting in a change in the shareholding ratio and thus causing an increase or decrease in the net equity value of the investment, the increase or decrease amount shall be adjusted to the “investment under the equity method” and “additional paid-in capital” when the significant influence is intact. If the aforementioned adjustment is debited to the “additional paid-in capital,” and there is an insufficient balance of additional paid-in capital from the investment under the equity method, the difference should be debited to the “retained earnings.” However, if it is not subscribed proportionally to the shareholdings and results in a decrease in the ownership interest, in addition to the aforementioned adjustment, the profit or loss related to the decrease in the ownership interest that has been previously recognized in other comprehensive profit and loss, which has also been reclassified to profit and loss when the relevant assets or liabilities are disposed, shall be reclassified to profit and loss proportionally to the decreased amount.
- (G) When the Company loses control or significant influence on subsidiaries and the affiliated enterprise, the Company recognizes the remaining investment in the former subsidiaries and affiliated enterprise at the fair value on the date of losing control or significant influence. The difference between the fair value of the remaining investment and any disposal price and the book value of the investment on the date of losing control or significant influence is recognized in profit and loss. For the amounts recognized in other comprehensive profit and loss related to the subsidiaries and affiliated enterprise, the accounting base is the same as if the related assets or liabilities are disposed directly by the Company.
- (H) The unrealized profit and loss of the transactions conducted between the Company and subsidiaries or affiliated enterprise is written off within the scope of its equity related to the Company.
- (11) Property, plant and equipment
- (A) Property, plant and equipment are used for production or labor services, leased to others, or held for management purposes. It is recognized and subsequently measured at cost, which is an amount net of the accumulated depreciation and accumulated impairment losses. The cost of assets refers to the cash, cash equivalents, or the fair value of the consideration paid to acquire or construct the assets, including the cost related to dismantling, removing, and recovering the location. When the useful lives of the significant components of property, plant and equipment are different, it should be processed as an item separated from the property, plant and equipment.

(Continuing)

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

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

House, building, and auxiliary equipment	3-50	years
Machinery equipment	2-10	years
Transportation equipment	4-6	years
Office equipment	5	years
Other equipment	3-15	years

- (C) Replacement and significant inspection costs are recognized in the book value of the property, plant and equipment. Routine maintenance expenses incurred are recognized in profit and loss. The cost of loans that are used to acquire, construct, or produce qualified assets is capitalized and incorporated into the cost of the assets.
- (D) The property, plant and equipment are delisted at the book value when it is disposed of or when it cannot generate future economic effect through use or disposition. The profit or loss resulted from the delisting is recognized in profit and loss; also, the profit may not be classified as income.

(12) Lease

(A) The Company is the lessor

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

(Continuing)

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

- (a) The net investment amount in a financial lease is measured at the sum of the present value of the amount payable by the lessee and the unguaranteed residual value plus the original direct cost, which is booked as financial lease receivables. The financial lease income is recognized at a fixed rate of return that reflects the Company's unexpired net lease investment on each lease period.
- (b) The operating lease income is recognized in accordance with the straight-line method over the lease period. If the lease contract offers incentives to the lessee so to have the lease contract signed, the total cost of such incentives should be credited to the total lease income in accordance with the straight-line method over the lease period. The original direct costs incurred in negotiating and arranging an operating lease are added to the book value of the underlying asset and recognized as an expense in accordance with the straight-line method over the lease period.

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

(B) The Company is the lessee

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

- (a) The right-of-use asset is originally recognized at cost and subsequently measured at cost too. Also, it is booked at the cost net of the accumulated depreciation, accumulated impairment losses, and adjusted lease liability remeasurement. The right-of-use asset is depreciated in accordance with the straight-line method over the period from the lease commencement date to the expiry date of the useful life of the right-of-use asset or the lease expiry date, whichever is earlier.
- (b) The lease liability is originally recognized at the present value of the lease payables on the lease commencement date. If the implied interest rate of the lease is easy to determine, the lease payment is discounted at the implied interest rate, but if the implied interest rate is hard to determine, it is to be discounted at the lessee's incremental loan rate. It is subsequently measured at amortized cost in accordance with the effective interest method. The lease liability remeasurement is adjusted to the right-of-use asset; however, if the book value of the right-of-use asset is zero, the remaining remeasurement is recognized in profit and loss.

(Continuing)

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

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

(13) Intangible assets

- (A) Computer software, etc., acquired independently that are intangible assets with limited service-life, is measured at cost in accordance with the straight-line method over the average useful life of 3 years. Examine the amortization period and amortization method of the intangible assets with limited service-life on each reporting date. If the estimated useful life is different from the estimation, the amortization period will be changed accordingly. If the expected consumption pattern of the future economic benefits of the asset has changed, the amortization method will be adjusted to reflect the said change, which will be processed as a change in accounting estimate. Once the tangible assets with limited useful life is with impairment loss recognized, the amortization expense of the asset in the future period is adjusted based on the amended book value of the assets in accordance with the straight-line method over the remaining useful life.
- (B) The intangible asset is delisted when it is disposed of or when it cannot generate future economic effect through use or disposition. The profit or loss resulted from the delisting is recognized in profit and loss; also, the profit may not be classified as income.
- (C) The expenses incurred in the research phase are expensed. The expenses incurred in the development stage are recognized as intangible assets when the specified conditions are met, but expenses that do not meet the requirements will be expensed upon incurred in the research phase.

(14) Equity instrument

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

(15) Income recognition

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

Sale of goods

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

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

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

(16) Loan cost

It refers to the interest and other cost related to the loans. The loan cost that is directly attributable to the acquisition, construction, or production of qualified assets (referring to the assets that take a long time to reach the intended use or sale status) is capitalized as an integral part of the cost of the asset, while other loan cost is recognized as an expense upon occurrence. When a specific loan is invested temporarily before the expenditure incurred for the qualified assets, the investment income arising from such loan investment should be deducted from the actual loan cost incurred. The capitalization of loan cost is stopped when almost all the necessary activities to reach the intended state of use or sale have been completed for the qualified assets. If the active development of the qualified assets is suspended for a long period of time, the capitalization of loan cost will be suspended for the said period.

(17) Employee welfare

(A) Short-term employee welfare

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

(B) Employee benefits - retirement benefits

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

(Continuing)

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

- (b) For a defined contribution plan, the company's monthly employee pension contribution rate shall not be less than 6% of the employee's monthly salary, and the contributed amount is recognized as the current expense. Foreign subsidiaries are to appropriate a certain percentage of the salary as pension according to the local law; also, it is recognized as a current expense.
- (c) For a defined benefit plan, the actuarial pension amount should be appropriated on the annual reporting date according to the Projected Unit Credit Method. The re-measured amount is included in other comprehensive profits and losses when it occurs; also, it is immediately recognized in the retained earnings.

(18) Share-based payment

- (A) For share-based payment transactions with equity delivered to the employees, the fair value of the labor service received from the employees is based on the fair value of the equity instrument on the delivery day. If the delivered equity instrument is immediately vested without providing labor service in a specific period, the labor services received are recognized in full on the delivery date with the equity increased relatively. If it is not immediately vested until the labor services are completed in a specific period, it is presumed that the labor service provided by the counterparty as the consideration for the equity instrument will be received in the future vested period, and it is recognized as a remuneration expense in the vested period with the equity increased relatively. The recognition of remuneration expense is based on the best estimate of the equity instruments expected to be vested during the vested period. If the expected vested equity instruments are subsequently found to be different from the estimation, the said estimation will be amended, if necessary, so to match up with the final vested equity instrument on the vested day.
- (B) The fair value of equity instruments is measured according to the market price available on the measurement date and the terms and conditions related to the decision-making in vesting equity instruments. If the market price is not available, apply appropriated estimation techniques to estimate the price of the delivered equity instruments on the measurement date in an arms-length transaction between the two parties who are fully understanding and willing to trade in order to estimate the fair value of the equity instruments. Also, the aforementioned evaluation techniques are consistent with generally accepted evaluation techniques for financial instrument pricing, and all the elements and assumptions related to the pricing are considered by the traders who are fully understanding and willing to trade are included.

(Continuing)

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

(19) Income tax

- (A) Income tax expenses include current and deferred income taxes. Except for those related to business mergers, directly recognized in equity, or other comprehensive profit and loss, current income tax and deferred income tax expenses are recognized in profit and loss.
- (B) Current income tax expenses refer to the estimated income tax payable or tax refund receivable calculated on the taxable income or loss of the current year at the tax rate that has been legislated or substantively legislated on the reporting date, including any adjustment made to the income tax payable or refundable of the previous year.
- (C) Deferred income tax expenses are calculated and recognized on the temporary difference between the tax base of assets and liabilities and the book amounts reported.
- (D) Deferred income tax assets and liabilities are measured at the tax rate applicable when the temporary difference is expected to reverse that has been legislated or substantively legislated on the reporting date. Deferred income tax assets and liabilities can only be applied to offset current income tax assets and liabilities lawfully; also, it is limited to the same taxpayer and the same levying tax authority; or it can be offset by different taxpayers when the intention is to have the net current income tax liabilities and assets offset, or the income tax liabilities and assets will be realized at the same time.
- (E) The outstanding taxable losses, income tax credit, and deductible temporary differences are recognized as deferred income tax assets to the extent of the potential taxable income that occurred in the future. Also, the deferred income tax assets are evaluated on each reporting day and adjusted down to the extent of the relevant tax benefit unlikely to be realized.
- (F) For the domestic subsidiaries of the Company, for the additionally levied business income tax on the unappropriated earnings of the year, the income tax expense of the unappropriated earnings is recognized according to the actual earnings distribution that is resolved in the shareholders meeting of the following year.

(20) Earnings per share

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

(21) Government grants

- (A) The Company will have government grants recognized with certainty that all requirements for eligibility will be met and the Company is probably to receive it.
- (B) The asset-related government grants are recognized in profit and loss systematically in the period when the cost of the funded asset is recognized as an expense by the Company. The government grants that are used to compensate the occurred expenses or losses will be recognized in profit and loss during the period when it is collectible.
- (C) Government grants are presented in the consolidated financial statements as follows: Unrealized government grants (that is, the benefits of deferred government grants) are classified as liabilities in the consolidated balance sheet; realized government grants are debited to the relevant expenses or other income in the consolidated income statement.

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

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

(Continuing)

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

- (1) The management's judgments regarding the significant impact on the amounts recognized in the parent company only financial statements during the process of adopting accounting policies: Please refer to Note 6.(9)(G) to the parent company only financial statements for the classification of investment property.
- (2) The other main sources of information related to the uncertainties of assumptions and estimation that may have resulted in significant adjustments to the book value of assets and liabilities in the next financial year on the reporting date are described as follows:

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

As stated in Note 6.(13) to the parent company only financial statements, the defined benefit obligations and expenses are measured with actuarial assumptions made, including demographic and financial assumptions related to the employees eligible for benefits in the future. Any change in the actuarial assumptions may result in actuarial profit and loss and thus affect the net defined benefit liability.

The Company's net defined benefit liability for an amount of NT\$29,956 thousand was booked on December 31, 2023. If the discount rate adopted for the Company's actuarial assumptions and the expected salary increase rate were increased/decreased by 0.5%, the book value of the net defined benefit liability would be decreased by NT\$2,958 thousand or increased by NT\$9,554 thousand, and increased by NT\$9,470 thousand or decreased by NT\$2,962 thousand, respectively.

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

(Continuing)

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

(B) Impairment of accounts receivable

As stated in Note 4.(8), 6.(3) and 6.(4) to the parent company only financial statements, allowance for loss of the accounts receivable is measured simply at the expected credit loss during the duration on the reporting date. Receivables are classified according to the nature of the common risks that indicate the customer's ability to pay all payables in accordance with the contractual terms, taking into account the consideration of the reasonable and verifiable information (obtainable on the reporting date without excessive costs or inputs) related to past events, current conditions, and forecasts of future economic conditions; also, the expected credit loss is estimated on the basis of the probability of default and the expected credit loss rate. If the classification of receivables and the estimation of the probability of default and the expected credit loss rate is changed by the management of the Company or is changed due to the economic conditions, the estimated allowance for losses of the receivables will be affected inevitably.

The Company's net receivables amounted to NT\$468,134 thousand (including net notes receivable, net accounts receivable (including related parties), and other receivables) on December 31, 2023, net of the estimated allowance for loss of NT\$622 thousand.

(C) Inventory evaluation

As stated in Note 4.(9) of the parent company only financial statements, the yearend inventory is measured at the lower of cost or net realizable value. The comparison of cost and net realizable value is itemized, except for inventories of the same category. The net realizable value refers to the amount resulted from the estimated selling price in the course of business net of the estimated additional cost needed for project completion and the estimated sales expenses after the project completion. The said estimation is based on the current market conditions and historical sales experience in similar products, which could be significantly affected by the changes in market conditions.

The book value of the Company's inventories was NT\$188,278 thousand on December 31, 2023, net of the allowance for inventory loss in valuation amounted to NT\$33,263 thousand.

(Continuing)

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

(D) Fair value of financial instruments

As stated in Note 4.(6) of the parent company only financial statements, financial assets-noncurrent measured at fair value through other comprehensive profit and loss are financial instruments without an active market; therefore, their fair value is determined with appropriate evaluation techniques adopted. The said valuation techniques include the recent arm's-length transactions conducted in the market, reference to the current fair value of another financial instrument that is substantially equivalent, and other valuation models. The measurement of the fair value could be affected by any change in assumptions and estimates. Please refer to Note 12.(2)(D) to the parent company only financial statements for details.

The book value of the Company's unlisted (non-TPEX) stock shares that were measured at fair value through other comprehensive profit and loss was NT\$320,903 thousand on December 31, 2023.

6. DESCRIPTION OF IMPORTANT ACCOUNTING ITEMS**(1) Cash and cash equivalents**

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash and petty cash	\$2,909	\$2,300
Checking deposit and savings deposit	112,369	133,294
Time deposits	503,960	1,189,296
Total	<u>\$619,238</u>	<u>\$1,324,890</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.

(Continuing)

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets measured at fair value through profit and loss mandatorily</u>		
Acquisition cost:		
Bonds	\$1,329,762	\$842,117
SWAP contracts	-	-
Subtotal	<u>1,329,762</u>	<u>842,117</u>
Evaluation adjustment:		
Bonds	(9,979)	(85,786)
SWAP contracts	348	6,254
Subtotal	<u>(9,631)</u>	<u>(79,532)</u>
Total	<u>\$1,320,131</u>	<u>\$762,585</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>December 31, 2023</u>			
SWAP contract	USD 3,700	USD:NTD	01.05.2024
SWAP contract	USD 5,000	USD:NTD	01.31.2024
SWAP contract	USD 1,000	USD:NTD	02.16.2024
Total	<u>USD 9,700</u>		
<u>December 31, 2022</u>			
SWAP contract	USD 900	USD:NTD	01.05.2023
SWAP contract	USD 4,200	USD:NTD	01.17.2023
SWAP contract	USD 5,000	USD:NTD	01.31.2023
SWAP contract	USD 1,080	USD:NTD	02.10.2023
SWAP contract	USD 3,300	USD:NTD	02.13.2023
SWAP contract	USD 2,000	USD:NTD	03.27.2023
Total	<u>USD 16,480</u>		

(Continuing)

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

The net profits arising from foreign exchange transactions were NT\$41,938 thousand and NT\$49,901 thousand, for the years ended December 31, 2023 and 2022, respectively.

(B) The Company 's valuation losses of financial assets and liabilities at fair value through income (loss) were NT\$62,757 thousand and NT\$(14,403) thousand for the years ended December 31, 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.

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

(3) Notes receivable - net

	December 31, 2023	December 31, 2022
Notes receivable	\$4,095	\$2,897
Less: Allowance for loss	-	-
Net amount	<u>\$4,095</u>	<u>\$2,897</u>

(4) Accounts receivable - net

	December 31, 2023	December 31, 2022
Accounts receivable	\$431,574	\$562,466
Less: Allowance for loss	(622)	(430)
Net amount	<u>\$430,952</u>	<u>\$562,036</u>

(A) The allowance for loss of the Company’s notes receivable, accounts receivable, and other receivable is simply measured by the expected credit losses amount throughout the duration. The notes receivable and accounts receivable are classified according to the common risk characteristics of the customers’ ability to pay all due amounts in accordance with the contract terms, taking into account the reasonable and provable information related to past events, current conditions, and future economic conditions

(Continuing)

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

(obtainable without excessive cost or investment on the reporting date), and estimating the expected credit loss according to the estimated default rate and expected credit loss rate.

