

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

**Consolidated Financial Statements for the
Three Months Ended March 31, 2024 and 2023 and
Independent Auditors' Review Report**

Notice to Readers

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

INDEPENDENT AUDITOR’S REVIEW REPORT

To: G-Shank ENTERPRISE CO., LTD.

Introduction

We have reviewed the accompanying consolidated balance sheets of G-Shank Enterprise Co., Ltd. and its subsidiaries as of March 31, 2024 and 2023, the related consolidated statements of comprehensive income, changes in equity and of cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the consolidated financial statements). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As stated in Note 4(2) of the consolidated financial statements, the same period financial statements of the insignificant subsidiaries included in the aforementioned consolidated financial statements have not been reviewed by the independent auditors. The total assets were NT\$3,534,997 thousand and NT\$3,553,354 thousand, accounted for 29.29% and 37.94% of the total consolidated assets as of March 31, 2024 and 2023, respectively. The total liabilities were NT\$472,159 thousand and NT\$521,295 thousand, accounted for 12.33% and 18.65% of total consolidated liabilities, respectively. The total consolidated profits and losses were NT\$114,344 thousand and NT\$50,117 thousand, accounted for 29.76% and 46.76% of the total consolidated profits and losses for the three-month periods then ended March 31, 2024 and 2023. As stated in Note 6(8) of the consolidated financial statements, the investment book amount under the equity method on the consolidated balance sheet of G-Shank Enterprise Co., Ltd. and its subsidiaries were NT\$173,927 thousand and NT\$163,241 thousand, accounted for 1.44% and

1.74% of the total consolidated assets, respectively, as of March 31, 2024 and 2023, respectively. The amount of profit from the affiliated enterprise under the equity method was NT\$5,275 thousand and NT\$413 thousand, accounted for 1.379% and 0.39% of the total consolidated profits and losses for the three-month periods then ended March 31, 2024 and 2023, respectively, which were calculated according to the same period financial statements of the invested companies that have not been reviewed by the independent auditors. In addition, the relevant information of the aforementioned subsidiaries as disclosed in Note 13 to the consolidated financial statements and the invested companies under the equity method have not been reviewed by the independent auditors.

Conclusion

Based on our review, except for the financial statements of the insignificant subsidiaries and the invested companies under the equity method as stated in the “Foundation for a qualified conclusion” paragraph and the relevant information disclosed in Note 13 to the consolidated financial statements may have affected the consolidated financial statements if they have been reviewed by the independent auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of G-Shank Enterprise Co., Ltd. as at March 31, 2024 and 2023, and of its consolidated financial performance for the three-month periods then ended, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission of the Republic of China.

Lu, Jui-Wen
Diwan & Company
May 10, 2024

Li, Pin-chueh

Notice to Readers

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

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

G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

(March 31, 2024 & 2023 have been Reviewed 、December 31, 2023 have been audited)

(In Thousands of New Taiwan Dollars)

ASSETS		Notes	March 31,2024		December 31,2023		March 31,2023	
Code	Accounts		Amount	%	Amount	%	Amount	%
11xx	Current assets							
1100	Cash and cash equivalents	4 & 6.(1)	\$ 5,641,035	47	\$ 3,707,859	38	\$ 3,838,745	41
1110	Financial assets at fair value through profit or loss - current	4 & 6.(2)	1,668,246	14	1,446,978	15	953,287	10
1150	Notes receivable, net	4 、 6.(3) & 6.(4)	58,476	-	41,327	-	65,591	1
1170	Accounts receivable, net	4 & 6.(4)	1,286,347	11	1,336,211	14	1,357,614	14
1180	Accounts receivable- related parties	4 & 7	7	-	3	-	16	-
1200	Other receivables	4 & 6.(4)	79,213	1	59,001	1	51,438	1
1220	Current tax assets	4 & 6.(30)	5,538	-	7,176	-	4,253	-
130x	Inventory	6.(5)	835,140	7	798,495	8	954,361	10
1470	Prepayments and Other current assets		64,707	-	48,080	-	48,254	1
1476	Other financial assets-current	4 、 6.(6) & 8	30,717	-	30,163	-	31,385	-
	Total current assets		9,669,426	80	7,475,293	76	7,304,944	78
15xx	Noncurrent Asset							
1510	Financial assets at fair value through profit or loss - noncurrent	4 、 6.(2) & 6.(13)	500	-	-	-	-	-
1517	Financial assets at fair value through other comprehensive income - noncurrent	4 、 6.(7) & 6.(22)	361,134	3	320,903	3	296,261	3
1550	Investments accounted for using equity method	6.(8)	173,927	1	168,248	2	163,241	2
1600	Property, Plant and Equipment	6.(9) & 9	1,226,921	10	1,239,275	13	1,262,789	13
1755	Right-of-use asset	6.(10) & 6.(15)	258,383	3	257,954	3	256,259	4
1780	Intangible assets	6.(11)	1,848	-	661	-	797	-
1840	Deferred tax assets	4 & 6.(30)	12,075	-	15,205	-	45,966	-
1915	Prepayments for business facilities		350,067	3	328,695	3	17,595	-
1920	Refundable deposits		3,817	-	3,787	-	5,066	-
1990	Other noncurrent assets, others	8	9,575	-	11,426	-	12,084	-
	Total noncurrent Asset		2,398,247	20	2,346,154	24	2,060,058	22
1xxx	Total Assets		\$ 12,067,673	100	\$ 9,821,447	100	\$ 9,365,002	100

(CONTINUING)

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

G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

(March 31, 2024 & 2023 have been Reviewed 、December 31, 2023 have been audited)

(In Thousands of New Taiwan Dollars)

Liabilities and Equity		Notes	March 31,2024		December 31,2023		March 31,2023	
Code	Accounts		AMOUNT	%	AMOUNT	%	AMOUNT	%
21xx	Current liabilities							
2100	Short-term loans	4、6.(12) & 6.(32)	\$ 1,020,000	8	\$ 1,210,000	12	\$ 920,000	10
2130	Contract liabilities - current	6.(24)	24,164	-	19,431	-	25,483	-
2170	Accounts payable	4	436,768	4	435,314	4	499,338	5
2180	Accounts payable-related parties	4 & 7	335	-	1,277	-	7,649	-
2200	Other payables	4、6.(9) 、6.(16) & 6.(26)	420,593	4	488,841	5	362,048	4
2220	Other payables-related parties	4 & 7	2,359	-	2,574	-	3,148	-
2230	Current tax liabilities	4 & 6.(30)	70,129	1	60,532	1	112,045	1
2280	Lease liabilities-current	4、6.(15) & 6.(32)	60,070	-	58,922	1	53,479	1
2322	Current portion of long-term loans payable	4、6.(13) & 6.(32)	-	-	-	-	39,516	1
2300	Other current liabilities		20,691	-	20,367	-	25,850	-
	Total current liabilities		2,055,109	17	2,297,258	23	2,048,556	22
25xx	Non-current liabilities							
2530	Bonds payable	4、6.(13) & 6.(32)	948,732	8	-	-	-	-
2540	Long-term loans	4、6.(14) & 6.(32)	-	-	-	-	30,418	-
2570	Deferred tax liabilities	4 & 6.(30)	729,362	6	674,593	7	627,428	7
2580	Lease liabilities - noncurrent	4、6.(15) & 6.(32)	55,114	1	57,461	1	53,313	1
2640	Net defined benefit liabilities- noncurrent	4 & 6.(16)	29,956	-	29,956	-	31,929	-
2645	Guarantee deposits		10,807	-	10,669	-	3,120	-
	Total non-current liabilities		1,773,971	15	772,679	8	746,208	8
2xxx	Total liabilities		3,829,080	32	3,069,937	31	2,794,764	30
31xx	Equity attributable to owners of parent							
3100	Share capital	6.(17) 、6.(24)&11						
3110	Ordinary shares		2,058,443	17	1,906,543	19	1,906,543	20
3140	Advance Receipts for Capital Stock		7,760	-	1,900	-	-	-
3200	Capital surplus	6.(13) 、6.(18) 、6.(21) & 6.(24)	1,436,001	12	489,905	5	475,243	5
3300	Retained earnings		-	-	-	-	-	-
3310	Legal reserve	6.(19) & 6.(21)	981,760	8	981,760	10	892,927	9
3320	Special reserve	6.(20)	284,690	2	284,690	3	284,690	3
3350	Unappropriated earnings	6.(21)	2,735,953	23	2,512,565	26	2,409,351	26
3400	Other equity		-	-	-	-	-	-
3410	Exchange differences on translation of foreign financial statements	6.(22) 、6.(23) & 6.(29)	(327,269)	(3)	(409,638)	(4)	(324,462)	(3)
3420	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	6.(7) 、6.(8) 、6.(22) & 6.(29)	340,520	3	300,180	3	273,533	3
	Total equity attributable to owners of parent		7,517,858	62	6,067,905	62	5,917,825	63
36xx	Non-controlling interests	6.(23)	720,735	6	683,605	7	652,413	7
3xxx	Total Equity		8,238,593	68	6,751,510	69	6,570,238	70
	Total liabilities and equity		\$ 12,067,673	100	\$ 9,821,447	100	\$ 9,365,002	100

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

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

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

Code	Accounts	Notes	For the Three Months Ended March 31			
			2024	%	2023	%
4000	Sales revenue	6(25) & 7	\$ 1,404,490	100	\$ 1,376,926	100
5000	Operating costs	6.(5) 、6.(16) 、6.(26) & 7	(981,834)	(70)	(1,003,487)	(73)
5900	Gross profit from operations		422,656	30	373,439	27
6000	Operating expense	6.(15) 、6.(16) & 6.(26)				
6100	Selling and marketing expenses		(66,057)	(5)	(60,300)	(5)
6200	General and administrative expenses		(144,172)	(10)	(111,972)	(8)
6300	Research and development expenses		(40,574)	(3)	(44,099)	(3)
6450	Loss (reversal) of expected credit loss	6.(4)	261	-	(1,371)	-
	Total operating expense		(250,542)	(18)	(217,742)	(16)
6500	Other operating income and expenses, net	6.(9) 、6.(26) & 6.(27)	96	-	96	-
6900	Net operating income		172,210	12	155,793	11
7000	Non-operating income and expenses					
7100	Interest income	6.(28)	59,365	4	34,316	2
7010	Other income	6.(28)	1,116	-	7,698	1
7020	Other gains and losses	6.(2) 、6.(9) & 6.(28)	93,850	7	(82,411)	(6)
7050	Finance costs	6.(13) 、6.(15) & 6.(28)	(8,541)	-	(5,584)	-
7060	Share of the profit of associates	6.(8) & 6.(28)	5,275	-	413	-
7230	Foreign exchange gains	6.(28)	32,161	2	(24,779)	(2)
	Total non-operating income and expenses		183,226	13	(70,347)	(5)
7900	Profit (loss) from continuing operations before tax		355,436	25	85,446	6
7950	Income Tax Expense	4 & 6.(30)	(104,861)	(7)	(31,189)	(2)
8200	Profit (loss) for the period		250,575	18	54,257	4
8300	Other comprehensive income	6.(7) 、6.(8) & 6.(29)				
8310	Components of other comprehensive income that will not be reclassified to profit or loss :					
8316	Unrealised gain (loss) on financial assets measured at fair through other comprehensive income		40,231	3	34,238	2
8320	Share of the other comprehensive (loss) income of associates		109	-	1,593	-
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		40,340	3	35,831	3
8360	Items that may be reclassified subsequently to profit or loss :					
8361	Exchange differences on translating foreign operations		93,258	6	17,080	1
8399	Income tax expense relating to items that may be reclassified subsequently to profit or loss		-	-	-	-
	Total items that may be reclassified subsequently to profit or loss		93,258	6	17,080	1
	Total other comprehensive income (loss) for the period		133,598	9	52,911	4
8500	Total comprehensive income for the period		\$ 384,173	27	\$ 107,168	8
8600	Net profit (loss) attributable to :					
8610	Owners of the Corporation		\$ 223,388	16	\$ 43,855	3
8620	Non-controlling interests		27,187	2	10,402	1
	Net income		\$ 250,575	18	\$ 54,257	4
8700	Total comprehensive income attributable to :					
8710	Owners of the Corporation		\$ 346,097	24	\$ 93,808	7
8720	Non-controlling interests		38,076	3	13,360	1
	Total comprehensive income		\$ 384,173	27	\$ 107,168	8
	Earnings per share (dollar)	6.(31)				
9750	Basic		\$ 1.14		\$ 0.23	
9850	Diluted		\$ 1.08		\$ 0.23	

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

G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Reviewed, Not Audited)

(In Thousands of New Taiwan Dollars)

项 目	Equity Attributable to Owners of the Corporation									Non-controlling Interests	Total Equity
	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 Cpmprehensive Income			
BALANCE AT JANUARY 1, 2023	\$ 1,897,843	\$ 8,700	\$ 472,021	\$ 892,927	\$ 284,690	\$ 2,365,496	\$ (338,584)	\$ 237,702	\$ 5,820,795	\$ 664,949	\$ 6,485,744
Changes in the net interest of associates recognised under the equity method	-	-	65	-	-	-	-	-	65	-	65
Received donation from shareholders	-	-	55	-	-	-	-	-	55	-	55
Net income for the three months ended March 31, 2023	-	-	-	-	-	43,855	-	-	43,855	10,402	54,257
Other comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	-	14,122	35,831	49,953	2,958	52,911
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	43,855	14,122	35,831	93,808	13,360	107,168
Share-based payment expenses	8,700	(8,700)	3,102	-	-	-	-	-	3,102	-	3,102
Cash dividends paid by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	(25,896)	(25,896)
BALANCE AT MARCH 31, 2023	<u>\$ 1,906,543</u>	<u>\$ -</u>	<u>\$ 475,243</u>	<u>\$ 892,927</u>	<u>\$ 284,690</u>	<u>\$ 2,409,351</u>	<u>\$ (324,462)</u>	<u>\$ 273,533</u>	<u>\$ 5,917,825</u>	<u>\$ 652,413</u>	<u>\$ 6,570,238</u>
BALANCE AT JANUARY 1, 2024	\$ 1,906,543	\$ 1,900	\$ 489,905	\$ 981,760	\$ 284,690	\$ 2,512,565	\$ (409,638)	\$ 300,180	\$ 6,067,905	\$ 683,605	\$ 6,751,510
Changes in the net interest of associates recognised under the equity method	-	-	295	-	-	-	-	-	295	-	295
Received donation from shareholders	-	-	49	-	-	-	-	-	49	-	49
Net income for the three months ended March 31, 2024	-	-	-	-	-	223,388	-	-	223,388	27,187	250,575
Other comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	-	-	82,369	40,340	122,709	10,889	133,598
Total comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	-	223,388	82,369	40,340	346,097	38,076	384,173
Capital increase in cash	150,000	-	716,447	-	-	-	-	-	866,447	-	866,447
Due to recognition of equity component of convertible bonds (preference share) issued	-	-	189,655	-	-	-	-	-	189,655	-	189,655
Share-based payment expenses	1,900	5,860	39,650	-	-	-	-	-	47,410	-	47,410
Cash dividends paid by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	(946)	(946)
BALANCE AT MARCH 31, 2024	<u>\$ 2,058,443</u>	<u>\$ 7,760</u>	<u>\$ 1,436,001</u>	<u>\$ 981,760</u>	<u>\$ 284,690</u>	<u>\$ 2,735,953</u>	<u>\$ (327,269)</u>	<u>\$ 340,520</u>	<u>\$ 7,517,858</u>	<u>\$ 720,735</u>	<u>\$ 8,238,593</u>

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

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

(In Thousands of New Taiwan Dollars)

Description	For the Three Months Ended March 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax from continuing operations	\$ 355,436	\$ 85,446
Adjustments for		
The profit or loss items which did not affect cash flows:		
Depreciation	43,024	46,440
Amortization	2,903	4,367
Expected credit loss (profit) loss amount	(261)	1,371
Net (income) loss from financial assets and liabilities measured at fair value through profit or loss	(93,780)	80,147
Interest expenses	8,541	5,584
Interest income	(59,365)	(34,316)
Share-based payment expenses	32,567	3,102
Share of profit of associates ventures accounted for using the equity method	(5,275)	(413)
Loss (profit) on disposal of property, plant and equipment	(76)	2,254
Unrealized foreign exchange gains	(53,172)	(881)
Changes in operating assets and liabilities :		
Financial assets at fair value through profit or loss	(129,496)	(167,375)
Notes receivables	(17,149)	(23,073)
Accounts receivable	52,231	224,399
Accounts receivable-related parties	(4)	(1)
Other receivables	5,628	10,760
Inventories	(36,912)	67,586
Prepayments and Other current assets	(16,534)	(7,838)
Current contract	4,733	(13,553)
Accounts payable	1,140	(45,674)
Accounts payable-related parties	(942)	(3,640)
Other payables	(68,557)	(171,474)
Other payables-related parties	(215)	(2,007)
Other current liabilities	324	(1,559)
Cash generated from operating activities:	24,789	59,652
Interest received	33,800	22,153
Interest paid	(5,206)	(5,563)
Income tax paid	(35,727)	(26,821)
Net cash flows from operating activities	17,656	49,421

(Continuing)

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

(In Thousands of New Taiwan Dollars)

Description	Three Months Ended March 31	
	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	\$ (15,797)	\$ (28,747)
Proceeds from disposal of property, plant and equipment	1,112	330
Increase in refundable deposits	(30)	(513)
Acquisition of intangible assets	(319)	-
Acquisition of right-of-use asset	-	(5,277)
Decrease (Increase) in other current financial assets	(117)	416
Increase in other noncurrent assets	(849)	(4,461)
Increase in prepayments for business facilities	(22,384)	(2,084)
Net cash used in investing activities	(38,384)	(40,336)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in Short-term borrowings	(190,000)	(150,000)
Issue convertible bonds	1,134,903	-
Repayment of long-term loan	-	(9,098)
Increase in deposited margin	138	-
Cash payment for the principal portion of the lease liabilities	(3,205)	(4,961)
Capital increase in cash	866,447	-
Employee exercise of stock warrant	14,843	-
Cash dividends paid by subsidiaries to non-controlling interests	(946)	(25,896)
Other financing activities	49	55
Net cash used in financing activities	1,822,229	(189,900)
Effect of changes in exchange rate on cash and cash equivalents	131,675	13,155
Net (decrease) increase in cash and cash equivalents	1,933,176	(167,660)
Cash and cash equivalents at the beginning of the period	3,707,859	4,006,405
Cash and cash equivalents at the end of the period	\$ 5,641,035	\$ 3,838,745

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

G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)
(Reviewed, Not Audited)

1. COMPANY HISTORY

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

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

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

2. FINANCIAL REPORT APPROVAL DATE AND PROCEDURE

The consolidated financial reports of the company and the subsidiaries (hereinafter referred to as “the Group”) for the three months ended March 31, 2024 and 2023 were approved and authorized for issue by the Board of Directors on May 10, 2024.

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

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

The Group has been applying the international financial reporting standards, international accounting standards, interpretations, and interpretations announcements applicable in 2024 as announced on the FSC Securities and Futures Bureau website since January 1, 2024. The new/amended/revised standards and interpretations issued by the International Accounting Standards Board (referred to as IASB) and approved and issued by the FSC for use in 2024 are listed as follows:

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

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

- (2) The IASB has issued new/amended/revised standards and interpretations that have been recognized by the FSC as effective but have not yet been adopted: None.
- (3) The new/amended/revised standards and interpretations announced without effect by IASB and not yet recognized by the FSC

New/Revision/Amendment Standards and Explanations	Content	Effective in the annual period commencing from the following date of IASB
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by IASB
IFRS 17	Insurance Contracts	January 1, 2023
IFRS 17 (amendments)	Amendments to IFRS17	January 1, 2023
IFRS 17 (amendments)	Initial Application of IFRS 17 and IFRS 9 - Comparative Information	January 1, 2023
IFRS 18	Presentation and Disclosures in financial Statements	January 1, 2027
IAS 21 (amendments)	Lack of Exchangeability	January 1, 2025

The management of this Group is currently assessing the potential impact of the aforementioned new or revised standards, and therefore, it is temporarily unable to reasonably estimate the impact on the Group's consolidated financial statements.

4. **SUMMARY OF MAJOR ACCOUNTING POLICIES**

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

(1) Financial report preparation and measurement basis

(A) Statement of Compliance

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

(B) Measurement basis

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

(C) Functional and reporting currency

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

(2) The preparation scope of consolidated financial report

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

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

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

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

Investing company	Subsidiary	Location	Business nature	Shareholding ratio (%)		
				March 31, 2024	December 31, 2023	March 31, 2023
The company	CHIN DE INVESTMENT CO., LTD.	Taiwan	General investment	100.00	100.00	100.00
The company	GRAND STAR ENTERPRISES L.L.C.	Anguilla	General investment	100.00	100.00	100.00
The company	G-SHANK, INC.	USA	Sales of stamping parts molds, and fixtures, and holding company	100.00	100.00	100.00
The company	SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.	China Shanghai (Note)	Precision progressive die and hardware products	85.00	85.00	85.00
The company	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	China Suzhou (Note)	Planer, milling machine or die machine, precision progressives die, and hardware products	5.86	5.86	5.86
The company	G-SHANK ENTERPRISE (M) SDN. BHD.	Malaysia	Stamping parts molds and fixtures	92.33	92.33	92.33
The company	G-SHANK JAPAN CO., LTD.	Japan Tokyo	International trade	58.89	58.89	58.89
The company	GREAT SHANK CO., LTD.	Thailand	Precision progressive die and hardware products	85.00	85.00	85.00
GRAND STAR ENTERPRISES L.L.C. (Note 3)	GLOBAL STAR INTERNATIONAL CO., LTD.	Cayman Islands	General investment	100.00	100.00	100.00
GLOBAL STAR INTERNATIONAL CO., LTD.	HONG JING (SHANGHAI) ELECTRONICS CO., LTD.	China Shanghai (Note)	Precision progressive die and hardware products	80.19	80.19	80.19

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Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES
(Continuing)
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Investing company	Subsidiary	Location	Business nature	Shareholding ratio (%)		
				March 31, 2023	December 31, 2022	March 31, 2022
GLOBAL STAR INTERNATIONAL CO., LTD.	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	China Dongguan (Note)	Precision progressive die and hardware products	51.00	51.00	51.00
GLOBAL STAR INTERNATIONAL CO., LTD.	XIAMEN G-SHANK PRECISION MACHINERY CO., LTD.	China Xiamen (Note)	Precision progressive die and hardware products	79.60	79.60	79.60
GLOBAL STAR INTERNATIONAL CO., LTD.	G-SHANK PRECISION MACHINERY (SUZHOU) CO.,LTD.	China Suzhou (Note)	Planer, milling machine or die machine, precision progressive die, and hardware products	94.14	94.14	94.14
GLOBAL STAR INTERNATIONAL CO., LTD.	QINGDAO G-SHANK PRECISION SDN.BHD.	China Qingdao (Note)	Precision progressive die and hardware products	92.83	92.83	92.83
GLOBAL STAR INTERNATIONAL CO., LTD.	SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD	China Shanghai (Note)	Precision progressive die and hardware products	85.00	85.00	85.00
GLOBAL STAR INTERNATIONAL CO., LTD.	TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.	China Tianjin (Note)	Precision progressive die and hardware products	88.20	88.20	88.20
GLOBAL STAR INTERNATIONAL CO., LTD.	SHENZHEN G-SHANK PRECISION SDN.BHD.	China Shenzhen (Note)	Precision progressive die and hardware products	93.85	93.85	93.85
GLOBAL STAR INTERNATIONAL CO., LTD.	SHENZHEN G-BAO PRECISION SDN.BHD.	China Shenzhen (Note)	Precision progressive die and hardware products	91.43	91.43	91.43
G-SHANK, INC.	G-SHANK DE MEXICO, S.A. DE C.V.	Mexico	Stamping parts molds and fixtures	100.00	100.00	100.00
G-SHANK ENTERPRISE (M) SDN. BHD.	PT INDONESIA G-SHANK PRECISION	Indonesia	Stamping parts molds and fixtures	94.00	94.00	94.00

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Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES
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Investing company	Subsidiary	Location	Business nature	Shareholding ratio (%)		
				March 31, 2023	December 31, 2022	March 31, 2022
SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD.	HUBEI HANSTAR ELECTRONICS TECHNOLOGY CO., LTD.	China Hubei (Note)	Precision progressive die and hardware products, and electroplating processing	100.00	100.00	100.00
G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	DONGGUAN QIAOJU TRADING CO., LTD.	China Dongguan (Note)	Plastic hardware wholesale and import/export business	100.00	100.00	100.00
SHENZHEN G-BAO PRECISION SDN.BHD.	HUI ZHOU G-BAO PRECISION SDN.BHD.	China Huizhou (Note)	Precision progressive die and hardware products	100.00	100.00	100.00

Note : The aforementioned companies are established in China where the foreign exchange control is enforced; therefore, the transfer of funds is restricted by local law and regulations. As of March 31, 2024, December 31, 2023, and March 31, 2023, the cash, bank deposits, and financial assets-current measured at amortized cost and other financial assets-current of the companies that are subject to foreign exchange control regulation were NT\$2,760,389 thousand, NT\$2,546,465 thousand, and NT\$2,271,183 thousand, respectively.

G-SHANK ENTERPRISE CO., LTD. has prepared the consolidated financial reports with the separate statements from all subsidiaries accordingly. Except for SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD, GRAND STAR ENTERPRISES L.L.C. and GLOBAL STAR INTERNATIONAL Co., Ltd., which financial statements for the first quarters of 2024 and 2023 having been audited by certified accounts, the financial statements of the remaining subsidiary companies have not been audited by certified accountants during the same accounting periods. The total assets of the unaudited subsidiary companies as of March 31, 2024 and 2023 are NT\$3,534,997 thousand and NT\$3,553,354 thousand, respectively. The total liabilities are NT\$472,159 thousand and NT\$521,295 thousand respectively. The total consolidated profits and losses were NT\$114,344 thousand and NT\$50,117 thousand, for the first quarters of 2024 and 2023, respectively.

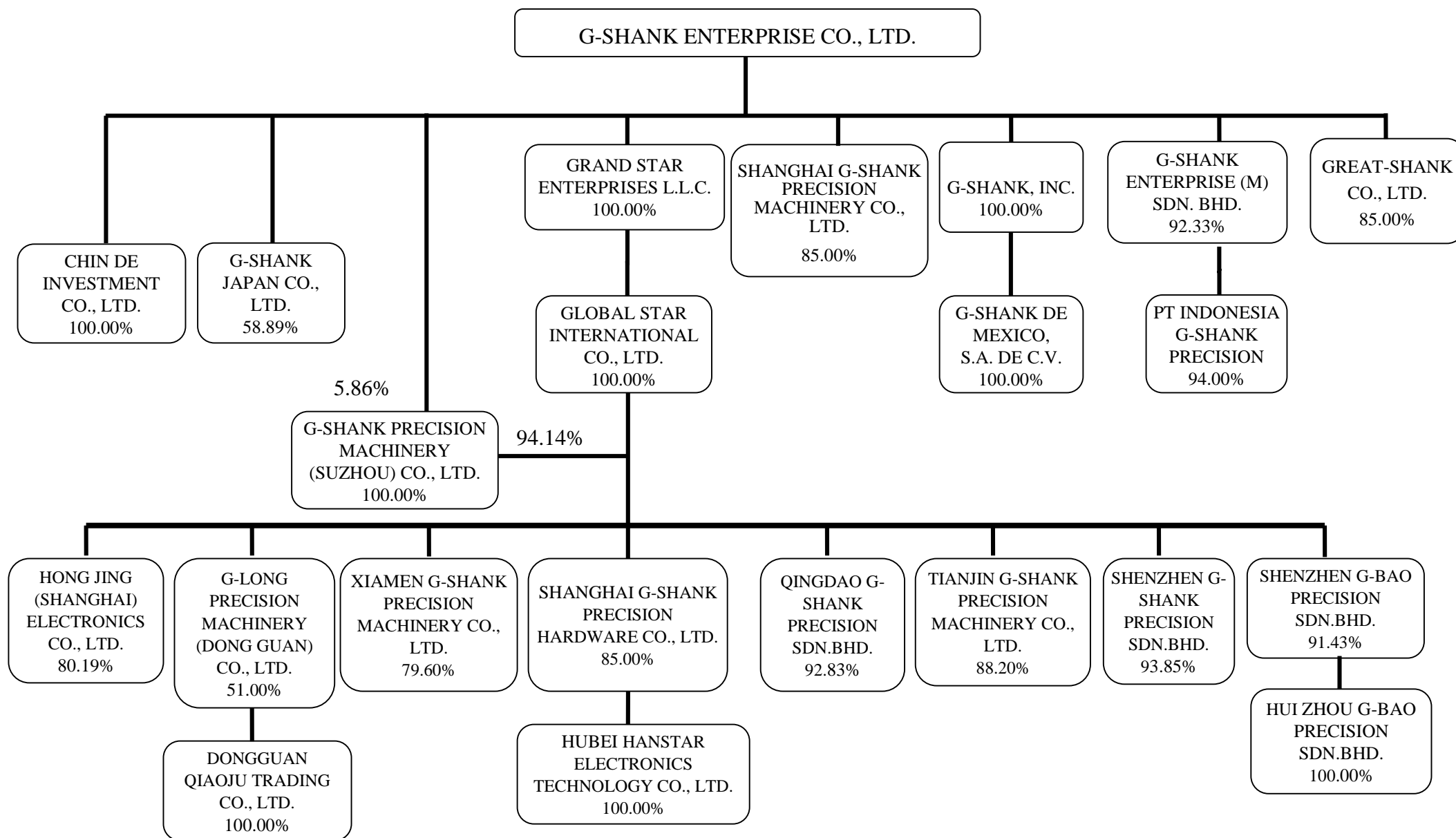
As of March 31, 2024, the investment and shareholding ratios of the company and its subsidiaries are as follows:

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

(Continuing)

(Review only without following generally accepted auditing standards)

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



(3) Principles for the preparation of consolidated financial report

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

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

(a) Without resulting in “loss of control”

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

(b) Resulting in “loss of control”

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

(4) Financial instruments

(A) When acting as a party to a financial instrument contract, it shall be recognized as a financial asset or financial liability in the balance sheet, and in conventional trading of financial assets, if it is an equity instrument, trade date accounting shall be adopted; if it is a debt instrument, beneficiary certificate, or derivative instrument, settlement date accounting shall be adopted.

- (B) When originally recognizing financial assets or financial liabilities, they shall be measured at fair value, but if they are not measured at fair value through profit or loss, transaction costs incurred shall be added or deducted.
- (C) When the financial instruments issued by the Group are initially recognized, they shall be classified as financial liabilities, financial assets, or equity instruments based on the substance of the contractual agreement and the definitions of financial liabilities, financial assets, and equity instruments.
- (D) Financial assets and financial liabilities shall be offset only when the Group has legally enforceable rights and intends to settle on a net basis or to simultaneously realize the assets and settle the liabilities, and shall be presented on the balance sheet on a net basis.
- (E) The financial instruments of this Group are as follows:

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

Financial assets measured at fair value through profit or loss include assets classified as held for trading or designated as such. Assets classified as held for trading at fair value through profit or loss include equity investments not designated as fair value through other comprehensive income, as well as debt investments not classified as measured at amortized cost or fair value through other comprehensive income. Financial assets measured at fair value through profit or loss are measured at fair value, and any resulting gains or losses are recognized in the income statement.

- (b) Financial assets measured at amortized cost

Refers to assets that meet both of the following conditions and are not designated as measured at fair value through profit or loss. They are measured at amortized cost and include items reported on the balance sheet such as cash and cash equivalents, accounts receivable, other financial assets, and other receivables:

- i. The financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows.
- ii. The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the outstanding principal amount.

Financial assets measured at amortized cost are initially recognized at fair value and subsequently measured at amortized cost less any impairment losses. Any gains or losses arising from derecognition, through amortization, or recognition of impairment losses are recognized in profit or loss.

(c) Financial assets measured at fair value through other comprehensive income

Refers to assets that meet both of the following conditions and are not designated as financial assets measured at fair value through profit or loss; or for which an irrevocable choice was made at initial recognition to present changes in fair value in other comprehensive income for equity instruments that are not held for trading:

- i. The financial asset is held within a business model whose objective is to both collect contractual cash flows and sell the financial assets.
- ii. The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the outstanding principal amount.

Subsequently measured at fair value, changes in value are recognized in other comprehensive income, except for impairment losses on debt instruments, foreign exchange gains and losses on monetary financial assets, and interest calculated using the effective interest method. Dividends received on equity instruments that represent a recovery of part of the initial investment cost are also recognized in other comprehensive income, except for when they are derecognized or reclassified. Any previously recognized cumulative gains or losses in other comprehensive income are reclassified to profit or loss for debt instruments, while equity instruments are reclassified to retained earnings. Dividends on equity instruments are recognized when the right to receive them is established.

(d) Financial liabilities measured at amortized cost

Financial liabilities that are not measured at fair value through profit or loss are measured at amortized cost. This category includes short-term borrowings, accounts payable, other payables, long-term borrowings, and lease liabilities. These financial liabilities are measured at amortized cost using the effective interest method. However, short-term payables that are interest-free and do not have a significant impact from discounting are measured at the original transaction amount.

(e) Hybrid financial instruments

- i. The hybrid financial instruments issued by the Company allow holders the option to convert into common shares of the company, with the number of issued shares not varying based on their fair value.
- ii. The liability component of the hybrid financial instruments is initially recognized at fair value, excluding any equity conversion feature; the equity component is initially recognized as the difference between the overall fair value of the hybrid financial instrument and the fair value of the liability component. After initial recognition, the liability component not involving derivative financial instruments is measured using the effective interest method at amortized cost until conversion or redemption, while the liability component involving derivative financial instruments is subsequently measured at fair value through profit or loss; the equity component is no longer revalued after issuance.
- iii. The issuance costs of convertible bonds are allocated between the liability and equity components based on their initial carrying amounts.
- iv. Any interest, losses, or gains related to the financial liability component are recognized in profit or loss. Financial liabilities do not generate gains or losses upon conversion and are reclassified to equity.