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

	For the years ended December 31,	
	2023	2022
Balance - beginning	\$430	\$1,069
Allowance account for the impairment of notes receivable, accounts receivable, and other receivables	192	-
Allowance reversal account for the impairment of notes receivable, accounts receivable, and other receivables	-	(639)
Balance - ending	<u>\$622</u>	<u>\$430</u>

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

(5) Inventory

	December 31, 2023		
	Cost	Allowance for loss of inventory in valuation	Book amount
Raw materials	\$53,780	\$4,715	\$49,065
Substances	10,624	62	10,562
Work-in-process goods	83,381	22,856	60,525
Finished goods	73,393	5,625	67,768
Merchandise trade	363	5	358
Total	<u>\$221,541</u>	<u>\$33,263</u>	<u>\$188,278</u>

(Continuing)

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

	December 31, 2022		
	Cost	Allowance for loss of inventory in valuation	Book amount
Raw materials	\$70,773	\$4,023	\$66,750
Substances	12,801	10	12,791
Work-in-process goods	104,132	17,871	86,261
Finished goods	99,640	8,934	90,706
Merchandise trade	3,713	89	3,624
Total	<u>\$291,059</u>	<u>\$30,927</u>	<u>\$260,132</u>

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

	For the years ended December 31,	
	2023	2022
Inventory booked in “cost of goods sold”	\$1,590,104	\$1,845,518
Inventory cost debited to “net cash value”	2,336	-
Recovery of the net cash value of inventory	-	(6,376)
Inventory loss	(8,598)	(1,559)
Total operating cost	<u>\$1,583,842</u>	<u>\$1,837,583</u>

(B) The reversal of the provision for inventory write-down in 2022, attributable to either the increase in raw material prices or usage, or the completion and sale of products, resulted in the elimination of factors that caused the net realizable value of inventories to fall below cost. Consequently, the recognition of the net realizable value of inventories increased, leading to a reduction in the cost of goods sold by NT\$6,376 thousand. The aforementioned inventory had not been provided as collateral or mortgaged.

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

(Continuing)

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

(6) Other financial assets-current

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Special account for transferring overseas funds back to Taiwan		
Time deposit	7,637	7,383

The aforementioned other financial assets - current are not provided with any collateral or pledge.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Equity instrument</u>		
Unlisted stocks	\$27,006	\$27,006
Equity instrument investment evaluation adjustment	293,897	235,017
Total	<u>\$320,903</u>	<u>\$262,023</u>

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

(B) The Company had recognized dividend income from the investment in equity instrument measured at fair value through other comprehensive profit and loss were NT\$9,500 thousand, and NT\$13,571 thousand for the years ended December 31, 2023 and 2022, respectively.

(C) The Company did not have cumulative profit or loss transferred within equity for the years ended December 31, 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.

(Continuing)

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

(E) Please refer to Note 12.(2)(C)(a) and (b) of the parent company only financial report for the disclosure of the market risk and credit risk of the Company's financial asset measured at fair value through other comprehensive profit and loss.

(8) Investment under the equity method

(A) The Company's investments under the equity method are as follows:

Investee company	December 31, 2023	Equity holding ratio (%)	December 31, 2022	Equity holding ratio (%)
CHIN DE INVESTMENT CO., LTD.	\$54,271	100.00	\$52,709	100.00
G-SHANK, INC.	375,076	100.00	351,069	100.00
GRAND STAR ENTERPRISES L.L.C. (Note)	1,615,802	100.00	1,681,772	100.00
G-SHANK ENTERPRISE (M) SDN. BHD	409,297	92.33	383,540	92.33
SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.	1,912,990	85.00	1,636,821	85.00
GREAT-SHANK CO., LTD.	132,100	85.00	174,756	85.00
G-SHANK JAPAN CO., LTD.	14,678	58.89	12,644	58.89
SUNFLEX TECHNOLOGY CO., LTD. (SUNFLEX)	168,076	14.48	161,006	14.48
G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	16,827	5.86	15,940	5.86
Total	\$4,699,117		\$4,470,257	

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

	For the years ended December 31,	
	2023	2022
Net profit (loss) of the continuing business unit – current	\$9,977	\$11,222
Other comprehensive profit and loss (after tax) - current	3,557	(4,042)
Total comprehensive profit and loss - current	\$13,534	\$7,180

(Continuing)

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

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

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Balance - beginning	\$4,470,257	\$4,097,995
The investment made in the current period	-	2,809
Dividends pay from subsidiaries and associates	(262,247)	(351,183)
Profit amount - current	558,304	621,399
Changes in the subsidiaries and affiliated enterprises under the equity method	296	15
The exchange difference amount from the conversion of the financial statements of foreign operating institutions	(71,054)	103,268
The unrealized valuation profit (loss) amount of the financial assets measured at fair value through other comprehensive profit and loss	(37)	232
The share of unrealized gains (losses) from changes in fair value of financial assets measured at fair value through other comprehensive income.	3,598	(4,278)
Balance - ending	<u>\$4,699,117</u>	<u>\$4,470,257</u>

- (D) The Company recognized the equity investment changes in the aforementioned subsidiaries and affiliated enterprises in 2023 and 2022, which were calculated based on the audited financial statements of the invested companies for the same period.
- (E) The Company's subsidiaries, except for the entities dissolved and liquidated by the resolution of the board of directors that could no longer be included in the consolidated statements, were all included in the 2023 and 2022 consolidated financial reports.
- (F) The investment under the equity method mentioned above does not involve any collateral or pledges.

Notes to The Parent Company Only Financial Statements of G-SHANK ENTERPRISE CO., LTD.

(Continuing)

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

(9) Property, plant and equipment

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

For the years ended December 31, 2023

Cost	Land	House & building	Machinery equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment yet to be tested	Total
Balance at January 1, 2023	\$102,911	\$257,630	\$690,340	\$34,553	\$991	\$88,468	\$4,386	\$1,179,279
Addition	-	11,260	13,866	2,884	171	13,172	-	41,353
Disposition	-	-	(2,343)	(4,503)	(80)	(475)	-	(7,401)
Reclassification -current	-	3,440	16,166	-	-	2,465	(4,386)	17,685
Balance at December 31, 2023	102,911	272,330	718,029	32,934	1,082	103,630	-	1,230,916
<u>Accumulated depreciation:</u>								
Balance at January 1, 2023	-	171,304	438,185	24,086	991	59,987	-	694,553
Depreciation	-	11,108	45,279	2,787	16	6,721	-	65,911
Disposition	-	-	(2,320)	(4,503)	(80)	(475)	-	(7,378)
Reclassification -current	-	-	-	-	-	-	-	-
Balance at December 31, 2023	-	182,412	481,144	22,370	927	66,233	-	753,086
Carrying amount at December 31, 2023	\$102,911	\$89,918	\$236,885	\$10,564	\$155	\$37,397	\$-	\$477,830

Notes to The Parent Company Only Financial Statements of G-SHANK ENTERPRISE CO., LTD.

(Continuing)

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

For the years ended December 31, 2022

Cost	Land	House & building	Machinery equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment yet to be tested	Total
Balance at January 1, 2022	\$102,911	\$252,548	\$613,795	\$33,084	\$991	\$84,544	\$-	\$1,087,873
Addition	-	5,082	76,805	4,492	-	4,617	3,440	94,436
Disposition	-	-	(4,470)	(3,023)	-	(693)	-	(8,186)
Reclassification –current	-	-	4,210	-	-	-	946	5,156
Balance at December 31, 2022	102,911	257,630	690,340	34,553	991	88,468	4,386	1,179,279
<u>Accumulated depreciation:</u>	-	-	-	-	-	-	-	-
Balance at January 1, 2022	-	162,280	403,500	24,490	991	55,068	-	646,329
Depreciation	-	9,024	39,155	2,619	-	5,612	-	56,410
Disposition	-	-	(4,470)	(3,023)	-	(693)	-	(8,186)
Reclassification –current	-	-	-	-	-	-	-	-
Balance at December 31, 2022	-	171,304	438,185	24,086	991	59,987	-	694,553
Carrying amount at December 31, 2022	\$102,911	\$86,326	\$252,155	\$10,467	\$-	\$28,481	\$4,386	\$484,726

(Continuing)

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

- (B) The Company's major building constituents mainly include the main plant buildings, workshops, and plant decoration, which are depreciated according to their service life of 3-50 years.
- (C) The Company did not acquire property, plant and equipment that caused the capitalization of the loan cost for the years ended December 31, 2023 and 2022.
- (D) The Company did not have any impairment occurred to the property, plant and equipment for the years ended December 31, 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 parent company only cash flow statement:

	For the years ended December 31,	
	2023	2022
The current addition of property, plant and equipment listed in Note 6(9)(A) of the parent company only financial report	\$41,353	\$94,436
Add: Equipment payable - beginning	14,194	16,537
Less: Equipment payable - ending	(10,355)	(14,194)
Cash outflow for the acquisition of property, plant and equipment	<u>\$45,192</u>	<u>\$96,779</u>

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

	December 31, 2023	December 31, 2022
House and building	\$1,340	\$1,340
Less: Accumulated depreciation	(1,043)	(1,006)
Leased assets - net	<u>\$297</u>	<u>\$334</u>

- (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.

(Continuing)

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

- (b) The Company had part of the plant building leased to BAIYUE. The said plant building could not be sold independently; also, the said plant building owned by the Group was mainly for the purpose of product production, service providing, and management; therefore, the proprietary plant was not classified as an investment property.

(10) Intangible assets

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

	For the years ended December 31,	
	2023	2022
Cost:		
Balance - beginning	\$2,741	\$5,075
Addition - current	281	600
Decrease in the current period - delisted on the due date	(1,797)	(2,934)
Balance - ending	<u>1,225</u>	<u>2,741</u>
Accumulated depreciation:		
Balance - beginning	1,785	3,625
Amortization - current	745	1,094
Decrease in current period - delisted on the due date	(1,797)	(2,934)
Balance - ending	<u>733</u>	<u>1,785</u>
Book amount - ending	<u><u>\$492</u></u>	<u><u>\$956</u></u>

- (B) The Company did not have any impairment occurred to the intangible assets for the years ended December 31, 2023 and 2022.

(11) Short-term loans

	December 31, 2023	December 31, 2022
Credit loans	<u>\$1,210,000</u>	<u>\$1,070,000</u>

(Continuing)

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

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

Nature of loan	December 31, 2023	December 31, 2022
Credit loan	1.640%-2.380%	1.350%-1.990%

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

(12) Long-term loans

Creditor	Nature of loan	Contract period	Amount	Repayment method
<u>December 31, 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	

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.

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

(Continuing)

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

(13) Retirement benefits(A) Defined benefit plan

(a) The Company has based on the employee's seniority and the expected salary before retirement to have the employee retirement plan formulated, and has pension reserve appropriated for an amount equivalent to certain percentage of the monthly salary in accordance with the "Labor Standards Act" and then deposited in a special account and used by the Labor Pension Committee. The pension reserve is operated separately from the business operation of the Company; therefore, it is not included in the consolidated financial statements.

(b) The remeasurement of the net defined benefit liability is accumulated and recognized in other comprehensive profit and loss as follows:

	2023	2022
Balance - beginning	\$(70,998)	\$(91,494)
Net defined benefit plan remeasurement	(596)	20,496
Balance - ending	\$(71,594)	\$(70,998)

(c) The reconciliation of the present value of the defined benefit obligation and the fair value of the plan asset is as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligation	\$194,480	\$206,349
Fair value of plan assets	(164,158)	(174,034)
Plan shortfalls	30,322	32,315
Booked in other payables	(366)	(386)
Net defined benefit obligation	\$29,956	\$31,929

(Continuing)

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

(d) The changes in the present value of the defined benefit obligation are as follows:

	2023	2022
Book value - beginning	\$206,349	\$217,887
Current service cost	1,491	1,752
Interest expense	2,538	1,525
Net defined benefit obligation remeasurement		
Actuarial (benefits) losses due to changes in demographic assumptions	-	1,306
Actuarial (benefits) losses due to changes in financial assumptions	509	(9,200)
Actuarial (benefits) losses resulted from experience adjustments	882	(653)
Benefits paid	(17,289)	(6,268)
Book value - ending	<u>\$194,480</u>	<u>\$206,349</u>

(e) The changes in the fair value of plan assets are as follows:

	2023	2022
Balance – beginning	\$174,034	\$155,492
Interest income	2,141	1,088
Net defined benefit assets remeasurement		
Actuarial benefits of plan assets resulted from experience adjustments	795	11,949
Employer’s contributions	4,477	11,773
Benefits paid	(17,289)	(6,268)
Balance - ending	<u>\$164,158</u>	<u>\$174,034</u>

(i) According to the “Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund,” the income and expense, safeguard, and utilization of the Company’s plan assets are entrusted to Bank of Taiwan for process by the competent authorities and the Ministry of Finance, of which, the safeguard and utilization of the fund can be entrusted to other financial institutions. The scope of application for the funds includes deposited in domestic and foreign financial institutions, investment in domestic and foreign listed/OTC or private equity securities, investment in domestic and foreign debt securities, investment in domestic public offering or private placement of securities investment trust funds, beneficiary

(Continuing)

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

certificates of futures trust funds , mutual trust fund beneficiary securities or collective trust instruments, investment in the beneficiary certificates issued or managed by foreign fund management institutions, fund shares or investment units, investment in domestic and foreign property and its securitized instruments, investment in domestic and foreign spot instruments, engagement in domestic and foreign financial derivatives transactions, marketable securities lending transactions, etc. Moreover, the minimum income distributed from the annual final account may not be less than the interest income calculated according to the local bank's 2-year time deposit interest rate. The information on the utilization of the labor pension fund assets includes the fund appropriation and profit ratio provided by the Bank of Taiwan, the fund assets allocation announced on the website of the Bureau of Labor Funds, Ministry of Labor, the Executive Yuan, etc. Please refer to the website of the Bureau of Labor Funds, Ministry of Labor, the Executive Yuan for more information.

- (ii) The Company's pension reserves in the special account with the Bank of Taiwan were NT\$164,158 thousand and NT\$174,034 thousand on December 31, 2023 and 2022, respectively.
- (iii) As of December 31, 2023, the Company's expected appropriation of defined benefit plan in 2024 was NT\$4,399 thousand.

- (f) The pension expense recognized in profit and loss and booked amount are as follows:

	2023	2022
Service cost	\$1,491	\$1,752
Interest expense	2,538	1,525
Interest income	(2,141)	(1,088)
Total	<u>\$1,888</u>	<u>\$2,189</u>
Operating cost	\$922	\$1,102
Selling and marketing expenses	237	265
General and administrative expenses	546	627
Research and development expenses	183	195
Total	<u>\$1,888</u>	<u>\$2,189</u>

(Continuing)

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

- (g) The main actuarial assumptions used in determining the present value of the defined benefit obligation are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate	1.17%	1.23%
Expected salary increase rate	1.50%	1.50%

Please refer to Note 5.(2)(A) to the consolidated financial statements for the sensitivity analysis regarding the impact on the net defined benefit liabilities due to the reasonable and possible changes in the Company's actuarial assumptions.

- (h) Information on the maturity overview of the defined benefit obligation is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Weighted average duration	6 years	7 years

Maturity analysis of future benefit payments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Within 1 year	\$169,481	\$174,007
2~5 years	20,428	23,966
Over 6 years	6,099	11,119
Total undiscounted amount	<u>\$196,008</u>	<u>\$209,092</u>
Present value of benefit payments	<u>\$194,682</u>	<u>\$207,229</u>

(B) Defined contribution plan

- (a) The Company has adopted a defined contribution plan since the implementation of the "Labor Pension Act" in July 2005. The employees may choose to be subject to the pension provisions of the "Labor Standards Act" or the "Labor Pension Act" with the reservation of the seniority prior to the "Labor Pension Act" took forth. For the employees subject to the "Labor Pension Act," the Company shall assume the pension contribution for an amount not less than 6% of the monthly salary that is to be appropriated on a monthly basis and deposited in the personal account of each employee with the Bureau of Labor Insurance. The Company is without any legal or presumed obligation to make any additional contribution other than the monthly pension contribution.

(Continuing)

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

- (b) The pension expense recognized by the Company according to the definite contribution plan is as follows:

	2023	2022
Operating cost	\$11,631	\$11,588
Selling and marketing expenses	1,991	1,848
General and administrative expenses	3,043	3,090
Research and development expenses	1,440	1,360
Total	<u>\$18,105</u>	<u>\$17,886</u>

(14) Capital stock

	Authorized capital stock (1,000 shares)	Common stock shares issued at NT\$10 par (including Advance Receipts for Capital Stock)	
		Shares (1,000 shares)	Capital stock
Balance amount on January 1,2023	<u>350,000</u>	190,654	\$1,906,543
Employee exercise of stock warrant		190	1,900
Balance amount on December 31, 2023	<u>350,000</u>	<u>190,844</u>	<u>\$1,908,443</u>
Balance amount on January 1,2022	<u>350,000</u>	187,832	\$1,878,323
Employee exercise of stock warrant		2,822	28,220
Balance amount on December 31,2022	<u>350,000</u>	<u>190,654</u>	<u>\$1,906,543</u>

(A) As of December 31, 2023 and 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:

- (a) Each shareholder is entitled to one vote per share.
- (b) The distribution of dividends and bonuses are based on the shareholding ratio of each shareholder.
- (c) The property net of the debt is distributed proportionally to the shareholding ratio of each shareholder.