(f) Non-hedging derivative instruments and embedded derivative instruments

Non-hedging derivative instruments are initially recognized at fair value upon contract inception, and subsequently remeasured at fair value on the balance sheet date. Any resulting gains or losses from subsequent remeasurements are directly recognized in profit or loss. However, for designated and effective hedging instruments, the timing of recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative instrument is positive, it is classified as a financial asset; when the fair value is negative, it is classified as a financial liability. If a derivative instrument is embedded in a host contract that qualifies as a financial asset under International Financial Reporting Standard 9 (IFRS 9), the classification of the financial asset is determined based on the terms of the overall hybrid contract. If the embedded derivative instrument is not part of a financial asset under IFRS 9, the embedded derivative instrument should be assessed for whether it is closely related to the host contract. If not closely related, the embedded derivative instrument should be separated and accounted for as a derivative instrument, unless the overall hybrid contract is measured at fair value through profit or loss.

(5) Employee benefits - retirement benefits

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

(6) Income tax

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

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

(7) Other significant accounting policies

The other significant accounting policies adopted in the preparation of these consolidated financial statements are consistent with Note 4 of the consolidated financial statements for the year 2023. Please refer to the Group's consolidated financial statements for the year 2023 for further details.

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

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

The significant judgments made by the management of the Group in preparing these consolidated financial statements, along with the key sources of information on assumptions and uncertainties about the future, are consistent with Note 5 of the consolidated financial statements for the year 2023. Please refer to the Group's consolidated financial statements for the year 2023 for further details.

6. DESCRIPTION OF IMPORTANT ACCOUNTING ITEMS

(1) Cash and cash equivalents

	March 31, 2024	December 31, 2023	March 31, 2023
Cash and petty cash	\$6,003	\$5,921	\$4,914
Checking deposit and savings deposit	1,320,658	1,119,848	1,682,650
Time deposits	4,314,374	2,582,090	2,151,181
Total	<u>\$5,641,035</u>	<u>\$3,707,859</u>	<u>\$3,838,745</u>

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

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

Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES
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(2) Financial assets-current measured at fair value through profit and loss

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Current items:			
Financial assets measured at fair value through profit and loss mandatorily			
Acquisition cost:			
Funds	\$88,236	\$83,904	\$124,223
Bonds	1,501,371	1,372,946	993,368
SWAP contracts	-	-	-
Subtotal	<u>1,589,607</u>	<u>1,456,850</u>	<u>1,117,591</u>
Evaluation adjustment:			
Funds	1,234	974	123
Bonds	66,469	(11,194)	(171,395)
SWAP contracts	10,936	348	6,968
Subtotal	<u>78,639</u>	<u>(9,872)</u>	<u>(164,304)</u>
Total	<u>\$1,668,246</u>	<u>\$1,446,978</u>	<u>\$953,287</u>
Non-current items:			
Financial assets measured at fair value through profit or loss			
Embedded derivative financial instruments	<u>\$500</u>	<u>\$-</u>	<u>\$-</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:

Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES
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	Nominal principal			
Financial instrument	(NT\$ Thousand)		Currency	Due date
<u>March 31, 2024</u>				
SWAP contract	USD	3,700	USD:NTD	2024.04.10
SWAP contract	USD	5,000	USD:NTD	2024.04.30
SWAP contract	USD	1,000	USD:NTD	2024.08.16
Total	USD	9,700		
<u>December 31, 2023</u>				
SWAP contract	USD	3,700	USD:NTD	2024.01.05
SWAP contract	USD	5,000	USD:NTD	2024.01.31
SWAP contract	USD	1,000	USD:NTD	2024.02.16
Total	USD	9,700		
<u>March 31, 2023</u>				
SWAP contract	USD	4,380	USD:NTD	2023.04.14
SWAP contract	USD	2,900	USD:NTD	2023.05.26
SWAP contract	USD	6,900	USD:NTD	2023.06.20
SWAP contract	USD	5,000	USD:NTD	2023.06.30
SWAP contract	USD	3,700	USD:NTD	2024.01.05
Total	USD	22,880		

The net profits arising from foreign exchange transactions were NT\$4,789 thousand and NT\$1,179 thousand , for the first quarters of 2024 and 2023, respectively.

- (B) The Group's valuation gains (losses) of financial assets and liabilities at fair value through income were NT\$93,780 thousand and NT\$(80,147) thousand, for the first quarters of 2024 and 2023, respectively, which were booked in the “Non-operating income and expenses - other profit and loss” account.
- (C) The aforementioned financial assets measured at fair value through profit and loss had not been provided as collateral or mortgaged.
- (D) Please refer to Note 12.(2)(C)(a) and (b) of the consolidated financial report for the disclosure of the market risk and credit risk of the Group’s financial assets measured at fair value through profit and loss.
- (E) Please refer to Note 6.13 and Note 12 in the consolidated financial statements for information on the disclosure of embedded derivative financial instruments.

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

	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable	\$58,476	\$41,327	\$65,591
Less: Allowance for loss	-	-	-
Net amount	<u>\$58,476</u>	<u>\$41,327</u>	<u>\$65,591</u>

(4) Accounts receivable - net

	March 31, 2024	December 31, 2023	March 31, 2023
Accounts receivable	\$1,312,418	\$1,362,082	\$1,387,840
Less: Allowance for loss	(26,071)	(25,871)	(30,226)
Net amount	<u>\$1,286,347</u>	<u>\$1,336,211</u>	<u>\$1,357,614</u>

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

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

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

(Continuing)

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

	For the Three Months Ended March 31	
	2024	2023
Balance - beginning	\$25,871	\$28,716
Allowance account for the impairment of notes receivable, accounts receivable, and other receivables	-	1,371
Allowance reversal account for the impairment of notes receivable, accounts receivable, and other receivables	(261)	-
Exchange difference	461	139
Balance - ending	\$26,071	\$30,226

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

(5) Inventory

	March 31, 2024		
	Cost	Allowance for loss of inventory in valuation	Book amount
Raw materials	\$291,008	\$22,610	\$268,398
Substances	16,819	243	16,576
Work-in-process goods	202,332	36,178	166,154
Finished goods	408,348	26,108	382,240
Merchandise trade	2,217	445	1,772
Total	\$920,724	\$85,584	\$835,140

	December 31, 2023		
	Cost	Allowance for loss of inventory in valuation	Book amount
Raw materials	\$294,125	\$21,780	\$272,345
Substances	19,968	261	19,707
Work-in-process goods	193,444	31,389	162,055
Finished goods	368,675	25,756	342,919
Merchandise trade	1,890	421	1,469
Total	\$878,102	\$79,607	\$798,495

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	March 31, 2023		
	Cost	Allowance for loss of inventory in valuation	Book amount
Raw materials	\$373,035	\$18,747	\$354,288
Substances	20,319	4,556	15,763
Work-in-process goods	204,365	28,945	175,420
Finished goods	440,709	34,934	405,775
Merchandise trade	3,732	617	3,115
Total	<u>\$1,042,160</u>	<u>\$87,799</u>	<u>\$954,361</u>

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

	For the Three Months Ended March 31	
	2024	2023
Inventory transferred to cost of goods sold	\$977,383	\$999,318
Inventory cost reduced to net realizable value	5,115	5,802
Inventory overage	(664)	(1,633)
Total operating cost	<u>\$981,834</u>	<u>\$1,003,487</u>

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

(6) Other financial assets-current

	March 31, 2024	December 31, 2023	March 31, 2023
Fixed deposit	\$22,453	\$22,223	\$22,849
Restricted assets – bank deposits	309	303	1,216
Overseas funds repatriation account			
Fixed deposit	7,955	7,637	7,320
Total	<u>\$30,717</u>	<u>\$30,163</u>	<u>\$31,385</u>

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

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Equity instrument</u>			
Unlisted stocks	\$27,006	\$27,006	\$27,006
Equity instrument investment evaluation adjustment	334,128	293,897	269,255
Total	<u>\$361,134</u>	<u>\$320,903</u>	<u>\$296,261</u>

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

(B) The Group had recognized dividend income from the investment in equity instrument measured at fair value through other comprehensive profit and loss both are NT\$0 thousand for the first quarters of 2024 and 2023, respectively.

(C) The Group did not have cumulative profit or loss transferred within equity for the first quarters of 2024 and 2023.

(D) The aforementioned financial assets measured at fair value through other comprehensive profit and loss had not been provided as collateral or mortgaged.

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

(8) Investment under the equity method

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

<u>Affiliated enterprises</u>	<u>March 31, 2024</u>	<u>Equity holding ratio (%)</u>	<u>December 31, 2023</u>	<u>Equity holding ratio (%)</u>	<u>March 31, 2023</u>	<u>Equity holding ratio (%)</u>
SUNFLEX TECHNOLOGY CO., LTD. (Note)	<u>\$173,927</u>	14.43	<u>\$168,248</u>	14.49	<u>\$163,241</u>	14.49

Note : The Group is the largest single shareholder of SUNFLEX TECHNOLOGY CO., LTD. with 14.43% voting shares. The shareholding of other top-ten shareholders (not related parties) exceeds the Group, and the shareholders have not agreed to discuss or make decisions collectively; apparently, the Group has no actual ability to lead relevant decision-making. Therefore, it is concluded that the Group has no control over SUNFLEX TECHNOLOGY CO., LTD., but only significant influence.

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

	For the Three Months Ended March 31	
	2024	2023
Net profit (loss) of the continuing business unit – current	\$5,275	\$413
Other comprehensive profit and loss (after tax) - current	109	1,593
Total comprehensive profit and loss - current	<u>\$5,384</u>	<u>\$2,006</u>

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

	For the Three Months Ended March 31	
	2024	2023
Balance - beginning	\$168,248	\$161,170
Profit amount - current	5,275	413
Changes in the affiliated enterprises under the equity method	295	65
The share of unrealized gains (losses) from changes in fair value of financial assets measured at fair value through other comprehensive income.	109	1,593
Balance - ending	<u>\$173,927</u>	<u>\$163,241</u>

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

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(Continuing)

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(9) Property, plant and equipment

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

For the Three Months Ended March 31, 2024

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, 2024	\$134,504	\$1,053,443	\$2,403,892	\$101,063	\$102,891	\$231,035	\$47,840	\$4,074,668
Addition	-	2,428	4,786	3,711	597	3,275	1,198	15,995
Dispositi ^{on}	-	-	(22,572)	(1,577)	(77)	(2,964)	-	(27,190)
Reclassification	-	-	267	-	-	(94)	-	173
Exchange difference	(566)	12,549	27,942	972	1,653	1,514	881	44,945
Balance at March 31, 2024	133,938	1,068,420	2,414,315	104,169	105,064	232,766	49,919	4,108,591
<u>Accumulated depreciation</u>								
Balance at January 1, 2024	-	690,735	1,824,626	75,836	73,753	170,443	-	2,835,393
Depreciation	-	10,392	21,443	2,142	2,018	3,023	-	39,018
Disposition	-	-	(21,915)	(1,485)	(75)	(2,679)	-	(26,154)
Reclassification	-	-	-	-	-	(1)	-	(1)
Exchange difference	-	8,265	22,119	724	1,168	1,138	-	33,414
Balance at March 31, 2024	-	709,392	1,846,273	77,217	76,864	171,924	-	2,881,670
Carrying amount at March 31, 2024	\$133,938	\$359,028	\$568,042	\$26,952	\$28,200	\$60,842	\$49,919	\$1,226,921

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For the Three Months Ended March 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	\$134,237	\$1,059,748	\$2,407,211	\$103,678	\$102,304	\$225,462	\$6,573	\$4,039,213
Addition	-	5,982	8,204	686	500	1,383	1,435	18,190
Disposition	-	-	(11,282)	(397)	(1,617)	(3,004)	-	(16,300)
Reclassification	-	1,266	32,285	-	(54)	590	(2,585)	31,502
Exchange difference	53	2,745	6,319	298	292	611	(7)	10,311
Balance at March 31, 2023	134,290	1,069,741	2,442,737	104,265	101,425	225,042	5,416	4,082,916
<u>Accumulated depreciation</u>								
Balance at January 1, 2023	-	674,080	1,799,358	73,372	69,294	169,283	-	2,785,387
Depreciation	-	11,416	22,323	2,265	1,941	3,037	-	40,982
Disposition	-	-	(8,804)	(357)	(1,596)	(2,959)	-	(13,716)
Reclassification	-	-	16	-	(16)	-	-	-
Exchange difference	-	2,025	4,641	153	171	484	-	7,474
Balance at March 31, 2023	-	687,521	1,817,534	75,433	69,794	169,845	-	2,820,127
Carrying amount at March 31, 2023	\$134,290	\$382,220	\$625,203	\$28,832	\$31,631	\$55,197	\$5,416	\$1,262,789

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- (B) The Group's major building constituents mainly include the main plant buildings, workshops, and plant decoration, which are depreciated according to their service life of 3-50 years.
- (C) The Group did not acquire property, plant and equipment that caused the capitalization of the loan cost for the first quarters of 2024 and 2023.
- (D) The Group did not have any impairment occurred to the property, plant and equipment for the first quarters of 2024 and 2023.
- (E) The aforementioned property, plant and equipment had not been provided as collateral or mortgaged.
- (F) The acquired property, plant and equipment listed in the consolidated cash flow statement:

	For the Three Months Ended March 31	
	2024	2023
The current addition of property, plant and equipment listed in Note 6(9)(A) of the consolidated financial report	\$15,995	\$18,190
Add: Equipment payable – beginning	10,355	14,194
Less: Equipment payable – ending	(10,553)	(3,637)
Cash outflow for the acquisition of property, plant and equipment	<u>\$15,797</u>	<u>\$28,747</u>

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

	March 31, 2024	December 31, 2023	March 31, 2023
House and building	\$1,340	\$1,340	\$1,340
Less: Accumulated depreciation	(1,052)	(1,043)	(1,015)
Leased assets - net	<u>\$288</u>	<u>\$297</u>	<u>\$325</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, 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.

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- (b) The Group 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) Right-of-use assets

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

Cost	For the Three Months Ended March 31, 2024		
	Land	House & building	Total
Balance at January 1, 2024	\$202,460	\$123,460	\$325,920
Addition	-	-	-
Due/transfer amount	-	-	-
Exchange difference	3,528	1,937	5,465
Balance at March 31, 2024	205,988	125,397	331,385
Accumulated depreciation			
Balance at January 1, 2024	9,424	58,542	67,966
Depreciation	475	3,531	4,006
Due/transfer amount	-	-	-
Exchange difference	159	871	1,030
Balance at March 31, 2024	10,058	62,944	73,002
Carrying amount at March 31, 2024	\$195,930	\$62,453	\$258,383
Cost	For the Three Months Ended March 31, 2023		
	Land	House & building	Total
Balance at January 1, 2023	\$203,775	\$124,742	\$328,517
Addition	5,277	-	5,277
Due/transfer amount	-	-	-
Exchange difference	811	467	1,278
Balance at March 31, 2023	209,863	125,209	335,072
Accumulated depreciation			
Balance at January 1, 2023	7,723	65,378	73,101
Depreciation	482	4,976	5,458
Due/transfer amount	-	-	-
Exchange difference	3	251	254
Balance at March 31, 2023	8,208	70,605	78,813
Carrying amount at March 31, 2023	\$201,655	\$54,604	\$256,259

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(B) The Group did not have the right-of-use assets sublet for the first quarters of 2024 and 2023.

(C) The Group did not have any impairment occurred to the right-of-use assets for the first quarters of 2024 and 2023.

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

(11) Intangible assets

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

Cost	For the three months ended March 31	
	2024	2023
Balance – beginning	\$1,968	\$3,310
Addition - current	319	-
Decrease in the current period – delisted on the due date	-	-
Reclassification	1,012	-
Exchange difference	5	2
Balance – ending	3,304	3,312
Accumulated depreciation	For the three months ended March 31	
	2024	2023
Balance – beginning	1,307	2,273
Amortization – current	155	240
Decrease in current period – delisted on the due date	-	-
Exchange difference	(6)	2
Balance – ending	1,456	2,515
Book amount - ending	\$1,848	\$797

(B) The Group did not have any impairment occurred to the intangible assets for the first quarters of 2024 and 2023.

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(12) Short-term loans

	March 31, 2024	December 31,2023	March 31, 2023
Credit loans	\$1,020,000	\$1,210,000	\$920,000

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

Nature of loan	March 31, 2024	December 31,2023	March 31, 2023
Credit loan	1.64%-1.69%	1.64%-2.38%	1.747%-2.061%

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

(13) Bonds payable

	March 31, 2024	December 31,2023	March 31, 2023
Domestic Second Unsecured Convertible Corporate Bonds	\$1,000,000	\$-	\$-
Less: Discount on Accounts Payable Corporate Bonds	(51,268)	-	-
Non-derivative Financial Liability Component	948,732	-	-
Less: Current Portion of Accounts Payable Corporate Bonds	-	-	-
Non-current Portion of Accounts Payable Corporate Bonds	\$948,732	\$-	\$-
Embedded Derivatives (Note)			
Non-current Financial Assets Measured at Fair Value through Profit or Loss	\$500	\$-	\$-
Equity Component (Capital Surplus)	\$ 189,655	\$-	\$-
	For the three months ended March 31		
	2024	2023	
Gains on financial assets measured at fair value through profit or loss as part of the liabilities composition	\$200	\$-	
Interest expense	\$3,184	\$-	

Note: The fair value of embedded derivative financial instruments for the company's redemption rights is calculated on each reporting date using the risk-free rate plus a credit risk premium for discounting.

(A) As of March 31, 2024, the company has issued the 2024 domestic second unsecured convertible bonds with the following main terms explained:

(a) Issue Amount:

The total issue amount is 1,000,000 thousand, with a face value of 100 thousand per bond, issued at 113.80% of the face value. The actual total funds raised amount to 1,137,967 thousand, after deducting related issuance costs of 3,064 thousand, the net funds raised is 1,134,903 thousand.

(b) Issue Period:

The bonds have a three-year term, issued on January 26, 2024, and will mature on January 26, 2027.

(c) Bond Type:

Unsecured convertible bonds.

(d) Face Interest Rate and Repayment Method:

The face interest rate is 0%. Except for conversion into the company's common stock as specified in the conversion method or repurchased and cancelled by securities dealers commissioned by the company, the company shall repay the convertible bonds in cash in full at face value within ten business days starting from the day after the maturity date of the convertible bonds.

(e) Company's Redemption Rights for the Convertible Bonds:

From three months after the issuance date of the convertible bonds (April 27, 2024) to forty days before the maturity date (December 17, 2025), if the closing price of the company's common stock exceeds 30% of the conversion price for thirty consecutive trading days, the company may, within the following thirty trading days, send a registered "Bond Redemption Notice" to the bondholders with a one-month expiration date, notifying the exercise of the redemption rights. Within five business days after the bond redemption reference date, the company may redeem all the bonds in cash at face value. Additionally, if the outstanding balance of the convertible bonds in circulation falls below 10% of the original total face value, the company may, at any subsequent time, send a registered "Bond Redemption Notice" with a one-month expiration date to the bondholders, notifying the exercise of the redemption rights. Within five business days after the bond redemption reference date, the company may redeem all the bonds in cash at face value.

(f) Conversion Period:

Bondholders may convert the convertible bonds from the day after the issuance date of the convertible bonds (April 27, 2024) to forty days before the maturity date (January 26, 2027), except during the following periods: (1) from the fifteenth business day before the ex-dividend date, the ex-date for cash dividends, or the record date for rights offerings; (2) from the record date for capital reduction to the day before the commencement of trading of the shares issued in exchange for the reduction; (3) from the date of cessation of conversion due to stock split to the day before the commencement of trading of the new shares issued in the stock split; (4) during any period when the transfer of ordinary shares is legally suspended, bondholders may request, through securities dealers, the Taiwan Depository & Clearing Corporation Limited to convert the bonds into the company's common stock in accordance with the conversion method.

(g) Conversion Price and Its Adjustment:

The conversion price was set at NT\$72.2 per share on August 1, 2024 as the reference date. After the issuance of the convertible bonds, the conversion price will be adjusted in accordance with the terms of issuance when there is an increase in the company's outstanding common shares due to various events such as cash capital increase, profit to capital increase, capital surplus to capital increase, mergers, acquisitions, stock splits, issuance of overseas depository receipts, and changes in the face value of shares. Additionally, the conversion price will be adjusted if the company distributes cash dividends on common shares, issues new securities with conversion rights at a price lower than the market price per share, or grants subscription rights for the issuance of new shares to others. The conversion price will also be adjusted if there is a reduction in common shares due to reasons other than the cancellation of treasury shares. As of March 31, 2024, the adjusted conversion price based on the terms of issuance is NT\$71.3 per share.

- (B) The company has separated the conversion option of the convertible bonds mentioned above in accordance with regulations. At the original recognition, the portion classified as an equity component is recorded under capital surplus - conversion option of convertible bonds, amounting to NT\$189,655 thousand. The portion classified as a liability component in the main contract is recorded under accounts payable - convertible bonds, amounting to NT\$945,548 thousand, while the liability component of embedded derivative financial instruments in the terms of issuance is recorded through profit or loss at fair value under financial assets - non-current, amounting to NT\$300 thousand.

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(C) As of the date of issuance of the consolidated financial statements, there have been no creditors of the above-mentioned company applying for conversion into ordinary shares of the company.

(14) Long-term loans

<u>Creditor</u>	<u>Nature of loan</u>	<u>Contract period</u>	<u>Amount</u>	<u>Repayment method</u>
<u>March 31, 2024</u> : None				
<u>December 31, 2023</u> : None				
<u>March 31, 2023</u>				
Fubon Bank	Credit loan	01/03/2020~01/03/2025	\$52,758	(Note 1)
Fubon Bank	Credit loan	02/07/2020~02/07/2025	17,176	(Note 2)
Total			69,934	
Less: Long-term loans due within one year			(39,516)	
Long-term loans due after one year			<u>\$30,418</u>	

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

(A) The long-term loan from Taipei Fubon Bank mentioned above is a financing loan for Taiwanese businesses investing in projects in Taiwan. The loan interest rate as of March 31, 2023, is 1.729%.

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

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(15) Lease liabilities

	Discount rate	March 31, 2024	December 31, 2023	March 31, 2023
Lease liabilities				
Land		\$46,884	\$46,043	\$47,128
House and building	2.475%-4.750%	68,300	70,340	59,664
Total		115,184	116,383	106,792
Less: Lease liabilities due within one year		(60,070)	(58,922)	(53,479)
Lease liabilities due after one year		\$55,114	\$57,461	\$53,313

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

(B) Other rental information is listed as follows:

	For the three months ended March 31	
	2024	2023
Short-term lease expense	\$1,731	\$1,742
Low-value asset lease expenses	\$-	\$-
Changes in lease expense excluded from the measurement of a lease liability	\$-	\$-
Total cash outflow of all leases	\$5,704	\$7,431
Lease liabilities interest	\$768	\$728

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

(16) Retirement benefits

(A) Defined benefits plan

(a) The company has established an employee retirement plan according to the employees' years of service and the expected wages before retirement. A certain percentage of the monthly wage is appropriated as pension in accordance with the "Labor Standards Act" that is deposited in the special account and managed by the Labor Retirement Reserve Committee. The aforementioned pension fund is completely separated from the company; therefore, it is not included in the consolidated financial report. As of March 31, 2024, December 31, 2023, and March 31, 2023, the company's pension reserve deposit account with the Bank of Taiwan was with a balance of NT\$182,080 thousand, NT\$164,158 thousand, and NT\$171,652 thousand, respectively.

(b) Please refer to Note 6.(15)(A) of the 2023 consolidated financial report for the company's defined benefit plan on December 31, 2023.

(c) Pension expenses recognized as profit or loss:

	For the three months ended March 31	
	2024	2023
Operating cost	\$531	\$567
Marketing expense	141	137
Management expense	323	324
R&D expense	118	116
Total	<u>\$1,113</u>	<u>\$1,144</u>

(B) Defined contribution plan

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

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

	For the three months ended March 31	
	2024	2023
Operating cost	\$11,578	\$11,619
Marketing expense	2,122	1,997
Management expense	2,699	2,615
R&D expense	2,041	2,119
Total	\$18,440	\$18,350

(17) Capital stock

	Authorized capital stock (1,000 shares)	Common stock shares issued at NT\$10 par(including Advance Receipts for Capital Stock)	
		Shares (1,000 shares)	Capital stock
Balance amount on January 1,2024	350,000	190,844	\$1,908,443
Issuance of new shares through a cash capital increase		15,000	150,000
Employee exercise of stock warrant		776	7,760
Balance amount on March 31, 2024	350,000	206,620	\$2,066,203
Balance amount on January 1,2023	350,000	190,654	\$1,906,543
Balance amount on March 31,2023	350,000	190,654	\$1,906,543

- (A) As of March 31, 2024, December 31, 2023, and March 31, 2023, the company's authorized capital stock included 20,000 thousand shares reserved for the issuance of an employee stock warrant.
- (B) The related rights, priority, and restrictions of the common stock shares issued by the company are as follows:

- (a) Each shareholder is entitled to one vote per share.
 - (b) The distribution of dividends and bonuses are based on the shareholding ratio of each shareholder.
 - (c) The property net of the debt is distributed proportionally to the shareholding ratio of each shareholder.
- (C) In the first quarter of the year 2024 and the fourth quarter of the year 2023, the Company exercised 776 thousand shares and 190 thousand shares of employee stock options, respectively. As of March 31, 2024, December 31, 2023, and March 31, 2023, the Company accumulated a total of 11,568 thousand shares, 10,792 thousand shares, and 10,602 thousand shares, respectively, due to the issuance of employee stock options. As of March 31, 2024, and December 31, 2023, there were still 776 thousand and 190 thousand million shares pending completion of registration procedures, hence temporarily recorded under subscription receivables. For more information regarding the issuance of employee stock options, please refer to Note 6(24) in the financial statements.
- (D) On October 27th, 2023, the Company's Board of Directors resolved to carry out a cash capital increase by issuing NT\$150,000 thousand new shares, divided into 15,000 thousand shares, with a par value of \$10 per share, and issued at a premium of \$58 per share. The total cash capital increase amount is \$870,000 thousand, deducting related issuance costs of \$3,553 thousand, resulting in a net cash capital increase of \$866,447 thousand. The Chairman is authorized to set February 27th, 2024 as the capital increase reference date. The aforementioned capital increase case has been approved and effectively reported by the competent authority, and the capital increase change registration procedures have been completed.

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(18) Capital Surpluses

	March 31, 2024	December 31, 2023	March 31, 2023
Common stock premium	\$1,063,551	\$317,414	\$314,662
Treasury stock transaction	63,306	63,306	63,306
The difference between the actual acquisition price of the subsidiary's equity and the book amount	3,563	3,563	3,563
Changes in the net equity value of subsidiaries under the equity method and affiliated enterprises	32,453	32,158	31,927
Employee stock options	35,405	35,311	23,721
Convertible bonds into stock options.	189,655	-	-
Expired employee stock options	46,280	36,414	36,325
Received donation from shareholders	1,788	1,739	1,739
Total	<u>\$1,436,001</u>	<u>\$489,905</u>	<u>\$475,243</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.

(19) Legal reserve

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

(20) Special reserve

In accordance with Financial Supervisory Commission (FSC) orders No. 1010012865, No. 1010047490, and the "FAQ on the Application of Special Surplus Reserves under International Financial Reporting Standards (IFRSs)", special surplus reserves are provided and reversed. When there is a reversal in the balance of other equity reduction items, the profit can be distributed on the reversal portion. Furthermore, the FSC issued order No. 1090150022 on March 31, 2021. Following the issuance of this order, the original FSC orders No. 1010012865 and No. 1010047490 were repealed on December 31, 2021, and March 31, 2021, respectively. The company will proceed according to the relevant orders.

(21) Earnings distribution and dividend policy

- (A) According to the company's Articles of Incorporation, the annual earnings, if any, should be applied to pay income tax and make up for the losses of the previous years; also, appropriate 10% legal reserve from the remaining balance, if any. In addition, appropriate or reverse a certain amount of special reserve according to the regulations of the competent authority. Then, for the balance amount, if any, and the unappropriated earnings of the previous year, except for the retained amount, the board of directors shall draft an earnings distribution plan for the resolutions of the shareholders meeting.
- (B) The company's dividend policy: the company's current industrial development is growing and will be expanded to support the business development. The earnings distribution shall be handled in accordance with the company's Articles of Incorporation. However, the shareholders' dividends distributed in the current year shall include not more than 50% of the stock dividend and must be more than 50% of the cash.
- (C) The aforementioned earnings distribution proposal issued by the board of directors (to be resolved in the company's general shareholders meeting on June 14, 2024) or resolved in the shareholders' meeting is as follows:

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	Years Ended December 31	
	2023	2022
Legal reserve	\$67,441	\$88,833
Special reserve	\$-	\$-
Shareholder's dividends		
Cash	\$308,766	\$438,505
Cash dividend per share	NT\$1.50	NT\$2.30
Stock (NT\$10 par)	-share	-share
Stock dividend per share	-NT\$	-NT\$
Capital surplus distribution to shareholders		
Cash	\$205,844	\$-
Cash dividend per share	NT\$1.00	-NT\$

(22) Other equity (net amount after tax)

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

	For the Three Months Ended March 31	
	2024	2023
Balance - beginning	\$(409,638)	\$(338,584)
Transactions of current period	82,369	14,122
Reclassified to (profit) and loss in the current period	-	-
Balance - ending	\$(327,269)	\$(324,462)

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

	For the Three Months Ended March 31	
	2024	2023
Balance - beginning	\$300,180	\$237,702
Transactions of current period	40,231	34,238
Recognized under the equity method in the current period - affiliated enterprise	109	1,593
Reclassified to retained earnings in the current period	-	-
Balance - ending	\$340,520	\$273,533

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(23) Non-controlling interests

	For the Three Months Ended March 31	
	2024	2023
Balance - beginning	\$683,605	\$664,949
The amount attributable to non-controlling interests:		
Net income	27,187	10,402
Exchange difference from the conversion of the financial statements of foreign operating institutions	10,889	2,958
Cash dividends paid by subsidiaries to non-controlling interests	(946)	(25,896)
Balance - ending	<u>\$720,735</u>	<u>\$652,413</u>

The Group had no subsidiaries with significant non-controlling interests for the first quarters of 2024 and 2023

(24) Share-based payment - employee rewards

(A) Employee stock options

The company was approved by the Securities and Futures Bureau of the Financial Supervisory Commission to issue employee stock option certificates on August 22, 2018 and June 21, 2022, for 500,000 units and 300,000 units respectively. Each unit of stock option certificate entitles the holder to subscribe to 10 shares of the company's common stock. When employees exercise the stock options, new shares will be issued. The exercise price is the closing price of the company's common stock on the day of issuance. Holders of the certificates may exercise a certain proportion of the stock options granted starting from the second anniversary of the issuance date (with the exercisable subscription amount being 40% of the total amount that the employee was entitled to subscribe as stated on the certificate at the time of issuance, increasing to 60% after three years, 80% after four years, and 100% after five years). The validity period of the stock option certificates is seven years, and any unexercised options upon maturity will be deemed as waived, and the holder will forfeit their right to exercise the options.

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As of March 31, 2024, 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	129,300	1,293,000	\$19.10
August 12, 2019	210,000	157,700	1,177,000	19.20
August 5, 2022	100,000	100,000	-	48.40
November 4, 2022	100,000	100,000	-	42.40
June.5.2023	100,000	100,000	-	48.00

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 March 31, 2024.

(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\$3,924 thousand and NT\$3,120 thousand, for the first quarters of 2024 and 2023, 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
Expected dividend ratio	-%	-%	-%
Expected price fluctuation ratio	32.86%~36.80%	32.35%~36.13%	31.76%~35.33%
Risk-free interest rate	1.0873%~1.0996%	1.5365%~1.5954%	1.0109%~1.0687%
Expected duration	4.5~6 years	4.5~6 years	4.5~6 years
	2018 Stock option plan	2018 Stock option plan	
Expected dividend ratio	-%	-%	
Expected price fluctuation ratio	18.99%~20.95%	21.38%~22.07%	
Risk-free interest rate	0.554%~0.582%	0.700%~0.758%	
Expected duration	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:

	For the Three Months Ended March 31, 2024		For the Three Months Ended March 31, 2023	
	QTY (unit)	Weighted average price per share (NTD)	QTY (unit)	Weighted average price per share (NTD)
Employee stock operations				
Outstanding shares - beginning	664,600	\$31.76	585,700	\$29.89
Granted in current period	-	-	-	-
Exercised in current period	(77,600)	19.13	-	-
Lost in current period (expired)	-	-	-	-
Outstanding shares - ending	<u>587,000</u>	33.01	<u>585,700</u>	29.89
Exercisable employee stock options - ending	<u>247,000</u>	19.15	<u>251,000</u>	20.34
Average fair value per share of stock options granted to employees in the current period (NTD)	<u>\$-</u>		<u>\$-</u>	

The company had employee stock options exercised at a weighted average exercise price of NT\$75.1 in the first quarter of 2024. In the first quarter of 2023, no employees exercised stock options.