(Continuing)

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

- (C) The number of shares subscribed through the exercise of employee stock options by our company in 2023 and 2022 were 190 thousand shares and 2,822 thousand shares , respectively. As of December 31, 2023 and 2022, the cumulative number of shares subscribed through the issuance of employee stock options was 10,792 thousand shares and 10,602 thousand shares , respectively. As of December 31, 2023, there were 190 thousand and 870 thousand shares that had not completed the registration process for the change in ownership, and were therefore temporarily recorded under the category of prepaid capital. For more information on the issuance of employee stock options, Please refer to Note 6.(20) in the individual financial statements.
- (D) The company decided at the board meeting on October 27, 2023 to carry out a cash capital increase by issuing 150,000 thousand new shares, divided into 15,000 thousand shares with a par value of NT\$10 and an issuance premium of NT\$58 per share. The application was approved by the Financial Supervisory Commission on December 28, 2023 and the full subscription of the shares was completed by February 2024, authorizing the Chairman to set February 27, 2024 as the date for the capital increase.

(15) Capital Surpluses

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Common stock premium	\$317,414	\$314,662
Treasury stock transaction	63,306	63,306
The difference between the actual acquisition price of the subsidiary's equity and the book amount	3,563	3,563
Changes in the net equity value of subsidiaries under the equity method and affiliated enterprises	32,158	31,862
Employee stock options	35,311	20,619
Invalid employee stock options	36,414	36,325
Received donation from shareholders	1,739	1,684
Total	<u>\$489,905</u>	<u>\$472,021</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.

(16) Legal reserve

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

(17) Special reserve

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

(18) Earnings distribution and dividend policy

(A) According to the company's Articles of Incorporation, the annual earnings, if any, should be applied to pay income tax and make up for the losses of the previous years; also, appropriate 10% legal reserve from the remaining balance, if any. In addition, appropriate or reverse a certain amount of special reserve according to the regulations of the competent authority. Then, for the balance amount, if any, and the

(Continuing)

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

unappropriated earnings of the previous year, except for the retained amount, the board of directors shall draft an earnings distribution plan for the resolutions of the shareholders meeting.

- (B) The company's dividend policy: the company's current industrial development is growing and will be expanded to support the business development. The earnings distribution shall be handled in accordance with the company's Articles of Incorporation. However, the shareholders' dividends distributed in the current year shall include not more than 50% of the stock dividend and must be more than 50% of the cash.
- (C) Regarding the proposed resolutions on profit distribution (pending approval at the shareholders' meeting to be held on June 14, 2024) or approved resolutions at the shareholders' meeting regarding profit distribution and distribution of dividends from capital surplus to shareholders, the situation is as follows:

	Years Ended December 31		
	2023	2022	2021
Legal reserve	\$67,441	\$88,833	\$65,821
Special reserve	\$-	\$-	\$-
Shareholder's dividends			
Cash	\$308,766	\$438,505	\$394,447
Cash dividend per share	NT\$1.50	NT\$2.30	NT\$2.08
Stock (NT\$10 par)	-share	-share	-share
Stock dividend per share	-NT\$	-NT\$	-NT\$
Distribute capital surplus to shareholders.			
Cash	\$205,844	\$-	\$-
Cash dividend per share	NT\$1.00	-NT\$	-NT\$

(Continuing)

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

(19) Other equity (net amount after tax)

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

	For the years ended December 31,	
	2023	2022
Beginning Balance	\$(338,584)	\$(441,852)
Current period occurrence	(71,054)	103,268
Reclassified to (profit) and loss in the current period	-	-
Ending balance	<u>\$(409,638)</u>	<u>\$(338,584)</u>

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

	For the years ended December 31,	
	2023	2022
Beginning Balance	\$237,702	\$279,295
Current period occurrence	58,880	(37,315)
Recognized under the equity method in the current period - affiliated enterprise	3,598	(4,278)
Reclassified to retained earnings in the current period	-	-
Ending balance	<u>\$300,180</u>	<u>\$237,702</u>

(20) Share-based payment - employee rewards

The company was authorized by the Securities and Futures Bureau of the Financial Supervisory Commission to issue employee stock warrants on January 13, 2015, August 22, 2018, and June 21, 2022, for 500,000 units, 500,000 units, and 300,000 units 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,

(Continuing)

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

60% after 3-year from the issuance date, 80% after 4-year from the issuance date, and 100% after 5 years from the issuance date). The duration of the stock warrant is for seven years. The unexercised stock options after 7 years shall be deemed as being waived, and the subscribers cannot claim their rights to subscribe.

As of December 31, 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	185,600	1,856,000	\$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 December 31, 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\$15,766 thousand and NT\$5,595 thousand, for the years ended December 31, 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

(Continuing)

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

	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:

	2023		2022	
	QTY	Weighted average price per share (NTD)	QTY (unit)	Weighted average price per share (NTD)
Employee stock operations	(unit)			
Outstanding shares - beginning	585,700	\$29.89	670,600	\$18.64
Granted in current period	100,000	51.00	200,000	49.50
Exercised in current period	(19,000)	19.30	(282,200)	14.83
Lost in current period (expired)	(2,100)	19.30	(2,700)	20.30
Outstanding shares - ending	<u>664,600</u>	31.76	<u>585,700</u>	29.89
Exercisable employee stock options - ending	<u>324,600</u>	19.34	<u>251,000</u>	20.34
Average fair value per share of stock options granted to employees in the current period (NTD)	<u>\$16.67</u>		<u>\$15.93</u>	

(Continuing)

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

The weighted average share price is NTD \$72.10 and NTD \$55.25 of the company's employees did execute stock options for the nine-month periods ended December 31, 2023 and 2022.

As of December 31, 2023 and 2022, the company's outstanding compensatory employee stock option plan is as follows:

	Price range per share (NTD)	Outstanding stock options			Exercisable employee stock options	
		Outstandi ng QTY (Unit)	Weighted average expected remaining duration	Weighted average price per share (NTD)	Exercisable QTY (Unit)	Weighted average price per share (NTD)
<u>December 31,2023</u>						
2018 Stock option plan	19.30	185,600	0.26	19.30	185,600	19.30
2018 Stock option plan	19.40	179,000	0.78	19.40	139,000	19.40
2022 Stock option plan	49.00	100,000	3.69	49.00		49.00
2022 Stock option plan	42.90	100,000	3.94	42.90	-	42.90
2022 Stock option plan	48.60	100,000	4.53	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

(21) Net operating income

	For the years ended December 31,	
	2023	2022
Sales income		
Parts income	\$1,763,152	\$2,153,859
Mold income	78,380	102,035
Fixture income	47,847	65,628
Merchandise income	68,501	87,796
Total	1,957,880	2,409,318
Less : Sales return	(9,169)	(6,928)
Sales discount	(5,890)	(6,992)
Net operating income	\$1,942,821	\$2,395,398

(Continuing)

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

(A) Income classification:

(a) Main merchandise / service

	For the years ended December 31,	
	2023	2022
Parts income	\$1,748,873	\$2,141,119
Mold income	77,961	101,605
Tools income	47,847	65,624
Merchandise income	68,140	87,050
Total	\$1,942,821	\$2,395,398

(b) Main regional markets

Customer location	For the years ended December 31,	
	2023	2022
Taiwan	\$1,272,770	\$1,590,390
Asia (other than Taiwan)	606,011	702,676
America	44,436	48,063
Europe	19,604	54,269
Total	\$1,942,821	\$2,395,398

(c) Income recognition time

	For the years ended December 31,	
	2023	2022
Goods transferred at a certain time	\$1,942,821	\$2,395,398

(B) Contract liabilities:

	December 31, 2023	December 31, 2022
Contract liabilities	\$6,497	\$9,033

(Continuing)

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

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

	Years Ended December 31	
	2023	2022
Contract liabilities balance -beginning		
transferred to income in the current period	\$(8,534)	\$-
Increase in cash received in advance in the current period	5,998	9,033

(22) Operating costs and expenses

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

Function Nature	For the years ended December 31, 2023			For the years ended December 31, 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)	\$358,531	\$189,665	\$548,196	\$378,759	\$179,771	\$558,530
Labor and health insurance expenses	34,822	16,028	50,850	34,016	15,219	49,235
Pension expenses	12,553	7,440	19,993	12,690	7,385	20,075
Director remuneration	-	5,076	5,076	-	4,783	4,783
Other welfare expenses	8,414	2,688	11,102	11,641	3,365	15,006
Depreciation expenses (Note 2)	56,598	9,276	65,874	50,001	6,372	56,373
Amortization expense	3,747	745	4,492	10,694	1,357	12,051

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

(Continuing)

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

- (B) The estimated amounts of accrued employee compensation payable for the fiscal years 2023 and 2022 of our company are NT\$23,000 thousand, respectively, and the remuneration to directors and supervisors was NT\$0, respectively. The estimated basis of employee compensation is determined by a certain proportion of the current year's pre-tax net profit (excluding the impact of employee compensation). The recognized employee compensation accrual is classified as current period operating costs or operating expenses. However, if there is a change in the dividend payout amount approved by the Board of Directors in the future, it will be adjusted in the next year's income statement according to accounting estimates.
- (C) The company's board of directors had resolved on March 8, 2024 to distribute the 2023 remuneration to employees for NT\$23,000 thousand in cash and remuneration to directors for NT\$0; also, it was not different from the estimated remuneration to employees and directors in the company's 2023 financial report. 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 and supervisors for NT\$0 that were reported in the regular shareholders meeting on June 10, 2023; also, it was not different from the estimated remuneration to employees, directors, and supervisors in the company's 2022 financial report.
- (D) Please refer to the Market Observation Post System for the information regarding the remuneration to employees and directors resolved by the company's board of directors.

Note 2 : The depreciation expenses provided by the Company for the years 2023 and 2022 were NT\$65,911 thousand and NT\$56,410 thousand, respectively. Among them, the depreciation expenses for real estate, factories, and equipment - leased assets were all NT\$37 thousand, which were listed under the net amount of other income and expenses.

(Continuing)

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

Note 3 : (A) The average number of employees at the end of each month for the years 2023 and 2022 was 800 and 817, respectively, with the number of non-executive directors who are not employees being 6 and 5, respectively.

(B) The Company's average employee benefit expenses were NT\$794 thousand and NT\$792 thousand in 2023 and 2022, respectively.

(C) The Company's average employee salary was NT\$690 thousand and NT\$688 thousand in 2023 and 2022, respectively. The average employee salary was an increase of 0.29% in 2023 from the year 2022.

(D) The Company's remuneration policy (including directors, supervisors, managerial officers, and employees) is as follows:

(a) Director and supervisor's traveling allowance: The Company's board of directors has resolved a monthly traveling allowance for the board directors and supervisors for an amount of NT\$20,000.

(b) Remuneration to directors and supervisors from the earnings distribution: The Company's board of directors and supervisors have currently waived their remuneration with a letter of consent issued and filed, respectively.

(c) Remuneration to directors and supervisors: All board directors and supervisors, except for the Chairman and several board directors, do not receive remuneration for their services.

(d) Remuneration to managerial officers and employees, each one of them is compensated reasonably by taking into consideration of the Company's overall operational performance, the contribution of each position holder to the Company's performance, and the respective connection to future risks.

Please refer to Note 1(A) for the remuneration to employees and directors stipulated in the Company's Articles of Incorporation.

(Continuing)

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

(23) Other income and expenses – net

	For the years ended December 31,	
	2023	2022
Property, plant and equipment – lease assets		
Rent income	\$420	\$420
Depreciation expense	(37)	(37)
Other income and expenses - net	<u>\$383</u>	<u>\$383</u>

(24) Non-operating income and expense

	For the years ended December 31,	
	2023	2022
(A) <u>Interest income</u>		
Bank deposit interest	\$46,884	\$24,674
Other interest income	69,904	52,287
Total	<u>\$116,788</u>	<u>\$76,961</u>
(B) <u>Other income</u>		
Cash dividends	\$9,500	\$13,571
Other income-other	70,088	91,334
Total	<u>\$79,588</u>	<u>\$104,904</u>
(C) <u>Other profit and loss</u>		
Net loss of financial assets measured at fair value through profit and (loss)	\$62,757	\$(14,403)
Net profit from the disposal of property, plant, and equipment	219	753
Total	<u>\$62,976</u>	<u>\$(13,650)</u>
(D) <u>Financial cost</u>		
Bank loan interest	<u>\$(18,304)</u>	<u>\$(13,906)</u>

(E) Profit (loss) amount from the subsidiaries and affiliated enterprises under the equity method

Please refer to Note 6.(8)(C) of the parent company only financial report for details.

(Continuing)

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

	For the years ended December 31,	
	2023	2022
(F) <u>Exchange loss - net</u>		
Realized exchange profit (loss) - net	\$18,454	\$63,040
Unrealized exchange profit (loss)-net	(6,929)	(4,020)
Total	\$11,525	\$59,020

(25) Other comprehensive profit and loss

Other comprehensive profit and loss constituents	Transactions of current period	Reclassification and adjustment of current period	Other comprehensive profit and loss	Income tax expense	Amount after tax
<u>For the years ended December 31, 2023</u>					
Items not reclassified to profit and loss:					
Remeasurements of defined benefit plan	\$(596)	\$-	\$(596)	\$-	\$(596)
Unrealized appraisal benefits of equity instrument investment measured at fair value through other comprehensive loss	58,880	-	58,880	-	58,880
Remeasurements of defined benefit plan of affiliated enterprises under the equity method	(37)	-	(37)	-	(37)
Unrealized appraisal benefits of equity instrument investment measured at fair value through other comprehensive profit of affiliated enterprises under the equity method	3,598	-	3,598	-	3,598
Total amount of items not reclassified to profit and loss:	61,845	-	61,845	-	61,845
Items that may be reclassified to profit and loss subsequently:					
Exchange difference from the conversion of the financial statements of foreign operating institutions of subsidiaries under the equity method	(71,054)	-	(71,054)	-	(71,054)
Total	\$(9,209)	\$-	\$(9,209)	\$-	\$(9,209)

Notes to The Parent Company Only Financial Statements of G-SHANK ENTERPRISE CO., LTD.

(Continuing)

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

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 years ended December 31, 2022</u>					
Items not reclassified to profit and loss:					
Remeasurements of defined benefit plan	\$20,496	\$-	\$20,496	\$-	\$20,496
Unrealized appraisal benefits of equity instrument investment measured at fair value through other comprehensive loss	(37,315)	-	(37,315)	-	(37,315)
Remeasurements of defined benefit plan of affiliated enterprises under the equity method	232	-	232	-	232
Unrealized appraisal benefits of equity instrument investment measured at fair value through other comprehensive profit of affiliated enterprises under the equity method	(4,278)	-	(4,278)	-	(4,278)
Total amount of items not reclassified to profit and loss:	(20,865)	-	(20,865)	-	(20,865)
Items that may be reclassified to profit and loss subsequently:					
Exchange difference from the conversion of the financial statements of foreign operating institutions of subsidiaries under the equity method	103,268	-	103,268	-	103,268
Total	\$82,403	\$-	\$82,403	\$-	\$82,403

(26) Income tax

(A) The Company's business income tax return filed before 2021 (inclusive) were reviewed and approved by the tax collection agency.

(Continuing)

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

(B) The income tax expense constituents:

(a) Income tax recognized in profit and loss

	Years Ended December 31	
	2023	2022
Current income tax expense		
Current income tax expense	\$110,413	\$158,950
Deferred income tax expense		
Origin of temporary difference and reversing relevant deferred income tax (benefits) expense	70,828	55,695
Income tax expense	\$181,241	\$214,645

(b) The Group had no income tax related to other comprehensive profit and loss constituents or direct debited or credited to equity for the years ended December 31, 2023 and 2022, respectively.

(C) The relationship between income tax expense and accounting profit

	Years Ended December 31	
	2023	2022
Accounting profit		
Net income before tax of the continuing business unit	\$856,281	\$1,082,248
Tax calculated according to the applicable tax rate in the respective country	\$171,256	\$216,449
Unappropriated earnings with business income tax levied additionally	15,463	5,643
Adjustments		
Income tax effect of non-deductible expense in tax return	(4,489)	(6,371)
Income tax (profit) expense on repatriation of foreign funds under special law	(989)	(1,076)
Income tax effect of temporary difference	(70,828)	(55,695)
Current income tax expense	110,413	158,950
Deferred income tax (profit) expense	70,828	55,695
Income tax expense	\$181,241	\$214,645

(Continuing)

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

(D) The deferred income tax assets and liabilities are analyzed as follows:

	Balance -ending	Recognized in profit and loss	Recognized in other profit and loss	Balance -ending
<u>For the years ended December 31, 2023</u>				
Deferred income tax assets				
Unrealized inventory loss in valuation	\$6,185	\$468	\$-	\$6,653
Unrealized financial assets and liabilities loss in valuation	15,907	(13,981)	-	1,926
Unrealized exchange losses	804	582	-	1,386
Financial and tax difference of property, plant and equipment	2,969	260	-	3,229
Total	<u>\$25,865</u>	<u>\$(12,671)</u>	<u>\$-</u>	<u>\$13,194</u>
Deferred income tax liabilities				
Unrealized long-term equity investment income	<u>\$616,436</u>	<u>\$58,157</u>	<u>\$-</u>	<u>\$674,593</u>
<u>For the years ended December 31, 2022</u>				
Deferred income tax assets				
Unrealized inventory loss in valuation	\$7,461	\$(1,276)	\$-	\$6,185
Unrealized financial assets loss in valuation	16,535	(628)	-	15,907
Unrealized exchange loss	2,013	(1,209)	-	804
Financial and tax difference of property, plant and equipment	2,708	261	-	2,969
Total	<u>\$28,717</u>	<u>\$(2,852)</u>	<u>\$-</u>	<u>\$25,865</u>
Deferred income tax liability				
Unrealized long-term equity investment income	<u>\$563,593</u>	<u>\$52,843</u>	<u>\$-</u>	<u>\$616,436</u>

(E) Unrecognized deferred income tax assets:

The Company's unrecognized deferred income tax assets were NT\$0 as of December 31, 2023 and 2022 respectively.