As of March 31, 2024, December 31, 2023 and March 31, 2023, the company's outstanding compensatory employee stock option plan is as follows:

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	Price range per share (NTD)	Outstanding stock options			Exercisable employee stock options	
		Outstanding QTY (Unit)	Weighted average expected remaining duration	Weighted average price per share (NTD)	Exercisable QTY (Unit)	Weighted average price per share (NTD)
<u>March 31, 2024</u>						
2018 Stock option plan	\$19.10	129,300	0.19	\$19.10	129,300	\$19.10
2018 Stock option plan	19.20	157,700	0.65	19.20	117,700	19.20
2022 Stock option plan	48.40	100,000	3.44	48.40	-	48.40
2022 Stock option plan	42.40	100,000	3.69	42.40	-	42.40
2022 Stock option plan	48.00	100,000	4.28	48.00	-	48.00
<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	4.52	48.60	-	48.60
<u>March 31, 2023</u>						
2018 Stock option plan	\$20.30	206,700	0.76	\$20.30	152,000	\$20.30
2018 Stock option plan	20.40	179,000	1.53	20.40	99,000	20.40
2022 Stock option plan	51.50	100,000	4.45	51.50	-	51.50
2022 Stock option plan	45.10	100,000	4.70	45.10	-	45.10

(B) Cash capital increase with employee subscription

The company decided to conduct a cash capital increase on October 27, 2023, with the board of directors deciding to reserve 2,250 thousand shares for employees to subscribe to. The shares that became ineffective due to employees relinquishing their subscription rights amounted to 775 thousand shares. The company estimated the fair value per share using the Black-Scholes option pricing model at \$12.73 . In the first quarter of 2024, the company recognized a total of 28,643 thousand in compensation costs and recorded a capital surplus - expired subscription rights of 9,866 thousand.

The fair value of the employee subscription rights reserved by the company for cash capital increase is assessed using the Black-Scholes option pricing model. The information regarding the assumptions for each of these items is as follows:

	Issue date: 2023.10.27
Exercise price per share (in NT\$ dollars)	\$58.00
Stock price per share on grant date (pre-dilution) (in NT\$ dollars)	71.70
Stock price per share on grant date (post-dilution) (in NT\$ dollars)	70.70
Expected dividend yield	-%
Expected price volatility	30.25%
Risk-free interest rate	1.0302%
Expected term to maturity	16 days

(25) Net operating income

	For the Three Months Ended March 31	
	2024	2023
Sales income		
Parts income	\$1,341,753	\$1,287,615
Mold income	37,859	52,637
Fixture income	10,383	13,956
Merchandise income	18,391	29,851
Total	1,408,386	1,384,059
Less: Sales return	(3,152)	(3,978)
Sales discount	(744)	(3,155)
Net operating income	\$1,404,490	\$1,376,926

(A) Income classification:

(a) Main merchandise / service

	For the Three Months Ended March 31	
	2024	2023
Parts income	\$1,337,861	\$1,280,799
Mold income	37,859	52,637
Fixture income	10,383	13,956
Merchandise income	18,387	29,534
Total	\$1,404,490	\$1,376,926

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(b) Main regional markets

Customer location	For the Three Months Ended March 31	
	2024	2023
Taiwan	\$256,946	\$363,600
Asia (other than Taiwan)	1,015,779	870,114
America	79,697	83,295
Others	52,068	59,917
Total	<u>\$1,404,490</u>	<u>\$1,376,926</u>

(c) Income recognition time

	For the Three Months Ended March 31	
	2024	2023
Goods transferred at a certain time	<u>\$1,404,490</u>	<u>\$1,376,926</u>

(B) Contract liabilities:

	March 31, 2024	December 31, 2023	March 31, 2023
Contract liabilities	<u>\$24,164</u>	<u>\$19,431</u>	<u>\$25,483</u>

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

	For the Three Months Ended March 31	
	2024	2023
Contract liabilities balance – beginning transferred to income in the current period	\$(3,884)	\$(22,035)
Increase in cash received in advance in the current period	8,617	8,482

(26) Operating costs and expenses

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

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Function Nature	For the Three Months Ended March 31, 2024			For the Three Months Ended March 31, 2023		
	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)	\$196,835	\$142,872	\$339,707	\$179,852	\$108,177	\$288,029
Labor and health insurance expenses	15,192	10,161	25,353	15,373	9,861	25,234
Pension expenses	12,109	7,444	19,553	12,186	7,308	19,494
Director remuneration	-	2,004	2,004	-	1,837	1,837
Other welfare expenses	5,694	2,298	7,992	5,777	2,330	8,107
Depreciation expenses (Note 2)	31,021	11,994	43,015	33,176	13,255	46,431
Amortization expense	1,942	961	2,903	3,574	793	4,367

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

(2) The estimated remuneration payable to employees of the company for the first quarters of 2024 and 2023 were NT\$6,027 thousand and NT\$5,772 thousand, respectively, and the remuneration to directors and supervisors was NT\$0, respectively. The estimated remuneration to employees was based on a certain percentage of the net income before tax (without considering the impact of employee remuneration) for the first quarters of 2024 and 2023. The estimated remuneration to employees is recognized as the current operating cost or operating expense. However, if there is a change in the distribution amount resolved by the board of directors, it will be treated according to the accounting estimates changes and adjusted to the profit and loss of the following year.

- (3) 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 9, 2023; also, it was not different from the estimated remuneration to employees, directors, and supervisors in the company's 2022 financial report.
- (4) Please refer to the Market Observation Post System for the information regarding the remuneration to employees and directors resolved by the company's board of directors.

Note 2 : The Group had appropriated the depreciation expenses for the first quarters of 2024 and 2023 were NT\$43,024 thousand and NT\$46,440 thousand, respectively. Also, the depreciation expenses of the property, plant and equipment - leased assets is all NT\$9 thousand, respectively, and listed in the "Other income and expenses - net" account.

(27) Other income and expenses - net

	For the Three Months Ended March 31	
	2024	2023
Property, plant and equipment – lease assets		
Rent income	\$105	\$105
Depreciation expense	(9)	(9)
Other income and expenses - net	\$96	\$96

(28) Non-operating income and expense

(A) Interest income

	For the Three Months Ended March 31	
	2024	2023
Bank deposit interest	\$27,757	\$18,563
Other interest income	31,608	15,753
Total	\$59,365	\$34,316

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(B) Other income

	For the Three Months Ended March 31	
	2024	2023
Other income-other	\$1,116	\$7,698

(C) Other profit and loss

	For the Three Months Ended March 31	
	2024	2023
Net loss of financial assets measured at fair value profit and (loss)	\$93,780	\$(80,147)
Net profit (loss) from the disposal of property, plant, and equipment	76	(2,254)
Other expenses	(6)	(10)
Total	\$93,850	\$(82,411)

(D) Financial cost

	For the Three Months Ended March 31	
	2024	2023
Bank loan interest	\$(4,589)	\$(4,856)
Lease liability interest	(768)	(728)
Amortization of discount on bonds payable	(3,184)	-
Total	\$(8,541)	\$(5,584)

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

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

(F) Exchange profit – net

	For the Three Months Ended March 31	
	2024	2023
Realized exchange profit (loss) - net	\$(21,011)	\$(25,660)
Unrealized exchange profit (loss)-net	53,172	881
Total	\$32,161	\$(24,779)

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(29) Other comprehensive profit and loss

Other comprehensive profit and loss constituents	Transactions of current period	Reclassification and adjustment of current period	Other comprehensive profit and loss	Income tax expense	Amount after tax
<u>For the Three Months Ended March 31, 2024</u>					
Items not reclassified to profit and loss:					
Unrealized appraisal benefits of equity instrument investment measured at fair value through other comprehensive loss	\$40,231	\$-	\$40,231	\$-	\$40,231
Unrealized appraisal benefits of equity instrument investment measured at fair value through other comprehensive loss of affiliated enterprises under the equity method	109	-	109	-	109
Total amount of items not reclassified to profit and loss:	40,340	-	40,340	-	40,340
Items that may be reclassified to profit and loss subsequently:					
Exchange difference from the conversion of the financial statements of foreign operating institutions	93,258	-	93,258	-	93,258
Total	\$133,598	\$-	\$133,598	\$-	\$133,598

For the Three Months Ended March 31, 2023

Items not reclassified to profit and loss:					
Unrealized appraisal loss of equity instrument investment measured at fair value through other comprehensive profit	\$34,238	\$-	\$34,238	\$-	\$34,238
Unrealized appraisal loss of equity instrument investment measured at fair value through other comprehensive profit of affiliated enterprises under the equity method	1,593	-	1,593	-	1,593
Total amount of items not reclassified to profit and loss:	35,831	-	35,831	-	35,831
Item that may be reclassified to profit and loss subsequently:					
Exchange difference from the conversion of the financial statements of foreign operating institutions	17,080	-	17,080	-	17,080
Total	\$52,911	\$-	\$52,911	\$-	\$52,911

(30) Income tax

(A) The Group's income tax return must be filed by each entity independently instead of filing collectively. The company's and the subsidiary, CHIN DE INVESTMENT CO., LTD., business income tax return filed before 2022 (inclusive) were reviewed and approved by the tax collection agency.

(B) The income tax expense constituents:

(a) Income tax recognized in profit and loss

	For the Three Months Ended March 31	
	2024	2023
Income tax expense - current		
Income tax expenses of the current period	\$46,962	\$37,100
Deferred income tax expense (benefits)	57,899	(5,911)
Income tax expense	<u>\$104,861</u>	<u>\$31,189</u>

(b) The Group had no income tax related to other comprehensive profit and loss constituents or direct debited or credited to equity for the first quarters of 2024 and 2023, respectively.

(31) Earnings per share

(A) Basic earnings per share

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

	For the Three Months Ended March 31	
	2024	2023
Net profit attributable to the company's Common stock shareholders	<u>\$223,388</u>	<u>\$43,855</u>
Outstanding weighted average shares	190,844,298 shares	190,654,298 shares
Cash increase by issuing new shares (Note 1)	5,604,396	-
Employee stock option – subscribing issue new shares (Note 2)	<u>110,857</u>	<u>-</u>
Outstanding weighted average shares	<u>196,559,551 shares</u>	<u>190,654,298 shares</u>
Basic earnings per share (after tax) (NTD)	<u>\$1.14</u>	<u>\$0.23</u>

Note 1: The increase in cash is calculated based on the number of shares outstanding as of the capital increase reference date.

Note 2: Calculated based on the shares outstanding for each subscription period.

(B) Diluted earnings per share

Diluted earnings per share is the impact on earnings attributable to the owners of the company's common equity holders by all dilutive potential ordinary shares, divided by the impact on all the dilutive potential ordinary shares, adjusted for the weighted average number of shares outstanding during the period. Its calculation is as follows:

	For the Three Months Ended March 31	
	2024	2023
Net profit attributable to the company's common stock shareholders	\$223,388	\$43,855
Add: Impact of Convertible Bonds		
Conversion on Net Profit	2,954	-
Adjusted net profit attributable to the company's common stock shareholders	\$226,342	\$43,855
Outstanding weighted average shares	196,559,551 shares	190,654,298 shares
Add: Impact of Potential Common Shares		
Employee stock options assume subscription for additional shares (Note)	3,436,280	2,266,330
Convertible bonds assume conversion into additional shares	10,172,156	-
Employee compensation assumes issuance of stock for additional shares	295,691	434,774
Adjusted weighted average shares	210,463,678 shares	193,355,402 shares
Basic earnings per share (after tax) (NTD)	\$1.08	\$0.23

Note : The employee stock option certificates issued by our company in 2022, which are still outstanding, were not included in the calculation of diluted earnings per share for the first quarter of 2023 due to their anti-dilutive nature.

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(32) Reconciliation of liabilities from financing activities

Accounting item	Balance - beginning	Cash flow	Changes in non-cash			Balance - ending
			Change in exchange rate	Recognize interest expense	Other	
<u>For the Three Months Ended March 31,2024</u>						
Short-term loan	\$1,210,000	\$(190,000)	\$-	\$-	\$-	\$1,020,000
Accounts payable - corporate bonds	-	1,134,903	-	3,184	(189,355)	948,732
Lease liabilities (including current and noncurrent)	116,383	(3,205)	2,006	-	-	115,184
Total	<u>\$1,326,383</u>	<u>\$941,698</u>	<u>\$2,006</u>	<u>\$3,184</u>	<u>\$(189,355)</u>	<u>\$2,083,916</u>
<u>For the Three Months Ended March 31,2023</u>						
Short-term loan	\$1,070,000	\$(150,000)	\$-	\$-	\$-	\$920,000
Long-term loan	79,032	(9,098)	-	-	-	69,934
Lease liabilities (including current and noncurrent)	111,672	(4,961)	81	-	-	106,792
Total	<u>\$1,260,704</u>	<u>\$(164,059)</u>	<u>\$81</u>	<u>\$-</u>	<u>\$-</u>	<u>\$1,096,726</u>

7. RELATED PARTY TRANSACTIONS

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

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(1) Name of related party and relationship

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

(2) Major transactions with related parties

(A) Purchases

Related party category/name	For the Three Months Ended March 31	
	2024	2023
Other related parties		
KUAI LUNG	\$-	\$17
Affiliated enterprises		
SUNFLEX	330	2,076
Total	\$330	\$2,093

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 90 days; while other suppliers are with a payment term of OA 0-120 days.

(B) Sales

Related party category/name	For the Three Months Ended March 31	
	2024	2023
Affiliated enterprises		
SUNFLEX	\$6	\$15

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 30-45 days; while the general customer is with a payment term of OA 30-150 days.

(C) Processing Costs

The company incurred processing costs of NT\$2,864 million and NT\$3,791 million in the first quarter of fiscal years 2024 and 2023, respectively, from outsourcing product processing to its affiliate, Sunrise Electronics.

(D) Other

The company incurred expenses of NT\$79 thousand and NT\$0 thousand in the first quarter of fiscal years 2024 and 2023, respectively, for outsourcing the procurement of employee uniforms to its affiliate, SUNFLEX.

(E) Claims/obligations arising from the aforementioned transactions

Related party category/name	March 31, 2024	December 31, 2023	March 31, 2023
(a) <u>Accounts receivable –</u>			
<u>related party</u>			
Affiliated enterprises			
SUNFLEX	\$7	\$3	\$16
(b) <u>Accounts payable –</u>			
<u>related party</u>			
Other related parties			
KUAI LUNG	\$-	\$195	\$18
Affiliated enterprises			
SUNFLEX	335	1,082	7,631
Total	\$335	\$1,277	\$7,649
(c) <u>Other payable – related</u>			
<u>party</u>			
Other related parties			
KUAI LUNG	\$323	\$-	\$463
Affiliated enterprises			
SUNFLEX	2,036	2,574	2,685
Total	\$2,359	\$2,574	\$3,148

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

(F) Information on total remunerations of key management personnel

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

Item	For the Three Months Ended March 31	
	2024	2023
Short-term benefits	\$5,247	\$5,019
Retirement benefits	97	143
Share-based payment	6,239	31
Total	\$11,583	\$5,193

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

8. MORTGAGED ASSETS

As of March 31, 2024, December 31, 2023, and March 31, 2023, the Group had assets provided as collateral to financial institutions for loans, applying for credit line, electricity deposits, materials, contracts, and issuing the letter of credit as follows:

Accounting item	March 31, 2024	December 31, 2023	March 31, 2023	Mortgage agency	Collateral for loans
Other financial assets				Bank of China	Material deposit,
- current Bank deposits	\$309	\$303	\$1,216		contract deposit,
Other noncurrent assets - others				Bangkok Bank	and others
Bank deposits	221	226	224		Electricity deposit
Other noncurrent assets – others				Mizuho Bank	Tariff deposits
Bank deposits	1,057	1,087	1,144		
Total	\$1,587	\$1,616	\$2,584		

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

The Group had the following significant contingent liabilities and unrecognized contractual commitments not yet included in the aforementioned consolidated financial report as of March 31, 2024:

- (1) The company had had a guaranteed loan from financial institutions for the tariff guarantee amount of NT\$500 thousand on March 31, 2024
- (2) The company has signed a contract to purchase real estate, factory buildings, and equipment for a total amount of NT\$1,550,000 thousand (including tax), of which the outstanding payment amount is NT\$1,240,000 thousand (including tax).
- (3) The Group's G-SHANK ENTERPRISE (M) SDN. BHD. had a guaranteed loan of NT\$4,000 thousand from financial institutions for the introduction of foreign labor and other matters on March 31, 2024.
- (4) The Group's signed contracts for the purchase of real estate, factories, and equipment totaling RMB 52,436 thousand, of which the outstanding payment amount is RMB 39,827 thousand.
- (5) The group's subsidiary PT Indonesia G-Shank Precision has signed a quotation for land lease in the amount of IDR 19,850,000 thousand , of which the outstanding payment amount is IDR 12,737,083 thousand.

10. SIGNIFICANT DISASTER LOSS

None

11. MATERIAL POST EVENTS

As stated in Note 6.(17)(C) of the consolidated financial statements, in the first quarter of 2024, employees of the company exercised stock options to subscribe to 776 thousand shares (recognized under the item of subscription receivable for share capital). Subsequently, on May 10, 2024, the Board of Directors decided to set the record date for the capital increase as May 13, 2024.