(Continuing)

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

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

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

	For the years ended December 31,	
	2023	2022
Net profit attributable to the company's Common stock shareholders	\$675,040	\$867,603
Beginning Outstanding Shares	190,654,298 shares	187,832,298 shares
Employee stock option – subscribing issue new shares (Note)	7,288	1,537,587
Outstanding weighted average shares	190,661,586 shares	189,369,885 shares
Basic earnings per share (after tax) (NTD)	\$3.54	\$4.58

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

(B) Diluted earnings per share

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

	For the years ended December 31,	
	2023	2022
Net profit to the company's common stock shareholders	\$675,040	\$867,603
Add: Potential common stock share effect	-	-
Adjusted net profit to the company's common stock shareholders	\$675,040	\$867,603
Outstanding weighted average shares	190,661,586 shares	189,369,885 shares
Add: Potential common stock share effect		
Employee stock option hypothesis -subscribing new shares (Note)	2,445,783	3,234,583
Employee Remuneration hypothesis –issuing new shares	400,752	586,277
Adjusted weighted average shares	193,508,121 shares	193,190,745 shares
Diluted basic earnings per share (after tax) (NTD)	\$3.49	\$4.49

(Continuing)

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

Note : The Company issued employee stock options In June 2023 and August 2023. Due to their anti-dilutive nature, they were not included in the calculation of diluted earnings per share for the year 2023. Similarly, outstanding employee stock options issued in 2022 were not included in the calculation of diluted earnings per share for the year 2022 due to their anti-dilutive nature.

(28) Reconciliation of liabilities from financing activities

Accounting item	Balance -beginning	Cash flow	Changes in non-cash			Balance -ending
			Transaction of current period	Change in exchange rate	Other	
<u>For the years ended December 31,2023</u>						
Short-term loan	\$1,070,00	\$140,000	\$-	\$-	\$-	\$1,210,000
Long-term borrowings (including current portion)	79,032	(79,032)	-	-	-	-
Total	<u>\$1,149,032</u>	<u>\$60,968</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$1,210,000</u>
<u>For the years ended December 31,2022</u>						
Short-term loan	\$1,260,00	\$(190,000)	\$-	\$-	\$-	\$1,070,000
Long-term borrowings (including current portion)	76,324	2,708	-	-	-	79,032
Total	<u>\$1,336,324</u>	<u>\$(187,292)</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$1,149,032</u>

(29) Lease

Other lease information is as follows:

	Years Ended December 31	
	2023	2022
Short-term lease expense	<u>\$1,870</u>	<u>\$1,694</u>
Low-value asset lease expenses	<u>\$-</u>	<u>\$-</u>
Changes in lease expense excluded from the measurement of a lease liability	<u>\$-</u>	<u>\$-</u>
Total cash outflow of all leases	<u>\$1,870</u>	<u>\$1,694</u>
Lease liabilities interest	<u>\$-</u>	<u>\$-</u>

The Company elects to recognize an exemption for short-term leases of dormitories, offices, and similar assets, and does not recognize related right-of-use assets and lease liabilities for such leases.

7. RELATED PARTY TRANSACTIONS

(1) Name of related party and relationship

<u>Name of related party</u>	<u>Relationship with the Group</u>
G-SHANK ENTERPRISE (M) SDN. BHD. (MALAYSIA G-SHANK)	The subsidiary of the Company.
G-SHANK, Inc.	The subsidiary of the Company.
SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. (SHANGHAI G-SHANK)	The subsidiary of the Company.
GREAT-SHANK CO., LTD. (THAILAND G-SHANK)	The subsidiary of the Company.
G-SHANK JAPAN CO., LTD. (JAPAN G-SHANK)	The subsidiary of the Company.
XIAMEN G-SHANK PRECISION MACHINERY CO., LTD.(XIAMEN G-SHANK)	The subsidiary of the Company.
QINGDAO G-SHANK PRECISION SDN.BHD. (QINGDAO G-SHANK)	The subsidiary of the Company.
G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.(SUZHOU G-SHANK)	The subsidiary of the Company.
G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.(DONG GUAN G-LONG)	The subsidiary of the Company.
TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.(TIANJIN G-SHANK)	The subsidiary of the Company.
PT INDONESIA G-SHANK PRECISION (INDONESIA G-SHANK)	The subsidiary of the Company.
SHENZHEN G-SHANK PRECISION SDN.BHD. (SHENZHEN G-SHANK)	The subsidiary of the Company.
SHENZHEN G-BAO PRECISION SDN.BHD. (SHENZHEN G-BAO)	The subsidiary of the Company.
SUNFLEX TECHNOLOGY CO., LTD. (SUNFLEX)	SUNFLEX is invested by the company under equity method.
KUAI LUNG PRECISION INDUSTRY CO., LTD. (KUAI LUNG)	The chairman of KUAI LUNG is the general manager of G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD., the subsidiary of the company.

(Continuing)

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

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

Related party category/name	For the years ended December 31,	
	2023	2022
<u>Subsidiaries</u>		
SUZHOU G-SHANK	\$1,478	\$550
SHENZHEN G-SHANK	694	143
JAPAN G-SHANK	470	2,850
SHANGHAI G-SHANK	279	9
THAILAND G-SHANK	167	107
SHENZHEN G-BAO	77	565
TIANJIN G-SHANK	66	-
Subtotal	3,231	4,224
<u>Other related parties</u>		
KUAI LUNG	314	170
<u>Affiliated enterprises</u>		
SUNFLEX	9,465	16,268
Total	\$13,010	\$20,662

The aforementioned purchase is mostly for molds and parts with special specifications from one single supplier. Therefore, there is no other purchase price available for comparison. The payment term from such a single supplier is OA 60-90 days; while other suppliers are with a payment term of OA 0-120 days.

(B) Sales

Related party category/name	For the years ended December 31,	
	2023	2022
<u>Subsidiaries</u>		
MALAYSIA G-SHANK	\$5,819	\$5,919
G-SHANK, Inc.	5,671	11,000
THAILAND G-SHANK	4,595	5,217
JAPAN G-SHANK	2,899	2,122
SHENZHEN G-BAO	2,221	1,911
INDONESIA G-SHANK	784	1,988
SHANGHAI G-SHANK	310	371
QINGDAO G-SHANK	27	171
Subtotal	22,326	28,699

(Continuing to next page)

(Continuing)

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

(Continued from the last page)

Related party category/name	For the years ended December 31,	
	2023	2022
<u>Other related parties</u>		
KUAI LUNG	-	17
<u>Affiliated enterprises</u>		
SUNFLEX	56	32
Total	<u>\$22,382</u>	<u>\$28,748</u>

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 30-90 days; while the general customer is with a payment term of OA 30-150 days.

(C) Management and technical service income

The Company had collected management and technical service fees from the subsidiaries - SHANGHAI G-SHANK, TIANJIN G-SHANK, QINGDAO G-SHANK, THAILAND G-SHANK, MALAYSIA G-SHANK, SHENZHEN G-SHANK, XIAMEN G-SHANK, DONG GUAN G-LONG, SHENZHEN G-BAO, and SUZHOU G-SHANK for an amount of NT\$60,896 thousand and NT\$71,920 thousand in 2023 and 2022, respectively and had them booked in the “non-operating income and expenses - other income” account.

(D) Processing expense

The company had contracted the affiliated enterprise, SUNFLEX TECHNOLOGY CO., LTD., for product proceeding with a processing expense of NT\$14,139 thousand and NT\$16,572 thousand incurred for the years ended December 31, 2023 and 2022, respectively.

(Continuing)

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

(E) Others

(a) The Company had paid Japan G-SHANK, the subsidiary, for the management and technical support services and overseas information collection services for an amount of NT\$530 thousand and NT\$546 thousand in 2023 and 2022, respectively.

(b) The Company commissioned its affiliated enterprise, Sunsoft Electronics, to procure employee uniforms on its behalf in 2023 for an amount of NT\$143 thousand.

(F) Financing

The Company's situation regarding loans to related parties is as follows:

Type and name of related party	Max. balance amount	Ending balance amount	Interest rate range	Total interest income
<u>For the years ended December 31,2023 : None</u>				
<u>For the years ended December 31,2022</u>				
<u>Subsidiary</u>				
JAPAN G-SHANK	\$55,260	\$	1%	\$128
	(USD1,800,000)			

(Continuing)

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

(G) Claims/obligations arising from the aforementioned transactions

Related party category/name	December 31, 2023	December 31, 2022
<u>(a) Accounts receivable -related party</u>		
<u>Subsidiaries</u>		
THAILAND G-SHANK	\$799	\$907
MALAYSIA G-SHANK	782	1,689
G-SHANK, Inc.	216	914
SHENZHEN G-BAO	141	250
SHANGHAI G-SHANK	49	38
QINGDAO G-SHANK	26	54
JAPAN G-SHANK	10	195
INDONESIA G-SHANK	-	49
Subtotal	2,023	4,096
<u>Affiliated enterprises</u>		
SUNFLEX	3	15
Total	\$2,026	\$4,111
<u>(b) Other receivable -related party</u>		
<u>Subsidiaries</u>		
THAILAND G-SHANK	\$874	\$2,190
G-SHANK, Inc.	66	226
JAPAN G-SHANK	10	3
Total	\$950	\$2,419
<u>(c) Accounts payable -related party</u>		
<u>Subsidiaries</u>		
SUZHOU G-SHANK	\$618	\$232
SHANGHAI G-SHANK	133	5
TIANJIN G-SHANK	13	-
JAPAN G-SHANK	-	2
Subtotal	764	239
<u>Other related parties</u>		
KUAI LUNG	195	-
<u>Affiliated enterprises</u>		
SUNFLEX	1,082	11,289
Total	\$2,041	\$11,528

(Continuing)

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

Related party category/name	December 31, 2023	December 31, 2022
<u>(d) Other payable -related party</u>		
<u>Subsidiaries</u>		
JAPAN G-SHANK	\$70	\$407
SHENZHEN G-BAO	30	-
SHENZHEN G-SHANK	19	-
SHANGHAI G-SHANK	9	-
QINGDAO G-SHANK	4	-
XIAMEN G-SHANK	-	10
Subtotal	132	417
<u>Affiliated enterprises</u>		
SUNFLEX	2,574	3,250
Total	\$2,706	\$3,667

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

(H) Information on total remunerations of key management personnel

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

Items	For the years ended December 31,	
	2023	2022
Short-term benefits	\$12,259	\$11,696
Retirement benefits	353	367
Share-based payment	72	179
Total	\$12,684	\$12,242

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

8. MORTGAGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

The Company had the following significant contingent liabilities and unrecognized contractual commitments not yet included in the aforementioned the parent company only financial report as of December 31, 2023:

- (1) The company had had a guaranteed loan from financial institutions for the tariff guarantee amount of NT\$500 thousand on December 31, 2023.
- (2) The company has signed contracts for the acquisition of real estate, factory buildings, and equipment with a total amount of NT\$1,550,000 thousand (including tax), of which the unpaid amount is NT\$1,240,000 thousand (including tax).

10. SIGNIFICANT DISASTER LOSS

None.

11. MATERIAL POST EVENTS

- (1) As stated in Note 6.(14)(C) of the individual financial report, in the fourth quarter of the year 2023, the employees of this company exercised their subscription rights for 190,000 shares (recorded as Advance Receipts for Capital Stock). Subsequently, on March 8, 2024, the Board of Directors resolved to set the capital increase reference date on March 8, 2024.

(Continuing)

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

- (2) The company decided to carry out a cash capital increase on October 27, 2023, as approved by the board of directors. Please refer to Note 6.(16)(F) in the individual financial statements.

- (3) The Company proposed the distribution of profits for the year 2023 and the issuance of cash to shareholders and of the capital surpluses to shareholders at a board meeting on March 8, 2024 (subject to approval at the shareholders' meeting scheduled for June 14, 2024). Please refer to Note 6.(20)(C) in the individual financial statements for more information.

- (4) The company decided to issue its second unsecured convertible corporate bonds domestically on October 27, 2023, and obtained approval from the Financial Supervisory Commission on December 28, 2023, which became effective. The aforementioned corporate bonds were issued on January 26, 2024, and listed for trading on the Taipei Exchange Exchange (referred to as the "TPEX"). The main terms of the issuance are as follows:
 - (A) Issuance amount :

The total face value of the issuance is NT\$1,000,000 thousand, with each bond having a face value of NT\$100 thousand . The bonds were issued at 113.80% of face value, resulting in a total actual raised amount of NT\$1,137,967 thousand.
 - (B) Issuance period :

The issuance period is three years, from January 26, 2024, to the maturity date of January 26, 2027.
 - (C) Type of bonds :

Unsecured Convertible Corporate Bonds.
 - (D) Coupon Rate and Repayment Method of Bonds :

The coupon rate is 0%. Except for conversion into the company's common stock as stipulated by the conversion method or repurchase and cancellation by the company through securities firms, within ten business days from the day following the maturity date of these convertible bonds, the company will redeem the bonds in cash at face value.

(Continuing)

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

(E) Conversion Period:

Bondholders may convert the convertible bonds from the day after the issuance date of the convertible bonds (April 27, 2024), which is three months after the issuance date, until the maturity date (January 26, 2027), except during the following periods of the Company: (a) Fifteen business days prior to the ex-date of non-dilutive rights offerings, ex-date of cash dividends, or ex-date of rights offering for cash subscription; (b) From the record date for reduction of capital to one day prior to the commencement of trading of the shares issued due to reduction of capital; (c) From the commencement date of suspension of conversion for stock denomination change to one day prior to the commencement of trading of the new shares issued due to stock denomination change; (d) Except for periods when the transfer of ordinary shares is temporarily suspended by law, bondholders may at any time through their brokerage firm inform the Taiwan Depository & Clearing Corporation (hereinafter referred to as the "TDCC") to request conversion into common stock of the Company according to the conversion method through the Company's share registrar agent.

(F) Conversion Price and Adjustments:

The conversion price was set at NT\$72.2 per share at the time of issuance, with January 08, 2024 as the reference date for setting the conversion price. Following the issuance of these convertible bonds, except for various securities issued or privately placed by the Company that have the right to convert into ordinary shares or share subscription rights, or the issuance of new shares for employee compensation, in the event of an increase in the Company's issued or privately placed ordinary shares (including but not limited to cash capital increase, profit conversion increase, capital surplus conversion increase, issuance of new shares by individual or transfer of shares of other companies, stock splits, participation in overseas depository receipts issuance through cash capital increase, and increase in issued ordinary shares due to changes in stock face value), the conversion price shall be adjusted according to the formula specified in the issuance terms. Adjustments shall also be made in the event of the Company distributing cash dividends on ordinary shares, issuing various securities with the right to convert into ordinary shares or subscription rights at a conversion or subscription price lower than the prevailing market price per share, or granting others the right to subscribe for company shares at a price lower than the prevailing market price per share, except for reductions in ordinary shares due to the cancellation of treasury shares by the Company.

(G) Redemption Rights of the Company on the Convertible Bonds:

From the day after three months have elapsed since the issuance of these convertible bonds (April 27, 2024) until forty days before the maturity date (December 17, 2026), if the closing price of the Company's common stock exceeds thirty percent of the conversion price for thirty consecutive business days, the Company may, within the subsequent thirty business days, send a registered letter containing a one-month notice of redemption to the bondholders and notify the Taipei Exchange of the exercise of its redemption rights. Within five business days after the redemption date, the Company shall redeem all the bonds in cash at face value. Furthermore, if the outstanding balance of the convertible bonds in circulation falls below ten percent of the original total issuance, the Company may, at any subsequent time, send a registered letter containing a one-month notice of redemption to the bondholders and notify the Taipei Exchange of the exercise of its redemption rights. Within five business days after the redemption date, the Company shall redeem all the bonds in cash at face value.

As of the date of the individual financial statements' approval for release, there have been no instances of bondholders applying to convert the aforementioned bonds into the Company's common stock.

12. **OTHERS**

(1) Capital management

(A) The Company's capital management is aimed to ensure the Company's ongoing concern, to continue to provide remuneration to shareholders and benefits to stakeholders, and to maintain the best capital structure in order to reduce capital costs and to set the price of products or services according to the relative risk levels in order to provide shareholders with sufficient remuneration.

(B) The Company bases on the risk ratio to set the capital stock; also, manage and adjust the capital structure appropriately in accordance with the changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the dividends paid to shareholders, refund shareholders by de-capitalization, and issue new shares or sell assets to settle liabilities.