12. **OTHERS**

(1) **Capital management**

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

(2) **Financial risk management**

- (A) The Group's main financial instruments include cash and cash equivalents, financial assets measured at fair value through profit and loss, financial assets measured at fair value through other comprehensive profit and loss, financial assets measured at amortized cost, other financial assets (time deposits), short-term loans, long-term loans, lease liabilities, receivables and payables arising from operating activities, etc., also, adjust operating fund needs through such financial instruments. Therefore, the Group's operations are subject to various financial risks, including market risk (including exchange rate risk, interest rate risk, and other price risks), credit risk, and liquidity risk. The purpose of the Group's overall financial risk management is to reduce the potential adverse effects of the Group's exposure to financial risks due to changes in the financial market.
- (B) The Finance Department of the Group is responsible for identifying, evaluating, and hedging financial risks through close contact with the business units of the Group, planning and coordinating the access to domestic and international financial markets, and manages the Group's operation related financial risks by analyzing the degree of risk exposure; also, the Group's board of directors is responsible for supervision and management. In addition, the Group uses derivative financial instruments to hedge risk exposure at an appropriate time to reduce the impact of financial risks. The Group has the procedures for derivative financial instrument transactions stipulated that have been

approved by the board of directors and the shareholders meeting. The said procedures include trade principles and policies, risk management measures, internal audit systems, regular evaluation methods, and handling of nonconformities, of which, the risk management includes credit, market prices, liquidity, cash flow, operations, law, etc.

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

(a) Market risk

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

(i) Exchange rate risk

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

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

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				Sensitive analysis		
	Foreign currency (Thousand)	Exchange rate	Book amount	Change ratio	Increase/ decrease in net income before tax	Decrease in Equity
<u>March 31, 2024</u>						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$79,344	31.99	\$2,538,220	5%	\$126,911	\$-
JPY	49,844	0.2115	10,542	5%	527	-
HKD	4,945	4.09	20,225	5%	1,011	-
EUR	2,371	34.47	81,741	5%	4,087	-
<u>Non-monetary items</u>						
USD	\$49,010	31.99	\$1,567,840	5%	\$78,392	\$-
<u>Derivative financial instrument</u>						
USD	\$342	31.99	\$10,936 (Note)	5%	\$547	\$-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	\$535	31.99	\$17,099	5%	\$855	\$-
JPY	5,032	0.2115	1,064	5%	53	-

Non-monetary items: None

Derivative financial instrument: None

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

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				Sensitive analysis		
	Foreign currency (Thousand)	Exchange rate	Book amount	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	\$60,771	30.71	\$1,866,288	5%	\$93,314	\$-
JPY	47,286	0.2174	10,280	5%	514	-
RMB	3,216	4.329	13,924	5%	696	-
HKD	4,615	3.934	18,156	5%	908	-
EUR	3,222	34.01	109,570	5%	5,479	-
<u>Non-monetary items</u>						
USD	\$44,342	30.71	\$1,361,752	5%	\$68,088	\$-
<u>Derivative financial instrument</u>						
USD	\$11	30.71	\$348 (Note)	5%	\$17	\$-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	\$595	30.71	\$18,271	5%	\$914	\$-
JPY	12,706	0.2174	2,762	5%	138	-
<u>Non-monetary items: None</u>						
<u>Derivative financial instrument: Note</u>						

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				Sensitive analysis		
	Foreign currency (Thousand)	Exchange rate	Book amount	Change ratio	Increase/ decrease in net income before tax	Decrease in Equity
<u>March 31, 2023</u>						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$72,827	30.44	\$2,216,863	5%	\$110,843	\$-
JPY	49,331	0.2288	11,287	5%	564	-
RMB	158	4.431	700	5%	35	-
HKD	2,927	3.8800	11,358	5%	568	-
EUR	1,544	33.14	51,152	5%	2,558	-
<u>Non-monetary items</u>						
USD	\$27,003	30.44	\$821,973	5%	\$41,099	\$-
<u>Derivative financial instrument</u>						
USD	\$229	30.44	\$6,968 (Note)	5%	\$348	\$-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	\$508	30.44	\$15,454	5%	\$773	\$-
JPY	13,636	0.2288	3,120	5%	156	-
<u>Non-monetary items</u> : None						
<u>Derivative financial instrument</u> : Note						

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

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

Functional currency	For the Three Months Ended March 31, 2024		For the Three Months Ended March 31, 2023	
	Exchange profit (loss)	Average exchange rate	Exchange profit (loss)	Average exchange rate
NTD	\$26,013	-	\$(10,535)	-
USD	(164)	31.61	(1,054)	30.31
RMB	1,855	4.38	(12,261)	4.421
MYR	3,387	6.673	(1,051)	6.933
Others	1,070	-	122	-
Total	<u>\$32,161</u>		<u>\$(24,779)</u>	

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

(ii) Interest rate risk

The Group's interest rate risks include the fair value interest rate risk of the financial instruments with fixed interest rate and the cash flow interest rate risk of financial instruments with floating interest rate. The financial instruments with fixed interest rate refer to the company's time deposits, some financial assets-current measured at fair value through profit and loss, financial assets measured at amortized cost, some other financial assets-current and some bank loans; the financial instruments with floating rate refer to savings deposits, some other financial assets-current, some other noncurrent assets-others, and some bank

loans. The Group has interest rate risk evaluated and analyzed on a dynamic basis and controlled the interest rate risk exposure by maintaining an appropriate combination of fixed and floating interest rates. The Group expects no significant interest rate risk.

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Fixed interest rate			
Financial assets	\$5,912,622	\$3,973,702	\$3,003,323
Financial liabilities	(2,083,916)	(1,326,383)	(1,026,792)
Net amount	<u>\$3,828,706</u>	<u>\$2,647,319</u>	<u>\$1,976,531</u>
Floating interest rate			
Financial assets	\$1,314,819	\$1,110,485	\$1,493,191
Financial liabilities	-	-	(69,934)
Net amount	<u>\$1,314,819</u>	<u>\$1,110,485</u>	<u>\$1,423,257</u>

(02) Sensitivity Analysis

For the Group's financial assets and liabilities with a floating interest rate, if the interest rate of market deposits or loans increased by 0.5% on the reporting date, assuming that it is held for an accounting quarter and all other factors are given, it would cause the Group's net income before tax increased by NT\$1,644 thousand and NT\$1,779 thousand for the first quarters of 2024 and 2023, respectively.

The embedded derivative financial instruments generated from the conversion of corporate bonds in fixed-rate financial liabilities engaged by the Group will result in fair value interest rate risk. If the risk-free interest rate increases or decreases by 0.1% as of the reporting date, and assuming other risk variables remain constant, it will have no impact on the Group's profit before tax for the first quarter of 2024.

(iii) Other price risks

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

Sensitivity Analysis

For the Group's financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income held by the Group, a 5% increase in the prices of beneficial securities and equity securities on the reporting date will have the following impact on profit before tax or equity. Conversely, a 5% decrease in the prices of beneficial securities and equity securities will have the opposite effect on profit before tax or equity.

	March 31, 2024	December 31, 2023	March 31, 2023
Increase in net income before tax			
Financial assets measured at fair value through profit and loss	<u>\$82,866</u>	<u>\$72,332</u>	<u>\$47,316</u>
Increase in equity			
Financial assets measured at fair value through other comprehensive profit and loss	<u>\$18,057</u>	<u>\$16,045</u>	<u>\$14,813</u>

The embedded derivative financial instruments arising from the convertible bonds issued by the group will be subject to price risk due to changes in the company's stock price. If the group's stock price increases or decreases by 10% on the reporting date, assuming other risk variables remain constant, it will result in an increase of \$400 thousand or a decrease of \$300 thousand in the group's pre-tax net profit for the first quarter of fiscal year 2024.

(b) Credit risk

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

	March 31, 2024	December 31, 2023	March 31, 2023
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	26,071	25,871	30,226
Total	<u>\$26,071</u>	<u>\$25,871</u>	<u>\$30,226</u>

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

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- (iii) The expected credit loss of the Group's notes and accounts receivable as of March 31, 2024, December 31, 2023 and March 31, 2023 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>March 31, 2024</u>			
Not overdue	\$1,231,004	0%~3.20%	\$885
30 days overdue	80,183	0%~32.80%	689
31-90 days overdue	30,361	0%~26.67%	852
91-180 days overdue	5,219	0%~23.80%	280
181-365 days overdue	763	0%~31.43%	1
Over 366 days overdue	23,364	100%	23,364
Total	<u>\$1,370,894</u>		<u>\$26,071</u>
<u>December 31, 2023</u>			
Not overdue	\$1,233,736	0%~2.99%	\$831
30 days overdue	93,961	0%~27.20%	519
31-90 days overdue	45,610	0%~19.32%	1,171
91-180 days overdue	5,995	0%~16.45%	381
181-365 days overdue	1,161	0%~27.60%	23
Over 366 days overdue	22,946	100.00%	22,946
Total	<u>\$1,403,409</u>		<u>\$25,871</u>
<u>March 31, 2023</u>			
Not overdue	\$1,290,247	0%~2.42%	\$971
30 days overdue	70,489	0%~5.71%	730
31-90 days overdue	50,547	0%~9.55%	2,079
91-180 days overdue	16,124	0%~12.38%	1,547
181-365 days overdue	1,333	0%~37.14%	208
Over 366 days overdue	24,691	100.00%	24,691
Total	<u>\$1,453,431</u>		<u>\$30,226</u>

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

	March 31, 2024	December 31, 2023	March 31, 2023
The accounts receivable ratio of the top five customers	36.91%	35.06%	41.06%

(c) Liquidity risk

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

(i) Bank loan amount

	March 31, 2024	December 31, 2023	March 31, 2023
Short-term loan	\$3,249,500	\$3,059,500	\$1,659,566

(ii) Maturity analysis of undiscounted financial liabilities

	Less than 1 year	More than 1-2 years	More than 2-5 years	Over 5 years	Total
<u>March 31, 2024</u>					
<u>Non-derivative financial liabilities</u>					
Short-term loan	\$1,024,421	\$-	\$-	\$-	\$1,024,421
Accounts payable	436,768	-	-	-	436,768
Accounts payable – related party	335	-	-	-	335
Other payables	417,424	3,169	-	-	420,593
Other payables – related party	2,359	-	-	-	2,359
Lease liabilities	-	-	1,000,000	-	1,000,000
Long-term loan	62,480	8,137	9,909	71,390	151,916
Total	<u>\$1,943,787</u>	<u>\$11,306</u>	<u>\$1,009,909</u>	<u>\$71,390</u>	<u>\$3,036,392</u>

Derivative financial liabilities: None

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	Less than 1 year	More than 1-2 years	More than 2-5 years	Over 5 years	Total
<u>December 31, 2023</u>					
<u>Non-derivative financial liabilities</u>					
Short-term loan	\$1,216,423	\$-	\$-	\$-	\$1,216,423
Accounts payable	435,314	-	-	-	435,314
Accounts payable – related party	1,277	-	-	-	1,277
Other payables	485,603	3,238	-	-	488,841
Other payables – related party	2,574	-	-	-	2,574
Lease liabilities	62,565	11,091	10,170	72,266	156,092
Total	<u>\$2,203,756</u>	<u>\$14,329</u>	<u>\$10,170</u>	<u>\$72,266</u>	<u>\$2,300,521</u>

Derivative financial liabilities: None

March 31, 2023

Non-derivative financial liabilities

Short-term loan	924,165	\$-	\$-	\$-	\$924,165
Accounts payable	499,338	-	-	-	499,338
Accounts payable – related party	7,649	-	-	-	7,649
Other payables	348,375	13,552	-	-	362,048
Other payables – related party	3,148	-	-	-	3,148
Lease liabilities	55,914	4,229	10,989	75,393	146,525
Long-term loan	40,336	30,667	-	-	71,003
Total	<u>\$1,879,046</u>	<u>\$48,448</u>	<u>\$10,989</u>	<u>\$75,393</u>	<u>\$2,013,876</u>

Derivative financial liabilities: None

(D) Fair value of financial instruments

For the financial instruments of the Group, except for those listed in the table below, the carrying amounts approximate their fair values.

	March 31, 2024	
	Carrying amount	Fair value
Corporate bonds payable	<u>\$948,732</u>	<u>\$950,200</u>

(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 profit and loss are equity instrument investments without market price available for reference; therefore, the fair value is estimated according to the Market Approach. The company has the fair value estimated according to the prices derived from the market transactions of the same or comparable equity instruments and other relevant information.
- (iv) The fair value of other financial assets and other noncurrent assets-restricted assets is estimated according to the book amount, since the present value of future cash collected and discounted at the market interest rate is close to the book amount; therefore, the book amount should be a reasonable basis for estimating the fair value.
- (v) The evaluation of derivative financial instruments is based on the evaluation models that are widely accepted in the market, such as, discount method and option pricing model.

- (vi) Lease liabilities are discounted at the Group's increment loan interest rate on the unpaid lease expense on the lease starting day and then measured at amortized cost of the effective interest method subsequently. The book amount of the lease liabilities is an amount reasonably close to the fair value.
- (vii) The Group's long-term loans are based on floating interest rates with the fair value estimated according to the book amount on the balance sheet, which has been adjusted with reference to market conditions. Therefore, the company's loan interest rate is close to the market interest rate.
- (viii) The fair value of the Bonds payable is determined by discounting the future cash flows at the market rate of interest for similar corporate bonds under the same conditions.

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

(Continuing)

(Review only without following generally accepted auditing standards)

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

	<u>Lever 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>March 31, 2024</u>				
<u>Assets</u>				
Financial assets measured at				
fair value through profit				
and loss				
Funds	\$89,470	\$-	\$-	\$89,470
Bonds	-	1,567,840	-	1,567,840
SWAP contracts	-	10,936	-	10,936
Embedded derivative				
financial instruments	-	-	500	500
Financial assets measured at				
fair value through other				
profit and loss				
Unlisted stocks	-	-	361,134	361,134
<u>Liabilities: None</u>				
<u>December 31, 2023</u>				
<u>Assets</u>				
Financial assets measured at				
fair value through profit				
and loss				
Funds	\$84,878	\$-	\$-	\$84,878
Bonds	-	1,361,752	-	1,361,752
SWAP contracts	-	348	-	348
Financial assets measured at				
fair value through other				
profit and loss				
Unlisted stocks	-	-	320,903	320,903
<u>Liabilities: None</u>				

(Continued on next page)

Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES
(Continuing)
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	Lever 1	Level 2	Level 3	Total
<u>March 31, 2023</u>				
<u>Assets</u>				
Financial assets measured at fair value through profit and loss				
Funds	\$124,346	\$-	\$-	\$124,346
Bonds	-	821,973	-	821,973
SWAP contracts	-	6,968	-	6,968
Financial assets measured at fair value through other profit and loss				
Unlisted stocks	-	-	296,261	296,261
<u>Liabilities: None</u>				

- (ii) The group did not have any significant transfers between Level 1 and Level 2 of the fair value hierarchy in the first quarter of 2024 and 2023.
- (iii) The adjustment of the fair value measurement in Level 3 is as follows:
(01) Financial assets measured at fair value through profit or loss

	Embedded derivative financial instruments	
	For the Three Months Ended March 31	
Items	2024	2023
Opening balance	\$-	\$-
Additions during the period	300	-
Recognized in profit or loss during the period	200	-
Reclassification	-	-
Closing balance	\$500	\$-

(02) Financial assets measured at fair value through other comprehensive income

Items	Investment in equity instruments - unlisted (OTC) stocks	
	For the Three Months Ended March 31	
	2024	2023
Opening balance	\$320,903	\$262,023
Total profit		
Recognized in other comprehensive income	40,231	34,238
Closing balance	\$361,134	\$296,261

In the first quarter of 2024 and 2023, the Group recognized fair value changes of level 3 financial assets in profit or loss for the current period in the amounts of NT\$200 thousand and NT\$0, respectively, which were presented under non-operating income and expenses - other gains and losses. In the first quarter of 2024 and 2023, the Group recognized fair value changes of level 3 financial assets in other comprehensive income for the current period in the amounts of NT\$40,231 thousand and NT\$34,238 thousand, respectively, which were presented under other comprehensive income - unrealized gains on equity instruments measured at fair value through other comprehensive income.

(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.

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

(Continuing)

(Review only without following generally accepted auditing standards)

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

(04) The fair value of the embedded derivative financial liability component is assessed using the binomial tree convertible bond valuation model.

(05) The fair value of domestic unlisted equity instrument investment is evaluated with the Market Approach.

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

	Evaluation technique	Significant unobservable input value	Quantitative information	Relationship between the input value and fair value	Sensitivity analysis of the relationship between the input value and fair value
<u>March 31, 2024</u>					
<u>Financial assets</u>					
Financial assets measured at fair value through profit or loss					
Embedded derivative financial instruments	Binomial tree convertible bond valuation model	Volatility	27.69%	Higher volatility leads to higher estimated fair value	When volatility increases (decreases) by 5%, the impact on the Group's profit and loss is an increase of NT\$400 thousand /decrease of NT\$300 thousand.
Financial assets measured at fair value through other comprehensive profit and loss:					
Stock	Market Approach	Similar company's stock price-to-net value ratio	3.10	The higher the stock price-to-net value ratio of similar companies, the higher the estimated fair value	When the stock price-to-net value ratio of similar companies increases (decreases) by 5%, the equity of the Group will increase/decrease by NT\$18,057 thousand.
<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 Group will increase/decrease by NT\$16,045 thousand.

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

(Continuing)

(Review only without following generally accepted auditing standards)

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

	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>March 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	2.77	The higher the stock price-to-net value ratio of similar companies, the higher the estimated fair value	When the stock price-to-net value ratio of similar companies increases (decreases) by 5%, the equity of the Group will increase/decrease by NT\$14,813 thousand.