(Continuing)

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

(2) Financial risk management

(A) The Company's main financial instruments include cash and cash equivalents, financial assets measured at fair value through profit or loss, other financial assets, financial assets measured at fair value through other comprehensive income, short-term loans, long-term loans, and accounts receivable and accounts payable arising from operating activities. These financial instruments are utilized to manage the Company's working capital requirements. As a result, the Company's operations are subject to various financial risks, including market risks (such as foreign exchange risk, interest rate risk, and other price risks), credit risk, and liquidity risk. The overall objective of the Company's financial risk management is to mitigate potential adverse impacts arising from fluctuations in financial markets on the Company's exposure to financial risks.

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

(C) The main risks of the Company's financial instruments are as follows:

(a) Market risk

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

(Continuing)

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

(i) Exchange rate risk

(01) The Company evaluates and analyzes the overall exchange rate risk. When the listed assets and liabilities and future business transactions are exposed to significant exchange rate risk, within the permitted range of the policy, manage risk through forwarding exchange contract.

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

	Foreign currency (Thousand)	Exchange rate	Book amount	Sensitive analysis		
				Change ratio	Increase/ decrease in net income before tax	Decrease in Equity
<u>December 31, 2023</u>						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$22,653	30.71	\$695,682	5%	\$34,784	\$-
JPY	11,189	0.2174	2,432	5%	122	-
RMB	3,221	4.329	13,942	5%	697	-
<u>Non-monetary items</u>						
USD	\$42,976	30.71	\$1,319,783	5%	\$65,989	\$-
<u>Derivative financial instrument:</u>						
USD	\$11	30.71	\$348	5%	\$17	\$-
			(Note)			

(Continuing to next page)

Notes to The Parent Company Only Financial Statements of G-SHANK ENTERPRISE CO., LTD.

(Continuing)

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

(Continued from the last page)

	Foreign currency (Thousand)	Exchange rate	Book amount	Sensitive analysis		
				Change ratio	Increase/ decrease in net income before tax	Decrease in Equity
<u>December 31, 2023</u>						
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	\$118	30.71	\$3,612	5%	\$181	\$-
JPY	2,332	0.2174	507	5%	25	-
<u>Non-monetary items:</u> None						
<u>Derivative financial instrument:</u> None						
<u>December 31, 2022</u>						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$44,953	30.7	\$1,380,053	5%	\$69,003	\$-
JPY	13,147	0.2325	3,057	5%	153	-
RMB	1,928	4.409	8,499	5%	425	-
<u>Non-monetary items</u>						
USD	\$24,636	30.7	\$756,331	5%	\$37,817	\$-
<u>Derivative financial instrument:</u>						
USD	\$204	30.7	\$6,254 (Note)	5%	\$313	\$-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	\$219	30.7	\$6,713	5%	\$336	\$-
JPY	16,980	0.2325	3,948	5%	197	-
RMB	1,067	4.409	4,705	5%	235	-
<u>Non-monetary items:</u> None						
<u>Derivative financial instrument:</u> None						

(Continuing)

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

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

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

Functional currency	2023		2022	
	Exchange profit (loss)	Average exchange rate	Exchange profit (loss)	Average exchange rate
NTD	\$11,525	-	\$59,020	-

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

(ii) Interest rate risk

The Company's interest rate risks include the fair value interest rate risk of the financial instruments with fixed interest rate and the cash flow interest rate risk of financial instruments with floating interest rate. The financial instruments with fixed interest rate refer to the company's time deposits, some

(Continuing)

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

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fixed interest rate		
Financial assets	\$1,831,380	\$1,953,010
Financial liabilities	(1,210,000)	(1,070,000)
Net amount	<u>\$621,380</u>	<u>\$883,010</u>
Floating interest rate		
Financial assets	\$101,391	\$122,584
Financial liabilities	-	(79,032)
Net amount	<u>\$101,391</u>	<u>\$43,552</u>

(02) Sensitivity Analysis

For the Company's financial assets and liabilities with a floating interest rate, if the interest rate of market deposits or loans increased by 0.5% on the reporting date, assuming that it is held for an accounting year and all other factors are given, it would cause the Company's net income before tax increased by NT\$507 thousand and NT\$218 thousand for the years of 2023 and 2022 respectively.

(Continuing)

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

(iii) Other price risks

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

Sensitivity Analysis

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

	December 31, 2023	December 31, 2022
Increase in net income before tax		
Financial assets measured at fair value through profit and loss	<u>\$65,989</u>	<u>\$37,817</u>
Increase in equity		
Financial assets measured at fair value through other comprehensive profit and loss	<u>\$16,045</u>	<u>\$13,101</u>

(b) Credit risk

- (i) The Company's credit risk is mainly the potential impact of the counterparty or other parties' failure in performing financial assets contracts, which includes the concentration of credit risks, constituents, contract amounts, and other receivables of the financial assets transactions of the Company. In order to reduce credit risk, the Company has dealt with all well-known domestic and foreign financial or securities institutions for bank deposits, financial assets measured at fair value through profit and loss, financial assets measured at amortized cost, some other financial assets, which are with low credit risk. For receivables, the Company continues to evaluate the financial

(Continuing)

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

status of the counterparties, historical experience, and other factors to adjust the trade amount and trade method of individual customers appropriately in order to improve the Company's credit-granting quality.

- (ii) The Company evaluates and analyzes the overdue or impairment of financial assets on the balance sheet date. The Company's credit risk exposure amount is as follows:

	December 31, 2023	December 31, 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	622	430
Total	<u>\$622</u>	<u>\$430</u>

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

- (iii) The expected credit loss of the Company's notes and accounts receivable as of September 30, 2023, December 31, 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>December 31, 2023</u>			
Not overdue	\$408,488	0.01%	\$49
30 days overdue	20,117	0.17%	34
31-90 days overdue	7,030	7.65%	538
91-180 days overdue	34	1.58%	1
181-365 days overdue	-	0.00%	-
Total	<u>\$435,669</u>		<u>\$622</u>

(Continuing)

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

	Total book amount of notes and accounts receivable	Reserve matrix (loss rate)	Allowance for loss (expected credit loss throughout the duration)
<u>December 31, 2022</u>			
Not overdue	\$542,765	0.01%	\$68
30 days overdue	17,948	0.20%	36
31-90 days overdue	3,361	9.55%	321
91-180 days overdue	1,208	0.44%	5
181-365 days overdue	81	0.00%	-
Total	<u>\$565,363</u>		<u>\$430</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
The accounts receivable ratio of the top five customers	<u>47.40%</u>	<u>59.83%</u>

(c) Liquidity risk

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

(i) Bank loan amount

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Short-term loan	<u>\$3,059,500</u>	<u>\$1,520,468</u>

(Continuing)

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

(ii) Maturity analysis of undiscounted financial liabilities

	<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>December 31, 2023</u>					
<u>Non-derivative financial liabilities</u>					
Short-term loan	\$1,216,423	\$-	\$-	\$-	\$1,216,423
Accounts payable	149,351	-	-	-	149,351
Accounts payable -related party	2,041	-	-	-	2,041
Other payables	275,060	-	-	-	275,060
Other payables -related party	2,706	-	-	-	2,706
Total	<u>\$1,645,581</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$1,645,581</u>

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

Short-term loan	\$1,075,100	\$-	\$-	\$-	\$1,075,100
Accounts payable	209,214	-	-	-	209,214
Accounts payable -related party	11,528	-	-	-	11,528
Other payables	299,216	-	-	-	299,216
Other payables -related party	3,667	-	-	-	3,667
Long-term loans	39,393	39,741	781	-	79,915
Total	<u>\$1,638,118</u>	<u>\$39,741</u>	<u>\$781</u>	<u>\$-</u>	<u>\$1,678,640</u>

Derivative financial liabilities: None(D) Fair value of financial instruments

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

(Continuing)

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

- (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) Financial assets measured at fair value through profit and loss are those with active market quotations, and therefore, the fair value is determined based on the market price. For foreign bonds, the fair value is determined based on the quotations on the reporting date through Bloomberg, Reuters or other brokers and trading platforms.
 - (iii) Financial assets measured at fair value through other comprehensive income are equity instrument investments without active market quotations. The fair value is estimated using the Market Approach, which is based on the prices derived from the market transactions of the same or comparable equity instruments and other relevant information.
 - (iv) The fair value of other financial assets and other noncurrent assets-restricted assets is estimated according to the book amount, since the present value of future cash collected and discounted at the market interest rate is close to the book amount; therefore, the book amount should be a reasonable basis for estimating the fair value.
 - (v) The 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.

(Continuing)

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

(vi) The Group's long-term loans are based on floating interest rates with the fair value estimated according to the book amount on the balance sheet, which has been adjusted with reference to market conditions. Therefore, the company's loan interest rate is close to the market interest rate.

(b) Classification of fair value measurement

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

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

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

Level 3: Unobservable input value of assets or liabilities;

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

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

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

Notes to The Parent Company Only Financial Statements of G-SHANK ENTERPRISE CO., LTD.

(Continuing)

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

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets:</u>				
Financial assets measured at fair value through profit and loss				
Bonds	\$-	\$1,319,783	\$-	\$1,319,783
Swap contract	-	348	-	348
Financial assets measured at fair value through other comprehensive profit and loss				
Unlisted stocks	-	-	320,903	320,903
<u>Liabilities: None</u>				
<u>December 31, 2022</u>				
<u>Assets:</u>				
Financial assets measured at fair value through profit and loss				
Bonds	\$-	\$756,331	\$-	\$756,331
Swap contract	-	6,254	-	6,254
Financial assets measured at fair value through other comprehensive profit and loss				
Unlisted stocks	-	-	262,023	262,023
<u>Liabilities:None</u>				

- (ii) There were no significant transfers between Level 1 and Level 2 fair value hierarchy in the company's 2023 fiscal year. The company's overseas bonds were deemed illiquid and classified as non-active market debt instruments, resulting in an amount of NT\$648,836 thousand transferring from Level 1 to Level 2 in the second quarter of 2022.

(Continuing)

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

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

	Financial assets measured at fair value through other comprehensive profit and loss	
	Equity instrument investment – Unlisted stocks	
	For the years ended December 31,	
	2023	2022
Balance -beginning	\$262,023	\$299,338
Total profit		
Recognized in other comprehensive profit and loss	58,880	(37,315)
Balance -ending	\$320,903	\$262,023

The Company had recognized total current (loss) profit for an amount of NT\$58,880 thousand and NT\$(37,315) thousand in other comprehensive profit and loss due to change in Level 3 fair value for the years of 2023 and 2022, respectively, and they were booked in the “other comprehensive profit and loss -unrealized appraisal profit of equity instrument investment measured at fair value through other comprehensive profit and loss” .

(iv) The evaluation techniques and assumptions adopted to measure the fair value of financial assets.

- (01) The fair value of financial assets with standard terms and conditions that are traded in an active market is determined by referring to market price.
- (02) The 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.

(Continuing)

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

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

	Evaluation technique	Significant unobservable input value	Quantitative information	Relationship between the input value and fair value	Sensitivity analysis of the relationship between the input value and fair value
<u>December 31, 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	2.67	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 Company will increase/decrease by NT\$16,045 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 Company will increase/decrease by NT\$13,101 thousand.

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

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

Notes to The Parent Company Only Financial Statements of G-SHANK ENTERPRISE CO., LTD.
(Continuing)

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

13. SUPPLEMENTARY DISCLOSURE MATTERS

(1) Information on major transactions

Supplementary information of the company and the subsidiaries for the year ended December 31, 2023 is disclosed as follows:

(A) Loans to others:

Unit: NT\$ Thousand / USD

No	Lending company	Borrower	Accounting item	Related party	Maximum amount -current	Balance – ending (12.31.2022) (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	77,922 (RMB18,000,000)	43,290 (RMB10,000,000)	43,290 (RMB10,000,000)	-	Short-term loan	-	Business operation of affiliated enterprise	-	-	-	\$225,058 (RMB 51,988,363)	\$900,230 (RMB 207,953,451)

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

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

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

(B) Provision of endorsements and guarantees to others: None

Notes to The Parent Company Only Financial Statements of G-SHANK ENTERPRISE CO., LTD.
(Continuing)

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

(C) Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures):

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

Holding company	Type of securities	Name of securities	Relationship with the securities issuer	Accounting title	December 31, 2023				Remarks
					Shares /unit /1,000 shares	Book amount	Shareholding ratio (%)	Fair value /net value	
G-SHANK ENTERPRISE CO., LTD.	Stocks	REEL MASK INDUSTRY CO., LTD.	None	Financial assets-noncurrent measured at fair value through other comprehensive profit and loss	3,392,713	\$320,903	9.98	\$320,903	
	Bonds	HSBC Holding bonds HSBC 6 RERP (I)	None	Financial assets-current measured at fair value through profit and loss	3,100,000	91,029 (USD 2,964,158)	-	91,029 (USD 2,964,158)	
	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	39,940 (USD 1,300,544)	-	39,940 (USD 1,300,544)	
	Bonds	Societe Generale bonds SOCGEN 6.75 PERP	None	Financial assets-current measured at fair value through profit and loss	2,000,000	54,671 (USD 1,780,220)		54,671 (USD 1,780,220)	
	Bonds	BCS-Barclays Plc bonds BACR 8 PERP	None	Financial assets-current measured at fair value through profit and loss	200,000	6,106 (USD 198,826)	-	6,106 (USD 198,826)	
	Bonds	BCS-Barclays Plc bonds BACR 9.625 PERP (I)	None	Financial assets-current measured at fair value through profit and loss	940,000	30,096 (USD 979,997)	-	30,096 (USD 979,997)	
	Bonds	BCS-Barclays Plc bonds BACR 9.625 PERP (II)	None	Financial assets-current measured at fair value through profit and loss	2,990,000	95,505 (USD 3,109,899)	-	95,505 (USD 3,109,899)	
	Bonds	Societe Generale bonds SOCGEN 10 PERP(I)	None	Financial assets-current measured at fair value through profit and loss	2,830,000	93,050 (USD 3,029,968)	-	93,050 (USD 3,029,968)	
	Bonds	HSBC Holding bonds HSBC 6.547 PERP	None	Financial assets-current measured at fair value through profit and loss	200,000	6,433 (USD 209,466)	-	6,433 (USD 209,466)	
	Bonds	HSBC Holding bonds HSBC 8 PERP (I)	None	Financial assets-current measured at fair value through profit and loss	500,000	15,924 (USD 518,520)	-	15,924 (USD 518,520)	

(Continuing to next page)

Notes to The Parent Company Only Financial Statements of G-SHANK ENTERPRISE CO., LTD.

(Continuing)

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

(Continued from the last page)

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

Holding company	Type of securities	Name of securities	Relationship with the securities issuer	Accounting title	December 31, 2023				Remarks
					Shares /unit /1,000 shares	Book amount	Shareholding ratio (%)	Fair value /net value	
G-SHANK ENTERPRISE CO., LTD.	Bonds	HSBC Holding bonds HSBC 8 PERP (II)	None	Financial assets-current measured at fair value through profit and loss	787,000	\$24,918 (USD 811,397)	-	\$24,918 (USD 811,397)	
	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	15,371 (USD 500,535)	-	15,371 (USD 500,535)	
	Bonds	HSBC Holding bonds HSBC 6 3/8 PERP	None	Financial assets-current measured at fair value through profit and loss	1,000,000	30,451 (USD 991,550)	-	30,451 (USD 991,550)	
	Bonds	HSBC Holding bonds HSBC 6 PERP (II)	None	Financial assets-current measured at fair value through profit and loss	500,000	14,648 (USD 476,985)	-	14,648 (USD 476,985)	
	Bonds	HSBC Holding bonds HSBC 6.5 PERP	None	Financial assets-current measured at fair value through profit and loss	500,000	14,836 (USD 483,100)	-	14,836 (USD 483,100)	
	Bonds	BNP Paribas bonds BNP 5.1/8 PERP	None	Financial assets-current measured at fair value through profit and loss	200,000	5,294 (USD 172,396)		5,294 (USD 172,396)	
	Bonds	Societe Generale bonds SOCGEN 10 PERP(II)	None	Financial assets-current measured at fair value through profit and loss	2,308,000	75,855 (USD 2,470,045)		75,855 (USD 2,470,045)	
	Bonds	BNP Paribas bonds BNP 8.5 PERP	None	Financial assets-current measured at fair value through profit and loss	800,000	25,791 (USD 839,840)	-	25,791 (USD 839,840)	
	Bonds	HSBC Holding bonds HSBC 6 PERP (III)	None	Financial assets-current measured at fair value through profit and loss	700,000	20,411 (USD 664,629)		20,411 (USD 664,629)	
	Bonds	DB-Deutsche Bank AG bonds DB 7.5 PRRP(I)	None	Financial assets-current measured at fair value through profit and loss	1,600,000	47,899 (USD 1,559,712)	-	47,899 (USD 1,559,712)	
Bonds	DB-Deutsche Bank AG bonds DB 7.5 PRRP(II)	None	Financial assets-current measured at fair value through profit and loss	800,000	\$23,908 (USD 778,520)	-	\$23,908 (USD 778,520)		

(Continuing to next page)

Notes to The Parent Company Only Financial Statements of G-SHANK ENTERPRISE CO., LTD.