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

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

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

13. SUPPLEMENTARY DISCLOSURE MATTERS

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

(1) Information on major transactions

Supplementary information of the company and the subsidiaries for the first quarters of 2024 is disclosed as follows:

(A) Loans to others:

Unit:NT\$ Thousand / RMB Yuan																
No	Lending company	Borrower	Accounting item	Related party	Maximum amount -current	Balance – ending (12.31.2024) (Note 2)	Actual amount implemented (Note 3)	Interest rate range	Nature of loan	Trans-action. 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	\$44,080 (RMB10,000,000)	\$44,080 (RMB10,000,000)	\$44,080 (RMB10,000,000)	-	Short -term loan	-	Business operation of affiliated enterprise	-	-	-	\$ 229,165 (RMB51,988,363)	\$916,659 (RMB207,953,451)

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

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

Holding company	Type of securities	Name of securities	Relationship with the securities issuer	Accounting title	Unit: NT\$ Thousand/RMB/THB/USD Ending (March 31, 2024)				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	\$361,134	9.98	\$361,134	
	Bonds	HSBC Holding bonds HSBC 6 RERP (I)	None	Financial assets-current measured at fair value through profit and loss	3,100,000	95,562 (USD 2,987,253)	-	95,562 (USD 2,987,253)	
	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	42,974 (USD 1,343,370)	-	42,974 (USD 1,343,370)	
	Bonds	DB-Deutsche Bank AG bonds DB BANK 7.5 RERP (I)	None	Financial assets-current measured at fair value through profit and loss	1,600,000	50,420 (USD 1,576,112)	-	50,420 (USD 1,576,112)	
	Bonds	BCS-Barclays Plc bonds BACR 8 PERP	None	Financial assets-current measured at fair value through profit and loss	200,000	6,400 (USD 200,054)	-	6,400 (USD 200,054)	
	Bonds	BCS-Barclays Plc (2022) bonds BACR 8 PERP (I)	None	Financial assets-current measured at fair value through profit and loss	2,290,000	73,253 (USD 2,289,863)	-	73,253 (USD 2,289,863)	
	Bonds	Societe Generale bonds SOCGEN 9.3/8 PERP	None	Financial assets-current measured at fair value through profit and loss	1,280,000	42,520 (USD 1,329,178)	-	42,520 (USD 1,329,178)	
	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	62,468 (USD 1,952,730)	-	62,468 (USD 1,952,730)	

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

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

Holding company	Type of securities	Name of securities	Relationship with the securities issuer	Accounting title	Ending (March 31, 2024)				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(10Y)(I)	None	Financial assets-current measured at fair value through profit and loss	3,100,000	\$111,932 (USD 3,498,970)	-	\$111,932 (USD 3,498,970)	
	Bonds	BNP Paribas bonds BNP 9.25 PERP(I)	None	Financial assets-current measured at fair value through profit and loss	3,000,000	102,980 (USD 3,219,120)	-	102,980 (USD 3,219,120)	
	Bonds	Societe Generale bonds SOCGEN 10 PERP(I)	None	Financial assets-current measured at fair value through profit and loss	2,830,000	96,716 (USD 3,023,317)	-	96,716 (USD 3,023,317)	
	Bonds	Societe Generale bonds SOCGEN 6.75 PERP	None	Financial assets-current measured at fair value through profit and loss	2,000,000	58,223 (USD 1,820,040)	-	58,223 (USD 1,820,040)	
	Bonds	HSBC Holding bonds HSBC 6.3/8 PERP	None	Financial assets-current measured at fair value through profit and loss	1,000,000	31,857 (USD 995,840)	-	31,857 (USD 995,840)	
	Bonds	HSBC Holding bonds HSBC 6 PERP (II)	None	Financial assets-current measured at fair value through profit and loss	500,000	15,413 (USD 481,815)	-	15,413 (USD 481,815)	
	Bonds	DB-Deutsche Bank AG bonds DB BANK 7.5 PERP (II)	None	Financial assets-current measured at fair value through profit and loss	800,000	25,210 (USD 788,056)	-	25,210 (USD 788,056)	
	Bonds	BCS-Barclays Plc (2022) bonds BACR 8 PERP(II)	None	Financial assets-current measured at fair value through profit and loss	800,000	25,590 (USD 799,952)	-	25,590 (USD 799,952)	
	Bonds	Societe Generale bonds SOCGEN 9.3/8 PERP	None	Financial assets-current measured at fair value through profit and loss	1,300,000	43,185 (USD 1,349,946)	-	43,185 (USD 1,349,946)	

Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES (Continuing)
(Review only without following generally accepted auditing standards)
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Unit: NT\$ Thousand/RMB/THB/USD

Holding company	Type of securities	Name of securities	Relationship with the securities issuer	Accounting title	Ending (March 31, 2024)				Remarks
					Shares / unit / 1,000 shares	Book amount	Shareholding ratio (%)	Fair value / net value	
G-SHANK ENTERPRISE CO., LTD.	Bonds	ING Groep NV INTNED 7.1/2 PERP	None	Financial assets-current measured at fair value through profit and loss	500,000	\$15,908 (USD 497,290)	-	\$15,908 (USD 497,290)	
	Bonds	HSBC Holding bonds HSBC 8 PERP(I)	None	Financial assets-current measured at fair value through profit and loss	1,150,000	38,237 (USD 1,195,287)	-	38,237 (USD 1,195,287)	
	Bonds	BNP Paribas bonds BNP 8.5 PERP	None	Financial assets-current measured at fair value through profit and loss	800,000	26,806 (USD 837,952)	-	26,806 (USD 837,952)	
	Bonds	HSBC Holding bonds HSBC 6.547 PERP	None	Financial assets-current measured at fair value through profit and loss	200,000	6,627 (USD 207,154)	-	6,627 (USD 207,154)	
	Bonds	BNP Paribas bonds BNP 9.25 PERP(II)	None	Financial assets-current measured at fair value through profit and loss	1,200,000	41,192 (USD 1,287,648)	-	41,192 (USD 1,287,648)	
	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	6,918 (USD 216,240)	-	6,918 (USD 216,240)	
	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	34,704 (USD 1,084,850)	-	34,704 (USD 1,084,850)	
	Bonds	UBS Group Bonds UBS 9.25 PERP(10Y)(II)	None	Financial assets-current measured at fair value through profit and loss	300,000	10,832 (USD 338,610)	-	10,832 (USD 338,610)	
	Bonds	Societe Generale bonds SOCGEN 10 PERP(II)	None	Financial assets-current measured at fair value through profit and loss	2,608,000	89,129 (USD 2,786,152)	-	89,129 (USD 2,786,152)	
	Bonds	BCS-Barclays Plc bonds BACR 9.625 PERP	None	Financial assets-current measured at fair value through profit and loss	940,000	31,989 (USD 999,981)	-	31,989 (USD 999,981)	

Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES (Continuing)
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Holding company	Type of securities	Name of securities	Relationship with the securities issuer	Accounting title	Ending (March 31, 2024)				Remarks
					Shares / unit / 1,000 shares	Book amount	Shareholding ratio (%)	Fair value / net value	
G-SHANK ENTERPRISE CO., LTD.	Bonds	HSBC Holding bonds HSBC 6.5 PERP(I)	None	Financial assets-current measured at fair value through profit and loss	770,000	\$24,080 (USD 752,721)	-	\$24,080 (USD 752,721)	
	Bonds	HSBC Holding bonds HSBC 8 PERP(II)	None	Financial assets-current measured at fair value through profit and loss	787,000	26,213 (USD 819,417)	-	26,213 (USD 819,417)	
	Bonds	HSBC Holding bonds HSBC 6.5 PERP(II)	None	Financial assets-current measured at fair value through profit and loss	500,000	15,614 (USD 488,075)	-	15,614 (USD 488,075)	
	Bonds	Mitsubishi UFJ Financial Group bonds MUFG 8.2 PERP(II)	None	Financial assets-current measured at fair value through profit and loss	300,000	10,355 (USD 323,700)	-	10,355 (USD 323,700)	
	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	101,687 (USD 3,178,699)	-	101,687 (USD 3,178,699)	
	Bonds	Societe Generale bonds SOCGEN 10 PERP	None	Financial assets-current measured at fair value through profit and loss	1,500,000	51,248 (USD 1,602,000)	-	51,248 (USD 1,602,000)	
	Bonds	UBS Group Bonds UBS 7.75 PERP	None	Financial assets-current measured at fair value through profit and loss	2,030,000	66,615 (USD 2,082,374)	-	66,615 (USD 2,082,374)	
	Bonds	Societe Generale bonds SOCGEN 8.5 PERP	None	Financial assets-current measured at fair value through profit and loss	200,000	6,372 (USD 199,200)	-	6,372 (USD 199,200)	
	Bonds	BNP Paribas bonds BNP 5.125 PERP	None	Financial assets-current measured at fair value through profit and loss	200,000	5,712 (USD 178,538)	-	5,712 (USD 178,538)	
	Bonds	HSBC Holding bonds HSBC 6 PERP(III)	None	Financial assets-current measured at fair value through profit and loss	700,000	21,501 (USD 672,126)	-	21,501 (USD 672,126)	

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

Holding company	Type of securities	Name of securities	Relationship with the securities issuer	Accounting title	Ending (March 31, 2024)				Remarks
					Shares / unit / 1,000 shares	Book amount	Shareholding ratio (%)	Fair value / net value	
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	\$14,488 (USD 452,906)	-	\$14,488 (USD 452,906)	
	Bonds	Societe Generale bonds SOCGEN 10 PERP (I)	None	Financial assets-current measured at fair value through profit and loss	860,000	29,391 (USD 918,747)	-	29,391 (USD 918,747)	
	Bonds	Societe Generale bonds SOCGEN 10 PERP (II)	None	Financial assets-current measured at fair value through profit and loss	220,000	7,519 (USD 235,028)	-	7,519 (USD 235,028)	
GREAT-SHANK CO., LTD.	Funds	KFAFIX-A	None	Financial assets-current measured at fair value through profit and loss	3,099,082	31,665 (THB 35,983,127)	-	31,665 (THB 35,983,127)	
	Funds	BBL-AIBP6-24	None	Financial assets-current measured at fair value through profit and loss	1,450,000	12,760 (THB 14,499,710)	-	12,760 (THB 14,499,710)	
	Funds	SCBSFF	None	Financial assets-current measured at fair value through profit and loss	332,622	6,194 (THB 7,037,877)	-	6,194 (THB 7,037,877)	
	Funds	SCBFIXDA	None	Financial assets-current measured at fair value through profit and loss	2,225,483	21,169 (THB 24,055,468)	-	21,169 (THB 24,055,468)	
	Funds	SCBINCA	None	Financial assets-current measured at fair value through profit and loss	960,642	8,902 (THB 10,116,238)	-	8,902 (THB 10,116,238)	
	Funds	SCBAS6MV8	None	Financial assets-current measured at fair value through profit and loss	1,000,116	8,780 (THB 9,977,555)	-	8,780 (THB 9,977,555)	

Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES (Continuing)
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(D) Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital: None

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

Company Obtaining	Asset Name	Date of Occurrence	Transaction Amount	Payment Status	Counterparty	Relationship	Previous transfer data for transactions involving related parties.				Basis for price determination	Purpose of acquisition and usage scenario	Other agreed terms
							Owner	Relationship with issuer	Transfer date	Amount			
G-Shank Enterprise Co., Ltd.	Land, factory buildings and related equipment (Note 1)	2023.10.27 (Note 2)	\$1,550,000	Payment made \$310,000	FLEX TEK CO., LTD.	None.	N/A	N/A	N/A	\$-	Note 3	For operational use by our company.	None.

Note 1: As of the reporting period end date, the seller has not yet fulfilled the major pre-delivery conditions of the contract, so the prepaid equipment payment is temporarily recorded.

Note 2: Refers to the transaction signing date.

Note 3: Obtaining appraisal reports from the real estate appraisers of Cushman & Wakefield 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) 、6.(13) and 12 of the consolidated financial statements.

Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES (Continuing)
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(J) Business relationship and important transactions and transaction amount between the parent company and subsidiaries and among subsidiaries:

(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.	SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.	1	Sales revenue	\$129	Note 4	0.01%
				Other income	5,449	Note 7	0.39%
				Accounts receivable -related parties	98		-
				Other receivables -related parties	5,541		0.05%
				Other payables - related parties	43		-
0	G-SHANK ENTERPRISE CO., LTD.	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	1	Other income	221	Note 7	0.02%
				Other receivables -related parties	225		-
0	G-SHANK ENTERPRISE CO., LTD.	XIAMEN G-SHANK PRECISION MACHINERY CO., LTD.	1	Other income	611	Note 7	0.04%
				Other receivables -related parties	622		0.01%
				Other payables - related parties	2		-
0	G-SHANK ENTERPRISE CO., LTD.	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD	1	Cost of goods sold	263	Note 5	0.02%
				Other income	1,691	Note 7	0.12%
				Accounts payable - related parties	267		-
				Other receivables -related parties	1,719		0.01%

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

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No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions	Ratio to total consolidated operating income or total assets (Note 3)
0	G-SHANK ENTERPRISE CO., LTD.	QINGDAO G-SHANK PRECISION SDN.BHD.	1	Other income	1,170	Note 7	0.08%
				Other receivables -related parties	1,190		0.01%
0	G-SHANK ENTERPRISE CO., LTD.	SHENZHEN G-SHANK PRECISION SDN.BHD.	1	Other income	\$572	Note 7	0.04%
				Other receivables -related parties	582		-
				Other payables - related parties	19		-
0	G-SHANK ENTERPRISE CO., LTD.	TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.	1	Cost of goods sold	29	Note 5	-
				Other income	1,066	Note 7	0.08%
				Accounts payable - related parties	43		-
				Other receivables -related parties	1,084		0.01%
0	G-SHANK ENTERPRISE CO., LTD.	G-SHANK, INC.	1	Sales revenue	1,621	Note 4	0.12%
				Other receivables -related parties	58		-
0	G-SHANK ENTERPRISE CO., LTD.	SHENZHEN G-BAO PRECISION SDN.BHD.	1	Sales revenue	754	Note 4	0.05%
				Other income	930	Note 7	0.07%
				Accounts receivable -related parties	801		0.01%
				Other receivables -related parties	946		0.01%
				Other payables - related parties	18		-

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Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES (Continuing)
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No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions	Ratio to total consolidated operating income or total assets (Note 3)
0	G-SHANK ENTERPRISE CO., LTD.	GREAT-SHANK CO., LTD.	1	Sales revenue	595	Note 4	0.04%
				Other income	939	Note 7	0.07%
				Accounts receivable -related parties	1,445		0.01%
				Other receivables -related parties	2,174		0.02%
0	G-SHANK ENTERPRISE CO., LTD.	G-SHANK ENTERPRISE (M) SDN. BHD.	1	Sales revenue	\$1,270	Note 4	0.09%
				Other income	1,455	Note 7	0.10%
				Accounts receivable -related parties	1,562		0.01%
				Other receivables -related parties	1,488		0.01%
0	G-SHANK ENTERPRISE CO., LTD.	G-SHANK JAPAN CO., LTD	1	Sales revenue	291	Note 4	0.02%
				Cost of goods sold	253	Note 5	0.02%
				Accounts receivable -related parties	103		-
				Other receivables -related parties	77		-
				Other payables - related parties	182		-
0	G-SHANK ENTERPRISE CO., LTD.	PT INDONESIA G-SHANK PRECISION	1	Sales revenue	349	Note 4	0.02%
				Accounts receivable -related parties	353		-

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Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES (Continuing)
(Review only without following generally accepted auditing standards)
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No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions	Ratio to total consolidated operating income or total assets (Note 3)
1	SHANGHAI G-SHANK PRECISION	HONG JING (SHANGHAI) ELECTRONICS CO., LTD.	3	Sales revenue	1,390	Note 6	0.10%
				Cost of goods sold	33,274	Note 6	2.37%
				Other income and expenses	3,942	Note 7	0.28%
				Accounts receivable -related parties	1,072		0.01%
				Other receivables -related parties	3,510		0.03%
				Other payables - related parties	21,432		0.18%
1	SHANGHAI G-SHANK PRECISION	TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.	3	Sales revenue	21	Note 6	-
				Accounts receivable -related parties	24		-
1	SHANGHAI G-SHANK PRECISION	SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD.	3	Sales revenue	\$251	Note 6	0.02%
				Cost of goods sold	10,122	Note 6	0.72%
				Other income and expenses	4,962	Note 7	0.35%
				Accounts receivable -related parties	1,199		0.01%
				Other receivables -related parties	47,589		0.39%
				Other payables - related parties	7,750		0.06%
1	SHANGHAI G-SHANK PRECISION	GREAT-SHANK CO., LTD..	3	Other receivables -related parties	200		-
1	SHANGHAI G-SHANK PRECISION	G-SHANK JAPAN CO., LTD	3	Sales revenue	782	Note 6	0.06%
				Cost of goods sold	7,317	Note 6	0.52%
				Accounts receivable -related parties	429		-