(Continuing)

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

(Continued from the last page)

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

Holding company	Type of securities	Name of securities	Relationship with the securities issuer	Accounting title	December 31, 2023				Remarks
					Shares /unit /1,000 shares	Book amount	Shareholding ratio (%)	Fair value /net value	
G-SHANK ENTERPRISE CO., LTD.	Bonds	BCS-Barclays Plc bonds (2022) BACR 8 PRRP(I)	None	Financial assets-current measured at fair value through profit and loss	2,290,000	68,653 (USD 2,235,521)	-	68,653 (USD 2,235,521)	
	Bonds	BCS-Barclays Plc (2022) bonds BACR 8 PERP (II)	None	Financial assets-current measured at fair value through profit and loss	800,000	23,952 (USD 779,952)	-	23,952 (USD 779,952)	
	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	41,071 (USD 1,337,370)	-	41,071 (USD 1,337,370)	
	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	41,678 (USD 1,357,135)	-	41,678 (USD 1,357,135)	
	Bonds	Societe Generale bonds SOCGEN 10 PERP(III)	None	Financial assets-current measured at fair value through profit and loss	1,500,000	49,004 (USD 1,595,700)	-	49,004 (USD 1,595,700)	
	Bonds	BNP Paribas bonds BNP 9.25 PERP(I)	None	Financial assets-current measured at fair value through profit and loss	3,000,000	98,552 (USD 3,209,130)	-	98,552 (USD 3,209,130)	
	Bonds	BNP Paribas bonds BNP 9.25 PERP(II)	None	Financial assets-current measured at fair value through profit and loss	1,200,000	39,440 (USD 1,284,288)	-	39,440 (USD 1,284,288)	
	Bonds	Mitsubishi UFJ Financial Group bonds MUFG 8.2 RERP(I)	None	Financial assets-current measured at fair value through profit and loss	200,000	6,693 (USD 217,934)	-	6,693 (USD 217,934)	
	Bonds	Mitsubishi UFJ Financial Group bonds MUFG 8.2 RERP(II)	None	Financial assets-current measured at fair value through profit and loss	300,000	10,014 (USD 326,070)	-	10,014 (USD 326,070)	
	Bonds	UBS Group Bonds UBS 9.25 PERP(5Y)(I)	None	Financial assets-current measured at fair value through profit and loss	1,800,000	\$59,621 (USD 1,941,408)	-	\$59,621 (USD 1,941,408)	
	Bonds	UBS Group Bonds UBS 9.25 PERP(10Y)(I)	None	Financial assets-current measured at fair value through profit and loss	3,100,000	105,648 (USD 3,440,194)	-	105,648 (USD 3,440,194)	

(Continuing to next page)

Notes to The Parent Company Only Financial Statements of G-SHANK ENTERPRISE CO., LTD.

(Continuing)

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

(Continued from the last page)

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

Holding company	Type of securities	Name of securities	Relationship with the securities issuer	Accounting title	December 31, 2022				Remarks
					Shares /unit /1,000 shares	Book amount	Shareholding ratio (%)	Fair value /net value	
G-SHANK ENTERPRISE CO., LTD.	Bonds	UBS Group Bonds UBS 9.25 PERP(5Y)(II)	None	Financial assets-current measured at fair value through profit and loss	1,000,000	33,099 (USD 1,077,800)		33,099 (USD 1,077,800)	
	Bonds	UBS Group Bonds UBS 9.25 PERP(10Y)(II)	None	Financial assets-current measured at fair value through profit and loss	300,000	10,222 (USD 332,583)		10,222 (USD 332,583)	
CHIN DE INVESTMENT CO., LTD.	Bonds	HSBC Holding bonds HSBC 6 PERP	None	Financial assets-current measured at fair value through profit and loss	470,000	13,704 (USD 446,251)	-	13,704 (USD 446,251)	
	Bonds	Societe Generale bonds SOCGEN 10 PERP	None	Financial assets-current measured at fair value through profit and loss	860,000	28,265 (USD 920,381)	-	28,265 (USD 920,381)	
GREAT-SHANK CO., LTD.	Funds	KFAFIX-A	None	Financial assets-current measured at fair value through profit and loss	3,099,082	32,070 (THB 35,672,909)	-	32,070 (THB 35,672,909)	
	Funds	BBL-AIBP6-23	None	Financial assets-current measured at fair value through profit and loss	1,320,000	11,938 (THB 13,278,804)	-	11,938 (THB 13,278,804)	
	Funds	SCBCP3M45	None	Financial assets-current measured at fair value through profit and loss	700,000	6,307 (THB 7,015,680)	-	6,307 (THB 7,015,680)	
	Funds	SCBFIXEDA	None	Financial assets-current measured at fair value through profit and loss	1,799,652	17,389 (THB 19,342,837)	-	17,389 (THB 19,342,837)	
	Funds	SCBINCA	None	Financial assets-current measured at fair value through profit and loss	960,642	9,019 (THB 10,031,797)	-	9,019 (THB 10,031,797)	
	Funds	SCBSF6MT7	None	Financial assets-current measured at fair value through profit and loss	900,000	8,155 (THB 9,071,100)	-	8,155 (THB 9,071,100)	

(D) Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital:

None

Notes to The Parent Company Only Financial Statements of G-SHANK ENTERPRISE CO., LTD.

(Continuing)

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

(E) Acquired real estate for an amount of more than NT\$300 million or 20% of the paid-in capital:

Unit: NT\$ Thousand

Company Name	Property	Event Date	Transaction Amount	Payment Term	Counterparty	Relationship	Prior Transactions of Related Counter Party				Pricing Reference	Purpose of Acquisition	Other Term
							Owner	Relationships	Transfer Date	Aamount			
G-SHANK ENTERPRISE CO., LTD.	Land, buildings, and ancillary equipment	Octemeber 27,2023 (Note1)	\$1,550,000	\$310,000	FLEX TEK CO., LTD.	None	N/A	N/A	N/A	\$-	Note3	For company operational use	None

Note 1: As of the end of the reporting period, the seller has not fulfilled the key delivery conditions of the contract, therefore, the advance payment for equipment is temporarily recorded.

Note 2: Refers to the signing date of the transaction.

Note 3: The company obtained appraisal reports from Cushman & Wakefield Real Estate Appraisal Firm and Jiaju Real Estate Appraisal Firm.

(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 The Parent Company Only Financial Statements of G-SHANK ENTERPRISE CO., LTD.

(Continuing)

(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	\$310	Note 4	0.01%
				Cost of goods sold	279	Note 5	-
				Other income	23,872	Note 7	0.42%
				Accounts receivable -related party	49		-
				Accounts payables -related party	133		-
				Other payables -related party	9		-
0	G-SHANK ENTERPRISE CO., LTD.	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	1	Other income	1,064	Note 7	0.02%
0	G-SHANK ENTERPRISE CO., LTD.	XIAMEN G-SHANK PRECISION MACHINERY CO., LTD.	1	Other income	2,635	Note 7	0.05%
0	G-SHANK ENTERPRISE CO., LTD.	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD	1	Cost of goods sold	1,478	Note 5	0.03%
				Other income	6,851	Note 7	0.12%
				Accounts payables -related party	618		0.01%
0	G-SHANK ENTERPRISE CO., LTD.	QINGDAO G-SHANK PRECISION SDN.BHD.	1	Sales income	27	Note 4	-
				Other income	4,322	Note 7	0.08%
				Accounts receivable -related party	26		-
				Other payables -related party	4		-

(Continuing to next page)

Notes to The Parent Company Only Financial Statements of G-SHANK ENTERPRISE CO., LTD.

(Continuing)

(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.	SHENZHEN G-SHANK PRECISION SDN.BHD.	1	Cost of goods sold	\$694	Note 5	0.01%
				Other income	2,645	Note 7	0.05%
				Other payables -related party	19		-
0	G-SHANK ENTERPRISE CO., LTD.	TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.	1	Cost of goods sold	66	Note 5	-
				Other income	4,479	Note 7	0.08%
				Accounts payables -related party	13		-
0	G-SHANK ENTERPRISE CO., LTD.	G-SHANK, INC.	1	Sales income	5,671	Note 4	0.10%
				Accounts receivable -related party	216		-
				Other receivables – related party	66		-
0	G-SHANK ENTERPRISE CO., LTD.	SHENZHEN G-BAO PRECISION SDN.BHD.	1	Sales income	2,221	Note 4	0.04%
				Cost of goods sold	77	Note 5	-
				Other income	4,216	Note 7	0.07%
				Accounts receivable -related party	141		-
				Other payables -related party	30		-
0	G-SHANK ENTERPRISE CO., LTD.	GREAT-SHANK CO., LTD.	1	Sales income	4,595	Note 4	0.08%
				Cost of goods sold	167	Note 5	-
				Other income	4,101	Note 7	0.07%
				Accounts receivable -related party	799		0.01%
				Other receivables – related party	874		0.01%

(Continuing to next page)

Notes to The Parent Company Only Financial Statements of G-SHANK ENTERPRISE CO., LTD.

(Continuing)

(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.	G-SHANK ENTERPRISE (M) SDN. BHD.	1	Sales income	\$5,819	Note 4	0.10%
				Other income	6,711	Note 7	0.12%
				Accounts receivable -related party	782		0.01%
0	G-SHANK ENTERPRISE CO., LTD.	PT INDONESIA G-SHANK PRECISION	1	Sales income	784	Note 4	0.01%
0	G-SHANK ENTERPRISE CO., LTD.	G-SHANK JAPAN CO., LTD	1	Sales income	2,899	Note 4	0.05%
				Cost of goods sold	470	Note 5	0.01%
				Operating expense	530	Note 7	0.01%
				Accounts receivable -related party	10		-
				Other receivables – related party	10		-
				Other payables -related party	70		-
1	SHANGHAI G-SHANK PRECISION	HONG JING (SHANGHAI) ELECTRONICS CO., LTD.	3	Sales income	2,928	Note 6	0.05%
				Cost of goods sold	89,970	Note 6	1.57%
				Other profit and loss	15,779	Note 7	0.27%
				Accounts receivable -related party	862		0.01%
				Other receivables – related party	3,250		0.03%
				Other payables -related party	26,252		0.27%
1	SHANGHAI G-SHANK PRECISION	.TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.	3	Sales income	142	Note 6	-

(Continuing to next page)

Notes to The Parent Company Only Financial Statements of G-SHANK ENTERPRISE CO., LTD.

(Continuing)

(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 RECISION	SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD.	3	Sales income	\$2,466	Note 6	0.04%
				Cost of goods sold	43,261	Note 6	0.75%
				Other profit and loss	19,826	Note 7	0.35%
				Accounts receivable -related party	597		0.01%
				Other receivables – related party	46,917		0.48%
				Other payables -related party	8,643		0.09%
1	SHANGHAI G-SHANK RECISION	GREAT-SHANK CO., LTD..	3	Sales income	170	Note 6	-
				Other receivables – related party	100		-
1	SHANGHAI G-SHANK RECISION	G-SHANK JAPAN CO., LTD	3	Sales income	2,907	Note 6	0.05%
				Cost of goods sold	16,674	Note 6	0.29%
				Accounts receivable -related party	140		-
				Other payables -related party	4,166		0.04%
1	SHANGHAI G-SHANK RECISION	PT INDONESIA G-SHANK PRECISION	3	Sales income	7,941	Note 6	0.14%
				Accounts receivable -related party	5,246		0.05%
1	SHANGHAI G-SHANK RECISION	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	3	Sales income	289	Note 6	0.015
				Cost of goods sold	3,533	Note 6	0.06%
				Accounts receivable -related party	258		-
1	SHANGHAI G-SHANK RECISION	G-SHANK ENTERPRISE (M) SDN. BHD.	3	Sales income	228	Note 6	-
				Cost of goods sold	616	Note 6	0.01%
				Accounts payables -related party	159		-

(Continuing to next page)

Notes to The Parent Company Only Financial Statements of G-SHANK ENTERPRISE CO., LTD.

(Continuing)

(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 ECISION	HUBEI HANSTAR ELECTRONICS TECHNOLOGY CO., LTD.	3	Sales income	\$1,878	Note 6	0.03%
				Cost of goods sold	7,631	Note 6	0.13%
				Accounts payables -related party	922		0.01%
1	SHANGHAI G-SHANK ECISION	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	3	Sales income	57	Note 6	-
				Accounts receivable -related party	37		-
1	SHANGHAI G-SHANK ECISION	QINGDAO G-SHANK PRECISION SDN.BHD.	3	Sales income	1	Note 6	-
				Cost of goods sold	6,726		0.12%
				Other payables -related party	1,396		0.01%
2	SHENZHEN G-SHANK PRECISION SDN.BHD.	SHENZHEN G-BAO PRECISION SDN.BHD.	3	Sales income	782	Note 6	0.01%
				Cost of goods sold	57	Note 6	-
				Accounts receivable -related party	657		0.01%
2	SHENZHEN G-SHANK PRECISION SDN.BHD.	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	3	Cost of goods sold	93	Note 6	-
				Other payables -related party	23		-
2	SHENZHEN G-SHANK PRECISION SDN.BHD.	XIAMEN G-SHANK PRECISION MACHINERY CO., LTD.	3	Sales income	622	Note 6	0.01%
2	SHENZHEN G-SHANK PRECISION SDN.BHD.	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	3	Sales income	73	Note 6	-

(Continuing to next page)

Notes to The Parent Company Only Financial Statements of G-SHANK ENTERPRISE CO., LTD.
(Continuing)

(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)
2	SHENZHEN G-SHANK PRECISION SDN.BHD.	GREAT-SHANK CO., LTD.	3	Sales income Accounts receivable -related party	\$462 252	Note 6	0.01%-
3	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	G-SHANK JAPAN CO., LTD.	3	Cost of goods sold	232	Note 6	-
3	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	3	Cost of goods sold	8	Note 6	-
4	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.	3	Sales income	110	Note 6	-
4	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	SHENZHEN G-BAO PRECISION SDN.BHD.	3	Sales income Accounts receivable -related party	222 125	Note 6	- -
4	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	HUBEI HANSTAR ELECTRONICS TECHNOLOGY CO., LTD.	3	Sales income	367	Note 6	0.01%
4	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	DONGGUAN QIAOJUTRADING CO., LTD.	3	Sales income Other profit and loss Accounts receivable -related party Other receivables – related party	\$13,956 158 2,216 30	Note 6	0.24% - 0.02% -

(Continuing to next page)

Notes to The Parent Company Only Financial Statements of G-SHANK ENTERPRISE CO., LTD.

(Continuing)

(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)
5	G-SHANK ENTERPRISE (M) SDN. BHD.	G-SHANK JAPAN CO., LTD.	3	Sales income	\$6,425	Note 6	0.11%
				Cost of goods sold	7,897	Note 6	0.14%
				Accounts receivable -related party	961		0.01%
				Accounts payables -related party	1,526		0.02%
6	HONG JING (SHANGHAI) ELECTRONICS CO., LTD.	SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD.	3	Sales income	1	Note 6	-
7	G-SHANK JAPAN CO., LTD.	SHENZHEN G-BAO PRECISION SDN.BHD.	3	Cost of goods sold	1,825	Note 6	0.03%
				Accounts payables -related party	15		-
7	G-SHANK JAPAN CO., LTD.	PTINDONESIA G-SHANK PRECISION	3	Sales income	353	Note 6	0.01%
7	G-SHANK JAPAN CO., LTD.	GREAT-SHANK CO., LTD.	3	Other receivables – related party	50		-
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 PRECISION MACHINERY CO., LTD.	3	Cost of goods sold	699	Note 6	0.01%
				Accounts payables -related party	92		-

(Continuing to next page)

(Continuing)

(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)
8	QINGDAO G-SHANK PRECISION SDN.BHD	TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.	3	Sales income	\$633	Note 6	0.01%
				Accounts receivable -related party	122		-

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

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

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

- (a) The parent company to the consolidated subsidiary;
- (b) Consolidate subsidiary to parent company;
- (c) Consolidated subsidiary to consolidated subsidiary;

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

Notes to The Parent Company Only Financial Statements of G-SHANK ENTERPRISE CO., LTD.

(Continuing)

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

Note 4: The products sold are mostly equipment, tools, and materials used for production with the price negotiated by both parties by adding a percentage to the cost or by the cost price of trade depending on the type of product traded; also, taking into account the expenses and exchange rate risk. However, the specifications of products that are sold to related parties are exclusive; therefore, there is no other customer available for comparison. The payment term of sales to a related party is OA 60-150 days.

Note 5: The purchase is mostly for molds and parts with special specifications from one single supplier. Therefore, there is no other purchase price available for comparison. The payment term for such single supplier is OA 60-120 days.

Note 6: The collection (payment) term is OA 90-150 days according to the contract signed.

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

Notes to The Parent Company Only Financial Statements of G-SHANK ENTERPRISE CO., LTD.

(Continuing)

(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 December 31, 2023.

Unit : NTD Thousand/USD/MYR

Investor Company	Investee Company	Location	Main business operation	Original investment amount (Note 12)		As of December 31, 2023			Current profit (loss) of the Investee Company	Investment profit (loss) recognized in current period (Note 11)	Footnote
				December 31, 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	\$54,271	\$1,558	\$1,558	
	GRAND STAR ENTERPRISES L.L.C. (Note 2)	Note 2	General investment	590,864	590,864	-	100.00	1,615,801	115,862	115,968	
	G-SHANK, INC.	Note 3	Stamping parts molds, fixtures	36,686	36,686	1,000	100.00	375,076	24,107	24,210	
	G-SHANK ENTERPRISE (M) SDN. BHD.	Note 4	Stamping parts molds, fixtures	85,112	85,112	6,924,750	92.33	409,297	80,359	74,378	
	GREAT-SHANK CO., LTD.	Note 5	Precision progressive die and hardware products	69,509	69,509	7,968,750	85.00	132,100	19,881	16,897	
	G-SHANK JAPAN CO., LTD.	Note 6	International trade	19,749	19,749	1,060	58.89	14,678	4,924	2,900	
	SUNFLEX TECHNOLOGY CO., LTD.	Note 7	Manufacturing and trading of electronic components	40,448	40,448	9,940,956	14.48	168,076	68,875	9,977	

(Continuing to next page)

Notes to The Parent Company Only Financial Statements of G-SHANK ENTERPRISE CO., LTD.

(Continuing)

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

(Continued from the last page)

Unit : NTD Thousand/USD/MYR

Investor Company	Investee Company	Location	Main business operation	Original investment amount (Note 12)		As of December 31, 2023			Current profit (loss) of the Investee Company	Investment profit (loss) recognized in current period (Note 11)	Footnote
				December 31, 2023	December 31, 2022	Number of shares	Ratio (%)	Book amount (Note 11)			
CHIN DE INVESTMENT CO., LTD.	SUNFLEX TECHNOLOGY CO., LTD.	Note 7	Manufacturing and trading of electronic components	217	217	10,000	0.01	172	68,875	10	
G-SHANK ENTERPRISE (M) SDN. BHD.	PT INDONESIA G-SHANK PRECISION	Note 8	Stamping parts molds, fixtures	\$47,868 (RM7,144,500)	\$47,868 (RM7,144,500)	18,800	94.00	\$219,834 (RM32,811,117)	\$37,862 (RM5,545,933)	-	
G-SHANK, INC.	G-SHANK DEMEXICO,S. A. DE C.V.	Note 9	Stamping parts molds, fixtures	4,884 (USD159,025)	4,884 (USD159,025)	-	100.00	32,957 (USD1,073,160)	9,336 (USD300,012)	-	
GRAND STAR ENTERPRISES L.L.C. (Note 2)	GLOBAL STAR INTERNATIONAL CO., LTD.	Note 10	General investment	590,185 (USD19,218,011)	590,185 (USD19,218,011)	19,218,011	100.00	1,603,243	115,281	-	

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: It is calculated based on the financial statements of the invested companies for the same period audited by the accountants.

Note 12: The original investment amount at the end of the current period and the end of last year is calculated according to the exchange rate on December 31, 2023.

(Continuing)

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

(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	\$364,333	85.00	\$309,683	\$1,912,900	\$1,763,089 (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	11,984	80.19	9,610	66,719	95,126 (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	16,698	51.00	8,516	122,152	20,949 (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	(1,242)	79.60	(989)	85,231	70,082 (USD2,282,062)

(Continuing to next page)

Notes to The Parent Company Only Financial Statements of G-SHANK ENTERPRISE CO., LTD.

(Continuing)

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

(Continued from the last page)

Unit : NTD Thousand/USD/MYR

Invested company in China	Main business operation	Paid-in capital	Investment method	Cumulative investment amount remitted out of Taiwan in current period - beginning	Investment amount remitted in or out in current period		Cumulative investment amount remitted out of Taiwan in current period - ending	Current profit (loss) of the invested company	The company's direct or indirect investment shareholding ratio (%)	Investment profit (loss) recognized in current period (Note 4)	Book amount of investment - ending	Investment profit remitted into Taiwan as of current period
					Remitted out	Remitted in						
G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	Planer, milling machine or die machine, precision continuous die and hardware products	USD1,400,000	Investment through the company set up in the third region (Note F)	USD1,671,825	\$-	\$-	USD1,671,825	\$46,622	100.00	\$46,622	\$287,149	\$120,151 (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	(1,410)	92.83	(1,309)	224,575	333,546 (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	37,660	88.20	33,216	214,290	117,207 (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	-	-	USD255,000	20,725	85.00	17,616	91,720	590,082 (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	(24,911)	93.85	(23,379)	97,289	8,007 (USD260,742)

(Continuing to next page)

Notes to The Parent Company Only Financial Statements of G-SHANK ENTERPRISE CO., LTD.

(Continuing)

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

(Continued from the last page)

Unit : NTD Thousand/USD/MYR

Invested company in China	Main business operation	Paid-in capital	Investment method	Cumulative investment amount remitted out of Taiwan in current period - beginning	Investment amount remitted in or out in current period		Cumulative investment amount remitted out of Taiwan in current period - ending	Current profit (loss) of the invested company	The company's direct or indirect investment shareholding ratio (%)	Investment profit (loss) recognized in current period (Note 4)	Book amount of investment - ending	Investment profit remitted into Taiwan as of current period
					Remitted out	Remitted in						
SHENZHEN G-BAO PRECISION SDN.BHD.	Precision progressive die and hardware products	USD3,150,000	Investment through the company set up in the third region (Note K)	USD2,880,000	\$-	\$-	USD2,880,000	\$30,836	91.43	\$28,194	\$428,040	\$151,612 (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.	-	-	-	-	(1,606)	100.00	(1,606)	85,860	-
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.	-	-	-	-	2,473	100.00	2,473	36,659	-
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.	-	-	-	-	2,142	100.00	2,142	241,576	-

Notes to The Parent Company Only Financial Statements of G-SHANK ENTERPRISE CO., LTD.

(Continuing)

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

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)
\$647,555 (USD21,086,140)	\$867,787 (USD28,257,472)	\$4,050,906

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 Company's share of profit or loss from subsidiaries accounted for using the equity method for the year 2023 is calculated based on the audited financial statements of these investee companies for the same period.

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.

(Continuing)

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

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 December 31, 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.

(Continuing)

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

- 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.

(Continuing)

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

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

Note G: HON YEY 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

(Continuing)

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

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 7 and 13.(1)(J) of the consolidated financial report for details.
 - (b) The sales amount and percentage and the related receivable amount and percentage at yearend: Please refer to Note 7 and 13.(1)(J) of the consolidated financial report for details.
 - (c) The property transaction amount and the profit and loss resulted : None
 - (d) The ending balance and purpose of notes endorsements/guarantees or collateral provided: None
 - (e) Maximum balance amount, ending balance amount, interest rate range, and total interest of the current period of loans: 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.

(Continuing)

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

(4) Major Shareholder information

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

o Major shareholders	Shares	Shareholding (shares)	Shareholding ratio (%)
JIHONG ^t INVESTMENT CO., LTD.		16,089,465 shares	8.43
CHEN-LIN ^e INVESTMENT COMPANY		9,883,790 shares	5.17

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

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

14. DEPARTMENT INFORMATION

The company has disclosed departmental information in the consolidated financial report, so the parent company only financial report may not be disclosed according to regulation.

G-SHANK ENTERPRISE CO., LTD.
1.Statement of Cash and Cash Equivalents
December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Description		Amount	Note
Cash and petty cash			\$ 2,909	1.2023.12.31exchange rate : 1 USD = NT30.71 1 JPY = NT0.2174 1 RMB = NT4.329 2.Demand deposits include foreign currency : USD 1,257,612.59 JPY 7,514,678.20 3.Time deposits with foreign currency : USD 15,980,000.00 RMB 3,052,551.15
Checking deposit and savings deposit	<u>Maturity Date</u>	<u>Interest Rates</u>	112,369	
Time deposits	2024.01.05-2024.08.12	1.5%~5.913%	<u>503,960</u>	
Total			<u>\$ 619,238</u>	

G-SHANK ENTERPRISE CO., LTD.

2.Statement of Financial Assets at Fair Value through Profit or Loss - Current

December 31, 2023

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Name of securities	Shares /unit /1,000 shares	unit cost /face value	Total Amount	Rates	Acquisition cost	Market Value		Changes in fair value attributable to changes in credit risk	Note
						Unit Pric(\$US)	Total Amount		
Financial assets-Bonds :									
HSBC Holdings Bonds HSBC 6 RERP(I)	3,100,000	USD 99.4998	USD 3,084,494	6.000%	\$ 95,248	USD 95.6180	\$ 91,029		
Macquarie Bank Bonds MQGAU 6 1/8 PERP	1,400,000	USD 102.7251	USD 1,438,152	6.125%	45,252	USD 92.8960	39,940		
DB-Deutsche Bank AG bonds DB 7.5 PERP(I)	1,600,000	USD 103.1650	USD 1,650,640	7.500%	50,185	USD 97.4820	47,899		
BCS-Barclays Plc bonds BACK 8 PERP	200,000	USD 105.0000	USD 210,000	8.000%	6,387	USD 99.4130	6,106		
BCS-Barclays Plc bonds(2022) BACK 8 PERP(I)	2,290,000	USD 96.4466	USD 2,208,628	8.000%	66,856	USD 97.6210	68,653		
Societe Generale bonds SOCGEN 9 3/8 PERP(I)	1,280,000	USD 106.9156	USD 1,368,520	9.375%	41,571	USD 104.4820	41,071		
BNP Paribas bonds BNP 9.25 PERP(I)	3,000,000	USD 105.1167	USD 3,153,500	9.250%	101,158	USD 106.9710	98,552		
Societe Generale bonds SOCGEN 10 PERP(I)	2,830,000	USD 102.8913	USD 2,911,824	10.000%	92,502	USD 107.0660	93,050		
UBS Group Bonds UBS 9.25 PERP(5Y)(I)	1,800,000	USD 102.3050	USD 1,841,490	9.250%	58,668	USD 107.8560	59,621		
UBS Group Bonds UBS 9.25 PERP(10Y)(I)	3,100,000	USD 104.3819	USD 3,235,840	9.250%	103,700	USD 110.9740	105,648		
Societe Generale bonds SOCGEN 6.75 PERP	2,000,000	USD 100.9875	USD 2,019,750	6.750%	59,924	USD 89.0110	54,671		
HSBC Holdings Bonds HSBC 6 PERP(II)	500,000	USD 100.4040	USD 502,020	6.000%	14,957	USD 95.3970	14,648		
HSBC Holdings Bonds HSBC 6 3/8 RERP	1,000,000	USD 99.9500	USD 999,500	6.375%	30,238	USD 99.1550	30,451		
DB-Deutsche Bank AG bonds DB 7.5 PERP(II)	800,000	USD 104.6625	USD 837,300	7.500%	23,911	USD 97.3150	23,908		
BCS-Barclays Plc bonds(2022) BACK 8 PERP(II)	800,000	USD 100.0344	USD 800,275	8.000%	24,639	USD 97.4940	23,952		
Societe Generale bonds SOCGEN 9 3/8 PERP(II)	1,300,000	USD 106.4498	USD 1,383,848	9.375%	43,129	USD 104.3950	41,678		
Internationale Nederlanden Group N.V. bonds INTNED 7 1/2 PERP	500,000	USD 100.4500	USD 502,250	7.500%	15,353	USD 100.1070	15,371		
BNP Paribas bonds BNP 8.5 PERP	800,000	USD 98.9200	USD 791,360	8.500%	25,248	USD 104.9800	25,791		
BCS-Barclays Plc bonds BACK 9.625 PERP(I)	940,000	USD 104.4400	USD 981,736	9.625%	30,781	USD 104.2550	30,096		
BNP Paribas bonds BNP 9.25 PERP(II)	1,200,000	USD 102.9000	USD 1,234,800	9.250%	38,670	USD 107.0240	39,440		
HSBC Holdings Bonds HSBC 6.547 RERP	200,000	USD 95.2900	USD 190,580	6.547%	6,148	USD 104.7330	6,433		
HSBC Holdings Bonds HSBC 8 RERP	500,000	USD 100.5160	USD 502,580	6.000%	15,952	USD 103.7040	15,924		
Mitsubishi UFJ Financial Group bonds MUFG 8.2 PERP(I)	200,000	USD 101.5000	USD 203,000	8.200%	6,032	USD 108.9670	6,693		
Societe Generale bonds SOCGEN 10 PERP(II)	2,308,000	USD 106.3471	USD 2,454,491	10.000%	77,896	USD 107.0210	75,855		
UBS Group Bonds UBS 9.25 PERP(5Y)(II)	1,000,000	USD 101.3340	USD 1,013,340	9.250%	31,879	USD 107.7800	33,099		
UBS Group Bonds UBS 9.25 PERP(10Y)(II)	300,000	USD 102.1500	USD 306,450	9.250%	9,329	USD 110.9510	10,222		
BNP Paribas bonds BNP 5 1/8 PERP	200,000	USD 99.1000	USD 198,200	5.125%	6,354	USD 86.1980	5,294		
HSBC Holdings Bonds HSBC 6 RERP(III)	700,000	USD 101.1714	USD 708,200	6.000%	22,706	USD 94.9470	20,411		
HSBC Holdings Bonds HSBC 8 RERP(II)	787,000	USD 100.5527	USD 791,350	6.000%	24,098	USD 103.1000	24,918		
HSBC Holdings Bonds HSBC 6.5 RERP	500,000	USD 93.3000	USD 466,500	6.500%	14,103	USD 96.6200	14,836		
Mitsubishi UFJ Financial Group bonds MUFG 8.2 PERP(II)	300,000	USD 101.5850	USD 304,755	8.200%	9,452	USD 108.6900	10,014		
BCS-Barclays Plc bonds BACK 9.625 PERP(II)	2,990,000	USD 100.0138	USD 2,990,414	9.625%	91,035	USD 104.0100	95,505		
Societe Generale bonds SOCGEN 10 PERP(III)	1,500,000	USD 101.7000	USD 1,525,500	10.000%	46,401	USD 106.3800	49,004		
Subtotal			USD 42,811,287		\$ 1,329,762		1,319,783		
Derivative financial instrument :									
SWAP contracts	-	-	-	-	-	-	348		
Total							\$1,320,131		

G-SHANK ENTERPRISE CO., LTD.

3. Statement of Net Notes Receivable

December 31, 2023

(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount	Note
Notes receivable			The notes receivable in the left column are due to operation.
Client A		\$ 3,532	
Client B		309	
Others	(Note)	<u>254</u>	
Total		4,095	
Less: Allowance loss		<u>-</u>	
Net amount		<u>\$ 4,095</u>	

Note: The balance of each customer does not exceed 5% of the balance of this item.

G-SHANK ENTERPRISE CO., LTD.
4. Statement of Net Accounts Receivable
December 31, 2023

(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount	Note
Notes receivable			The notes receivable in the left column are due to operation.
Client C		\$ 70,549	
Client D		51,813	
Client E		36,514	
Client F		34,976	
Client G		28,324	
Client H		26,316	
Others	(Note)	183,082	
Total		431,574	
Less: Allowance loss		(622)	
Net amount		\$ 430,952	

Note: The balance of each customer does not exceed 5% of the balance of this item.

G-SHANK ENTERPRISE CO., LTD.
5.Statement of Account Receivable - Related Parties
December 31, 2023

(In Thousands of New Taiwan Dollars)

Name of related party	Description	Amount	Note
Account receivable			
GREAT-SHANK CO., LTD.		\$ 799	
G-SHANK ENTERPRISE (M) SDN. BHD.		782	
G-SHANK, INC.		216	
SHENZHEN G-BAO PRECISION		141	
SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.		49	
QINGDAO G-SHANK PRECISION SDN.BHD.		26	
G-SHANK JAPAN CO., LTD.		10	
SUNFLEX TECHNOLOGY CO., LTD		3	
Total		<u>\$ 2,026</u>	

G-SHANK ENTERPRISE CO., LTD.

6. Statement of Other Receivables

December 31, 2023

(In Thousands of New Taiwan Dollars)

Items	Description	Amount	Note
Accounts receivable for interest		\$ 23,394	
Accounts receivable for tax refunds	VAT	4,072	
Others		<u>2,645</u>	
Total		<u>\$ 30,111</u>	

G-SHANK ENTERPRISE CO., LTD.

7. Statement of Other Receivables - Related Parties

December 31, 2023

(In Thousands of New Taiwan Dollars)

Name of related party	Description	Amount	Note
GREAT-SHANK CO., LTD.		\$ 874	
G-SHANK, INC.		66	
G-SHANK JAPAN CO., LTD.		<u>10</u>	
Total		<u>\$ 950</u>	

G-SHANK ENTERPRISE CO., LTD.