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Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES (Continuing)
(Review only without following generally accepted auditing standards)
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No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions	Ratio to total consolidated operating income or total assets (Note 3)
				Other payables - related parties	11,785		0.10%
1	SHANGHAI G-SHANK RECISION	PT INDONESIA G-SHANK PRECISION	3	Sales revenue Accounts receivable -related parties	3,379 1,702	Note 6	0.24% 0.01%
1	SHANGHAI G-SHANK RECISION	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	3	Sales revenue Cost of goods sold Accounts receivable -related parties	136 633 165	Note 6 Note 6	0.01% 0.05% -
1	SHANGHAI G-SHANK RECISION	G-SHANK ENTERPRISE (M) SDN. BHD.	3	Sales revenue Cost of goods sold Accounts receivable -related parties Accounts payable - related parties	99 186 99 187	Note 6 Note 6	0.01% 0.01% - -
1	SHANGHAI G-SHANK ECISION	HUBEI HANSTAR ELECTRONICS TECHNOLOGY CO., LTD.	3	Sales revenue Cost of goods sold Accounts receivable -related parties Accounts payable - related parties	\$464 2,066 168 796	Note 6 Note 6	0.03% 0.15% - 0.01%
1	SHANGHAI G-SHANK ECISION	QINGDAO G-SHANK PRECISION SDN.BHD.	3	Cost of goods sold Other payables - related parties	2,506 2,479	Note 6	0.18% 0.02%

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

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No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions	Ratio to total consolidated operating income or total assets (Note 3)
2	SHENZHEN G-SHANK PRECISION SDN.BHD.	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	3	Cost of goods sold	44	Note 6	-
				Accounts payable - related parties	37		-
2	SHENZHEN G-SHANK PRECISION SDN.BHD.	SHENZHEN G-BAO PRECISION SDN.BHD.	3	Sales income	317	Note 6	0.02%
				Accounts receivable -related party	599		-
2	SHENZHEN G-SHANK PRECISION SDN.BHD.	GREAT-SHANK CO., LTD.	3	Sales income	160	Note 6	0.01%
				Accounts receivable -related party	161		-
3	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	G-SHANK JAPAN CO., LTD.	3	Cost of goods sold	53	Note 6	-
				Accounts payable - related parties	53		-
3	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	HONG JING (SHANGHAI) ELECTRONICS CO., LTD.	3	Sales revenue	550	Note 6	0.04%
				Accounts receivable -related parties	625		0.01%
4	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	TIANJIN G-SHANK PRECISION MACHINERY CO., LTD	3	Sales revenue	\$39	Note 6	-
				Accounts receivable -related parties	40		-

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

(Continued from the last page)

No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions	Ratio to total consolidated operating income or total assets (Note 3)
4	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	SHENZHEN G-BAO PRECISION SDN. BHD.	3	Sales revenue Accounts receivable -related parties	53 61	Note 6	- -
4	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	HUBEI HANSTAR ELECTRONICS TECHNOLOGY CO., LTD.	3	Sales revenue Accounts receivable -related parties	60 47	Note 6	- -
4	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	DONGGUAN QIAOJU TRADING CO., LTD	3	Sales revenue Cost of goods sold Other income and expenses Accounts receivable -related parties Accounts payable - related parties Other receivables -related parties	1,270 25 39 1,444 28 29	Note 6 Note 6 Note 7	0.09% - - 0.01% - -
4	G-SHANK PRECISION (M) SDN. BHD.	G-SHANK JAPAN CO., LTD.	3	Sales revenue Cost of goods sold Accounts receivable -related parties Accounts payable - related parties	1,318 1,506 1,353 1,547	Note 6 Note 6	0.09% 0.11% 0.01% 0.01%
6	G-SHANK JAPAN CO., LTD.	SHENZHEN G-BAO PRECISION SDN. BHD.	3	Cost of goods sold Accounts payable - related parties	\$475 160	Note 6	0.03% -

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

(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)
6	G-SHANK JAPAN CO., LTD.	GREAT SHANK CO., LTD.	3	Other receivables -related parties	49		-
6	G-SHANK JAPAN CO., LTD.	XIAMEN G-SHANK PRECISION MACHINERY CO., LTD.	3	Sales revenue Other receivables -related parties	45 48	Note 6	- -
6	G-SHANK JAPAN CO., LTD.	TIANJIN G-SHANK PRECISION MACHINERY CO., LTD	3	Cost of goods sold Accounts payable - related parties	290 215	Note 6	0.02% -
6	G-SHANK JAPAN CO., LTD.	PTINDONESIA G-SHANK PRECISION	3	Sales revenue	80	Note 6	0.01%
7	QINGDAO G-SHANK PRECISION SDN. BHD.	TIANJIN G-SHANK PRECISION MACHINERY CO., LTD	3	Sales revenue Accounts receivable -related parties	125 86	Note 6	0.01% -

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:

- (c) The parent company to the consolidated subsidiary;
- (d) Consolidate subsidiary to parent company;
- (e) Consolidated subsidiary to consolidated subsidiary;

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

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

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

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

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

Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES (Continuing)
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(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 first quarters of 2024.

Unit : NTD Thousand/USD/MYR

Investor Company	Investee Company	Location	Main business operation	Original investment amount (Note 12)		As of March 31, 2024			Current profit (loss) of the Investee Company	Investment profit (loss) recognized in current period (Note 11)	Footnote
				March 31, 2024	December 31, 2023	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	\$57,020	\$2,749	\$2,749	
	GRAND STAR ENTERPRISES L.L.C.	Note 2	General investment	590,864	590,864	-	100.00	1,674,065	28,807	28,881	
	G-SHANK, Inc.	Note 3	Stamping parts molds, fixtures	36,686	36,686	1,000	100.00	391,322	568	593	
	G-SHANK ENTERPRISE (M) SDN. BHD.	Note 4	Stamping parts molds, fixtures	85,112	85,112	6,924,750	92.33	432,190	20,000	18,343	
	GREAT-SHANK CO., LTD.	Note 5	Precision progressive die and hardware products	69,509	69,509	7,968,750	85.00	133,772	5,236	4,475	
	G-SHANK JAPAN CO., LTD.	Note 6	International trade	19,749	19,749	1,060	58.89	16,579	3,905	2,299	
	SUNFLEX TECHNOLOGY CO., LTD.	Note 7	Manufacturing and trading of electronic components	40,448	40,448	9,940,956	14.42	173,750	36,479	5,270	
CHIN DE INVESTMENT CO., LTD.	SUNFLEX TECHNOLOGY CO., LTD.	Note 7	Manufacturing and trading of electronic components	217	217	10,000	0.01	177	36,479	5	

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

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Unit : NTD Thousand/USD/MYR

Investor Company	Investee Company	Location	Main business operation	Original investment amount (Note 12)		As of March 31, 2024			Current profit (loss) of the Investee Company	Investment profit (loss) recognized in current period (Note 11)	Footnote
				March 31, 2024	December 31, 2023	Number of shares	Ratio (%)	Book amount (Note 11)			
G-SHANK ENTERPRISE (M) SDN. BHD.	PT INDONESIA G-SHANK PRECISION	Note 8	Stamping parts molds, fixtures	\$48,368 (RM7,144,500)	\$48,368 (RM7,144,500)	18,800	94.00	\$214,098 (RM31,624,575)	\$7,137 (RM1,069,473)	-	
G-SHANK, INC.	G-SHANK DE MEXICO,S.A. DE C.V.	Note 9	Stamping parts molds, fixtures	5,087 (USD 159,025)	5,087 (USD 159,025)	-	100.00	34,544 (USD1,079,851)	568 (USD6,691)	-	
GRAND STAR ENTERPRISES L.L.C. (Note 2)	GLOBAL STAR INTERNATIONAL CO., LTD.	Note 10	General investment	614,784 (USD19,218,011)	614,784 (USD19,218,011)	19,218,011	100.00	1,660,731	28,105	-	

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

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

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

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

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

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

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

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

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

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

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

Note 12: The original investment amount at the end of the current period and the end of last year is calculated according to the exchange rate on March 31, 2024.

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

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

Unit : NTD Thousand/USD/RMB/HKD

Invested company in China	Main business operation	Paid-in capital	Investment method	Cumulative investment amount remitted out of Taiwan in current period - beginning	Investment amount remitted in or out in current period		Cumulative investment amount remitted out of Taiwan in current period - ending	Current profit (loss) of the invested company	The company's direct or indirect investment shareholding ratio (%)	Investment profit (loss) recognized in current period (Note 4)	Book amount of investment - ending	Investment profit remitted into Taiwan as of current period
					Remitted out	Remitted in						
SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.	Precision progressive die and hardware products	USD 10,000,000 (Note A)	Entrusted investment (Note B)	USD1,700,000	\$-	\$-	USD1,700,000	\$140,781	85.00	\$119,664	\$2,068,329	\$1,836,575 (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	6,207	80.19	4,977	72,946	99,091 (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	(3,499)	51.00	(1,785)	122,585	21,823 (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	1,048	79.60	834	87,626	73,003 (USD2,282,062)

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

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Unit : NTD Thousand/USD/RMB/HKD

Invested company in China	Main business operation	Paid-in capital	Investment method	Cumulative investment amount remitted out of Taiwan in current period - beginning	Investment amount remitted in or out in current period		Cumulative investment amount remitted out of Taiwan in current period - ending	Current profit (loss) of the invested company	The company's direct or indirect investment shareholding ratio (%)	Investment profit (loss) recognized in current period (Note 4)	Book amount of investment - ending	Investment profit remitted into Taiwan as of current period
					Remitted out	Remitted in						
G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	Planer, milling machine or die machine, precision continuous die and hardware products	USD1,400,000	Investment through the company set up in the third region (Note F)	USD1,671,825	\$-	\$-	USD1,671,825	\$8,412	100.00	\$8,412	\$300,855	\$125,159 (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	(157)	92.83	(146)	228,526	347,448 (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	6,106	88.20	5,386	223,621	122,093 (USD3,816,588)
SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD.	Precision progressive die and hardware products	USD300,000	Investment through the company set up in the third region (Note I)	USD 255,000	-	-	USD 255,000	4,149	85.00	3,527	96,943	615,614 (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	840	93.85	788	99,858	8,341 (USD260,742)

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

Invested company in China	Main business operation	Paid-in capital	Investment method	investment amount remitted out of Taiwan in current period - beginning	Investment amount remitted in or out in current period		Cumulative investment amount remitted out of Taiwan in current period - ending	Current profit (loss) of the invested company	The company's direct or indirect investment shareholding ratio (%)	Investment profit (loss) recognized in current period (Note 4)	Book amount of investment - ending	Investment profit remitted into Taiwan as of current period
					Remitted out	Remitted in						
SHENZHEN G-BAO PRECISION SDN.BHD.	Precision progressive die and hardware products	USD3,150,000	Investment through the company set up in the third region (Note K)	USD2,880,000	\$-	\$-	USD2,880,000	\$7,064	91.43	\$6,459	\$442,351	\$157,930 (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.	-	-	-	-	(479)	100.00	(479)	86,945	-
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.	-	-	-	-	(830)	100.00	(830)	23,112	-
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.	-	-	-	-	83	100.00	83	246,069	-

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)
\$674,546 (USD21,086,140)	\$903,957 (USD28,257,472)	\$4,943,156

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

- 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 March 18, 2019 that would be valid from March 29, 2021 to March 28, 2024 for the investment in China, which had not violated the investment limit of the Investment Commission, MOEA.
- Note 4: The profit and loss amount from the subsidiary under the equity method for the first quarters of 2024 was calculated according to the investee company’s financial statements not audited by the independent auditors, except for SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.
- Note 5: It is an investment made through the invested company in China; therefore, it is unnecessary to report to the Investment Commission MOEA and is not included in the “Cumulative investment amount remitted out from Taiwan to China.”
- Note 6: Hubei Hanzhe Electronic Technology Co., Ltd. originally had a paid-in capital of RMB 30,000,000. In May of 2023, it reduced its capital and refunded RMB 11,000,000. After the reduction of capital, the paid-in capital changed to RMB 19,000,000.

Note A : SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. had a paid-in capital of US\$2,000 thousand originally. It had arranged a capital increase from earnings for an amount of US\$2,500 thousand and US\$5,500 thousand in May 2001 and October 2004, respectively. As of March 31, 2024, SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. had a paid-in capital of US\$10,000 thousand.

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

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

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

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

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

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

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

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

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

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

(B) Significant transactions conducted with the invested companies in China in the current period :

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

(4) Major Shareholder information

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

Major shareholders	Shares	Shareholding (shares)	Shareholding ratio (%)
JIHONG INVESTMENT CO., LTD.		16,089,465 shares	7.78%

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

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

14. DEPARTMENT INFORMATION

There are two reporting departments within the Group, including the stamping parts department and the general investment department. The stamping parts department is mainly for the manufacturing and production, processing, and trading of stamping components, while the general investment department is engaged in short-term investment and general investment activities. The reportable departmental profit and loss are measured by operating profit and loss before tax (excluding the total management and logistics costs to be amortized, non-operating income and benefits, non-operating expenses and losses, and income tax expenses) and it is the base for performance evaluation. This measurement amount is provided to the operating decision-maker to determine the allocation of resources to each department and to evaluate the performance of each department. The accounting policies of the operating department are the same as the summary of the significant accounting policies described in Note 4. of the consolidated financial report.

Department information

	Stamping parts department	General investment department	Adjustment & write-off	Consolidation
<u>For the three months ended March 31, 2024</u>				
<u>Income</u>				
Income from external				
customers	\$1,404,490	\$-	\$-	\$1,404,490
Inter-department income	-	-	-	-
Total income	<u>\$1,404,490</u>	<u>\$-</u>	<u>\$-</u>	<u>\$1,404,490</u>
Departmental profit and loss	<u>\$172,217</u>	<u>\$3,435</u>	<u>\$-</u>	<u>\$175,652</u>
Non-operating income and expense				<u>179,784</u>
Net income before tax of the continuing business unit				<u>\$355,436</u>

For the three months ended March 31, 2023

<u>Income</u>				
Income from external				
customers	\$1,376,926	\$-	\$-	\$1,376,926
Inter-department income	-	-	-	-
Total income	<u>\$1,376,926</u>	<u>\$-</u>	<u>\$-</u>	<u>\$1,376,926</u>
Departmental profit and loss	<u>\$155,806</u>	<u>\$(705)</u>	<u>\$-</u>	<u>\$155,101</u>
Non-operating income and expense				<u>(69,655)</u>
Net loss before tax of the continuing business unit				<u>\$85,446</u>

March 31, 2024

<u>Assets</u>				
Department assets	\$9,841,731	\$56,097	\$-	\$9,897,828
Current tax assets	5,233	305	-	5,538
Deferred tax assets	11,166	909	-	12,075
Investment - non- investment department	<u>2,152,232</u>	<u>-</u>	<u>-</u>	<u>2,152,232</u>
Total assets	<u>\$12,010,362</u>	<u>\$57,311</u>	<u>\$-</u>	<u>\$12,067,673</u>

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

(Continued from the previous page)

	Stamping parts department	General investment department	Adjustment & write-off	Consolidation
<u>March 31, 2024</u>				
Liabilities				
Department liabilities	\$2,999,608	\$25	\$-	\$2,999,633
Current tax liabilities	70,129	-	-	70,129
Deferred tax liabilities	729,096	266	-	729,362
Net defined benefit liabilities	29,956	-	-	29,956
Total liabilities	<u>\$3,828,789</u>	<u>\$291</u>	<u>\$-</u>	<u>\$3,829,080</u>
<u>December 31, 2023</u>				
Assets				
Department assets	\$7,852,406	\$52,672	\$-	\$7,905,078
Current income tax assets	6,882	294	-	7,176
Deferred tax assets	13,876	1,329	-	15,205
Investment - non- investment department	1,893,988	-	-	1,893,988
Total assets	<u>\$9,767,152</u>	<u>\$54,295</u>	<u>\$-</u>	<u>\$9,821,447</u>
Liabilities				
Department liabilities	\$2,304,831	\$25	\$-	\$2,304,856
Current tax liabilities	60,532	-	-	60,532
Deferred tax liabilities	674,593	-	-	674,593
Net defined benefit liabilities	29,956	-	-	29,956
Total liabilities	<u>\$3,069,912</u>	<u>\$25</u>	<u>\$-</u>	<u>\$3,069,937</u>

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Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES (Continuing)
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	Stamping parts department	General investment department	Adjustment & write-off	Consolidation
<u>March 31, 2023</u>				
Assets				
Department assets	\$7,892,584	\$50,640	\$-	\$7,943,224
Current tax assets	4,253	-	-	4,253
Deferred tax assets	43,927	2,039	-	45,966
Investment - non- investment department	1,371,559	-	-	1,371,559
Total assets	<u>\$9,312,323</u>	<u>\$52,679</u>	<u>\$-</u>	<u>\$9,365,002</u>
Liabilities				
Department liabilities	\$2,023,337	\$25	\$-	\$2,023,362
Current tax liabilities	111,576	469	-	112,045
Deferred tax liabilities	627,388	40	-	627,428
Net defined benefit liabilities	31,929	-	-	31,929
Total liabilities	<u>\$2,794,230</u>	<u>\$534</u>	<u>\$-</u>	<u>\$2,794,764</u>