8. Statement of Inventory

December 31, 2023

(In Thousands of New Taiwan Dollars)

Items	Description	Amount		Note
		Cost	Net Realizable Value	
Raw materials		\$ 53,780	\$ 55,196	1. The inventories listed on the left are not guaranteed or pledged.
Supplies		10,624	10,903	
Work in process		83,381	70,326	2. Inventories are evaluated at the lower of cost and net realizable value at the end of the period. When comparing cost and net realizable value, except for inventories of the same category, individual items are compared item by item.
Finished product		73,393	128,233	
Merchandise		363	516	
Total		221,541	\$ 265,174	
Less: Allowance to reduce inventory to market		(33,263)		
Book amount		<u>\$ 188,278</u>		

G-SHANK ENTERPRISE CO., LTD.

9. Statement of Prepayments and Other Current Assets

December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Prepaid expenses		\$ 5,038	
Prepayment for purchases		3,542	
Others		<u>1,033</u>	
Total		<u><u>\$ 9,613</u></u>	

G-SHANK ENTERPRISE CO., LTD.

10. Statement of Other Financial Assets - Current

December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Description		Amount	Note
Special account for transferring overseas funds back to Taiwan Time deposit	<u>Maturity Date</u>	<u>Interest Rates</u>		1.2023.12.31 exchange rate : 1 USD = NT 30.71
	2024.12.20	5.10%	\$ <u>7,637</u>	2. Time deposits with foreign currency : USD 248,676.43

G-SHANK ENTERPRISE CO., LTD.

11. Statement of Changes in Fair Value of Financial Assets Measured at Fair Value through Other Comprehensive Income - Non-Current
For the year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Name	Beginning of the period		Additions in Investment		Decrease in Investment		Equity instrument investment evaluation adjustment	End of period		Accumulated Impairment Loss	Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount		Shares	Market Value			
Unlisted stocks REEL MASK INDUSTRY CO., LTD.	3,392,713	<u>\$ 262,023</u>	-	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ 58,880</u>	3,392,713	<u>\$ 320,903</u>	N/A	None	

G-SHANK ENTERPRISE CO., LTD.
12. Statement of Changes in Investments Accounted for Using Equity Method
For the year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Investees	Beginning of the period		Additions in Investment		Decrease in Investment		Share of the profit (loss) of associates	Exchange differences on translating foreign operations	End of period			Market Value or Net Assets Value		Collateral	Remark
	Shares	Amount	Shares	Amount	Shares	Amount			Shares	Shareholding ratio	Amount	Unit Price (NT\$)	Total Amount		
Investments accounted for using equity method															
CHIN DE INVESTMENT CO., LTD.	5,000,000	\$ 52,709	-	\$ 4 (NOTE 1)	-	\$ -	\$ 1,558	\$ -	5,000,000	100.00%	\$ 54,271	\$ 10.85	\$ 54,271	N/A	Note 5
G-SHANK, INC.	1,000	351,069	-	-	-	-	24,210	(203)	1,000	100.00%	375,076	375,396.00	375,396	N/A	Note 5
GRAND STAR ENTERPRISES L.L.C.	-	1,681,772	-	-	-	(150,997) (NOTE 2)	115,968	(30,941)	-	100.00%	1,615,802	-	1,615,978	N/A	Note 5
G-SHANK ENTERPRISE (M) SDN. BHD.	6,924,750	383,540	-	-	-	(42,645) (NOTE 2)	74,378	(5,976)	6,924,750	92.33%	409,297	59.17	409,734	N/A	Note 5
SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.	-	1,636,821	-	-	-	-	309,684	(33,515)	-	85.00%	1,912,990	-	1,912,990	N/A	Note 5
GREAT-SHANK CO., LTD.	7,968,750	174,756	-	-	-	(60,288) (NOTE 2)	16,897	735	7,968,750	85.00%	132,100	16.59	132,179	N/A	Note 5
G-SHANK JAPAN CO., LTD.	1,060	12,644	-	-	-	-	2,900	(866)	1,060	58.89%	14,678	13,847.17	14,678	N/A	Note 5
SUNFLEX TECHNOLOGY CO., LTD.	9,940,956	161,006	-	3,890 (NOTE 3)	-	(6,797) (NOTE 4)	9,977	-	9,940,956	14.48%	168,076	29.40	292,264	N/A	Note 5
G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	-	15,940	-	-	-	(1,557) (NOTE 2)	2,732	(288)	-	5.86%	16,827	-	16,827	N/A	Note 5
Total		<u>\$ 4,470,257</u>		<u>\$ 3,894</u>		<u>\$ (262,284)</u>	<u>\$ 558,304</u>	<u>\$ (71,054)</u>			<u>\$ 4,699,117</u>		<u>\$ 4,824,317</u>		

Note 1 : The fluctuation amount of unrealized losses on financial assets measured at fair value through other comprehensive income - items not reclassified to profit or loss - attributed to subsidiary recognized using the equity method is NTD \$4 thousands.

Note 2 : Cash dividends issued by investee companies.

Note 3 : Represents the share of other comprehensive income of associates accounted for using the equity method - items not reclassified to profit or loss - unrealized gains on financial assets measured at fair value through other comprehensive income, amounting to NT\$3,594 thousand, and the variation recognized in associates accounted for using the equity method amounting to NT\$296 thousand.

Note 4 : Represents the share of other comprehensive income of associates accounted for using the equity method - items not reclassified to profit or loss - remeasurement amount of defined benefit plans of NT\$37 thousand, and cash dividends distributed by investee companies of NT\$6,760 thousand.

Note 5 : Calculated based on the audited financial statements of the aforementioned investee companies for the same period by the accountant.

G-SHANK ENTERPRISE CO., LTD.

13. Statement of Changes in Cost of Real Estate, Buildings, and Equipment
For the year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

For relevant information, please refer to Note 6.(9)(A) of the parent company only financial report.

G-SHANK ENTERPRISE CO., LTD.

14. Statement of Changes in Accumulated Depreciation of Real Estate, Buildings, and Equipment
For the year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

For relevant information, please refer to Note 6.(9)(A) of the parent company only financial report.

G-SHANK ENTERPRISE CO., LTD.

15. Statement of Changes in Intangible Assets
For the year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

For relevant information, please refer to Note 6.(10)(A) of the parent company only financial report.

G-SHANK ENTERPRISE CO., LTD.

16. Statement of Deferred Tax Assets
December 31, 2023

(In Thousands of New Taiwan Dollars)

For relevant information, please refer to Note 6.(26)(D) of the parent company only financial report.

G-SHANK ENTERPRISE CO., LTD.

17.Statement of Advances for Equipment, Deposits, and Other Non-Current Assets - Other
December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Prepayments for business facilities	Prepayment for the facilities that has not been Shipped to the Company	\$ <u>311,081</u>	
Refundable deposits	Lease guarantee, etc.	\$ <u>499</u>	
Other noncurrent assets, others	Details listed on important account statement 18	\$ <u>4,978</u>	

G-SHANK ENTERPRISE CO., LTD.

18. Statement of Changes in Other Non-Current Assets - Other

For the year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Items	Beginning of the period	Increase during the period	Decrease during the period	reclassification	End of the period	Note
Deferred expenses						
Mole expense	\$ 5,054	\$ 3,547	\$ (3,623)	\$ -	\$ 4,978	
Other	124	-	(124)	-	-	
Total	<u>\$ 5,178</u>	<u>\$ 3,547</u>	<u>\$ (3,747)</u>	<u>\$ -</u>	<u>\$ 4,978</u>	

G-SHANK ENTERPRISE CO., LTD.
 19.Statement of Short-term Borrowings
 December 31, 2023

(In Thousands of New Taiwan Dollars)

Borrowing items	Directions	End of the period	Contract period	Interest rate	Financing available Mortgage or	Collateral	Note
Credit loan							
BANK SINOPAC		\$ 140,000	2023.12.25-2024.12.31	2.061%	\$ 310,000	None	
CATHAY UNITED BANK		300,000	2023.09.02-2024.09.02	1.653%	-	None	
CTBC BANK		310,000	2023.10.27-2024.02.29	2.380%	1,710,000	None	
BANK OF TAIWAN		120,000	2023.09.01-2024.09.01	1.660%	30,000	None	
FAR EASTERN INT'L BANK		240,000	2023.11.24-2024.11.24	1.700%	60,000	None	
E. SUN COMMERCIAL BANK		<u>100,000</u>	2023.08.28-2024.08.28	1.640%	-	None	
Total		<u>\$ 1,210,000</u>					

G-SHANK ENTERPRISE CO., LTD.
20.Statement of Contract Liabilities - Current
December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Contract liabilities		<u>\$ 6,497</u>	

G-SHANK ENTERPRISE CO., LTD.

21. Statement of Accounts Payable

December 31, 2023

(In Thousands of New Taiwan Dollars)

Vendor Name	Description	Amount	Note
Accounts payable			
Vendor I		\$ 16,189	The notes receivable in the left column are due to operation.
Vendor J		14,174	
Vendor K		13,797	
Vendor L		13,388	
Vendor M		9,849	
Other	(Note)	81,954	
Total		<u>\$ 149,351</u>	

Note : The balance of each customer does not exceed 5% of the balance of this item

G-SHANK ENTERPRISE CO., LTD.
22.Statement Of Accounts Payable- Related Parties, Net
December 31, 2023

(In Thousands of New Taiwan Dollars)

Name of related party	Description	Amount	Note
Accounts payable			
SUNFLEX TECHNOLOGY CO., LTD.		\$ 1,082	
G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.		618	
KUAI LUNG PRECISION INDUSTRY CO., LTD.		195	
SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.		133	
TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.		13	
Total		<u>\$ 2,041</u>	

G-SHANK ENTERPRISE CO., LTD.

23. Statement of Other Payables

December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Salaries and Bonuses Payable		\$ 103,525	
Processing Fees Payable		66,376	
Employee Compensation Payable		23,000	
Equipment Payments Payable		10,355	
Insurance Premiums Payable		8,718	
Retirement Benefits Payable		4,856	
Other		58,230	
Total		<u>\$ 275,060</u>	

G-SHANK ENTERPRISE CO., LTD.

24. Statement of Other Payables - Related Parties

December 31, 2023

(In Thousands of New Taiwan Dollars)

Name of related party	Description	Amount	Note
SUNFLEX TECHNOLOGY CO., LTD.		\$ 2,574	
G-SHANK JAPAN CO., LTD.		70	
SHENZHEN G-BAO PRECISION SDN.BHD.		30	
SHENZHEN G-SHANK PRECISION SDN.BHD.		19	
SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.		9	
QINGDAO G-SHANK PRECISION SDN.BHD.		4	
Total		<u>\$ 2,706</u>	

G-SHANK ENTERPRISE CO., LTD.
 25. Statement of Income Tax Liabilities -Current
 December 31, 2023

(In Thousands of New Taiwan Dollars)

Items	Summary	Amount	Note
Income tax liabilities -current	Corporate Income Tax	\$ <u>13,166</u>	

G-SHANK ENTERPRISE CO., LTD.

26. Statement of Other Current Liabilities

December 31, 2023

(In Thousands of New Taiwan Dollars)

Items	Summary	Amount	Note
Temporary credits		\$ 2,988	
Receipts under custody		<u>3,801</u>	
Total		<u>\$ 6,789</u>	

G-SHANK ENTERPRISE CO., LTD.
27. Statement of Deferred Tax Liabilities
December 31, 2023

(In Thousands of New Taiwan Dollars)

For relevant information, please refer to Note 6.(26)(D) of the parent company only financial report.

29. Statement of Net Defined Benefit Liabilities - Noncurrent
December 31, 2023

(In Thousands of New Taiwan Dollars)

For relevant information, please refer to Note 6.(13)(A)(c) of the parent company only financial report.

G-SHANK ENTERPRISE CO., LTD.

29. Statement of Deposits Received

December 31, 2023

(In Thousands of New Taiwan Dollars)

Items	Summary	Amount	Note
Guarantee deposits received	Lease Deposits and Others	\$ <u>3,061</u>	

G-SHANK ENTERPRISE CO., LTD.
30. Statement of Net Operating Revenues
For the year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Items	Summary	Amount	Note
Total Operating Revenue			
Sales revenue			
Parts	2,493,263 KPCS	\$ 1,763,152	
Mold	154 sets	78,380	
Tools	21,576 units	47,847	
Product	69,215 KPCS	<u>68,501</u>	
Total		1,957,880	
Less: Sales returns		(9,169)	
Sales discounts and allowances		<u>(5,890)</u>	
Net sales revenue		<u><u>\$ 1,942,821</u></u>	

G-SHANK ENTERPRISE CO., LTD.

31.Statement of Operating Costs

For the year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Items	Summary	Amount	Note
Self-production :			
Direct raw material			
Beginning inventory		\$ 70,773	
Add : Current net material purchased		505,193	
Work-in-process cover into		120,713	
Other cover into		3,178	
Inventory surplus		3,701	
Less : Ending inventory		(53,780)	
Reclassified product		(10,677)	
Rendering work-in-process		(1,510)	
Current period consumption		637,591	
Direct labor		265,571	
Manufacturing overhead		712,937	
Manufacturing cost		1,616,099	
Add : Beginning work-in-process		104,132	
Goods Transfer In		35	
Raw material transfer in		1,510	
Work-in-process transfer in		331,331	
Less : Ending work-in-process		(83,381)	
Reclassify raw materials		(120,713)	
Reclassify expenses		(3,606)	
Cost of finished goods		1,845,407	
Add : Beginning finished goods		99,640	
Current net material purchased		2,641	
Inventory surplus or deficit		4,898	
Less : Ending finished goods		(73,393)	
Reclassify assets		(4,936)	
Reclassify work-in-process		(331,331)	
Reclassify expenses		(6,200)	
Cost of goods sold (Self-production)		1,536,726	
Buying and selling:			
Beginning inventory		3,713	
Add : Current net material purchased		39,275	
Raw material transfer in		10,677	
Expenses transfer in		112	
Less : Ending finished goods		(363)	
Reclassify work-in-process		(35)	
Inventory shrinkage		(1)	
Cost of goods sold (Buying and selling)		53,378	
Other operating cost:			
Inventory surplus		(8,598)	
Inventory cost write-down to net realizable value		2,336	
Total operation cost		\$ 1,583,842	

G-SHANK ENTERPRISE CO., LTD.

32. Statement of Manufacturing Expenses

For the year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Items	Summary	Amount	Note
Wages and salaries		\$ 105,512	
Rent expense		1,375	
Repairs and maintenance expense		13,592	
Packing expenses		25,849	
Utilities expense		21,334	
Insurance expense		35,131	
Processing expense		291,742	
Depreciations		56,598	
Depletions and amortizations		3,747	
Meal expense		8,414	
Indirect materials		95,928	
Consumables		26,869	
Ole mold parts expenses		9,296	
Other expenses		17,550	
Total		<u>\$ 712,937</u>	

G-SHANK ENTERPRISE CO., LTD.

33.Statement of Selling and Marketing Expenses

For the year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Items	Summary	Amount	Note
Wages and salaries		\$ 54,718	
Traveling Expense		4,067	
Freight		3,496	
Utilities expense		3,837	
Insurance expense		5,836	
Entertainment expenses		2,153	
Depreciations		1,773	
Various amortization		22	
Export expenses		6,741	
Packing expenses		1,562	
Services expense		3,782	
Other expenses		8,859	
Total		<u>\$ 96,846</u>	

G-SHANK ENTERPRISE CO., LTD.

34.Statement of General and Administrative Expenses

For the year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Items	Summary	Amount	Note
Wages and salaries		\$ 110,464	
Traveling Expense		1,112	
Repairs and maintenance expense		3,232	
Utilities expense		5,587	
Insurance expense		9,399	
Taxes		4,119	
Depreciations		5,944	
Various amortization		443	
Employee benefits/welfare		3,071	
Training expense		2,779	
Miscellaneous purchases		1,189	
Environmental maintenance fee		2,369	
Services expense		2,923	
Consumables		1,341	
Other expenses		12,351	
Total		<u>\$ 166,323</u>	

G-SHANK ENTERPRISE CO., LTD.

35. Statement of Research and Development Expenses

For the year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Items	Summary	Amount	Note
Wages and salaries		\$ 36,999	
Utilities expense		3,046	
Insurance expense		3,158	
Depreciations		1,559	
Various amortization		280	
Consumables		764	
Services expense		1,812	
Other expenses		<u>2,979</u>	
Total		<u>\$ 50,597</u>	

G-SHANK ENTERPRISE CO., LTD.
36.Statement of Loss (reversal) of expected credit loss
For the year ended December 31, 2023

For relevant information, please refer to Note 6.(4) of the parent company only financial report.

G-SHANK ENTERPRISE CO., LTD.
37.Statement of Other Operating Income and Expenses, Net
For the year ended December 31, 2023

For relevant information, please refer to Note 6.(23) of the parent company only financial report.

G-SHANK ENTERPRISE CO., LTD.
38.Statement of Non-operating Income and Expenses
For the year ended December 31, 2023

For relevant information, please refer to Note 6.(24) of the parent company only financial report.

G-SHANK ENTERPRISE CO., LTD.
39.Statement of Employee Benefits, Depreciation, and Amortization Expenses Incurred in the
Current Period by Functional Categories
For the year ended December 31, 2023

For relevant information, please refer to Note 6.(22) of the parent company only financial report.