

G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH
REPORT OF INDEPENDENT ACCOUNTANTS
FOR THE THREE MONTHS ENDED
MARCH 31, 2021 AND 2020

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.

Forward

We have reviewed the accompanying consolidated balance sheets of G-Shank Enterprise Co., Ltd. and its subsidiaries as of March 31, 2021 and 2020 and the related consolidated statements of income retained earnings, cash flows, and notes (including the summary of major accounting policies) to the financial statements for the periods of January 1 ~ December 31, 2021 and 2020. These consolidated financial statements are the responsibility of the company's management to be prepared in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Firms" and International Accounting Standards (IAS) No. 34 "Interim Financial Reporting" that was recognized and published by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our review.

Scope

Except for the "Foundation for a qualified conclusion" paragraph, we conducted our review in accordance with generally accepted auditing standards No. 65 "Financial Statements Review." These standards require that we plan and perform inquiries (mainly question the personnel in charge of financial and accounting affairs), analysis procedures, and other review procedures. The scope of the review performed is clearly smaller than the scope of an audit performed. We may not be able to detect all the major matters that can be identified through an audit; therefore, an audit opinion cannot be issued.

Foundation for a qualified conclusion

As stated in Note IV.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\$3,418,099 thousand and NT\$3,178,710 thousand, accounted for 40.18% and 42.03% of the total consolidated assets as of March 31, 2021 and 2020, respectively. The total liabilities were NT\$520,356 thousand and NT\$441,545 thousand, accounted for 16.96% and 17.29% of total consolidated liabilities, respectively. The total consolidated profits and losses were NT\$55,914 thousand and NT\$(55,731) thousand, accounted for 50.83% and 29.34% of the total consolidated profits and losses for the period of January 1 ~ March 31, 2021 and 2020, respectively. As stated in Note VI.9 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\$148,829 thousand and NT\$169,391 thousand, accounted for 1.75% and 2.24% of the total consolidated assets, respectively, as of March 31, 2021 and 2020, respectively. The amount of profit (loss) from the affiliated enterprise under the equity method was NT\$99 thousand and NT\$(3,165) thousand, accounted for 0.09% and 1.66% of the total consolidated profits and losses for the period of January 1 ~ March 31, 2021 and 2020, 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.

Qualified Conclusion

In our conclusion, except for the financial statements of the insignificant subsidiaries and the invested companies under the equity method as stated in the “Foundation for a qualified conclusion” paragraph and the relevant information disclosed in Note 13 to the consolidated financial statements may have affected the consolidated financial statements if they have been reviewed by the independent auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of G-Shank Enterprise Co., Ltd. as of March 31, 2021 and 2020, and the results of its operations and its cash flows for the periods then ended in conformity with the “Regulations Governing the Preparation of Financial Reports by Securities Firms” and International Accounting Standards (IAS) No. 34 “Interim Financial Reporting” that was recognized and published by the Financial Supervisory Commission.

Diwan & Company

Financial Supervisory Commission Certificate No.:

FSC.Shen-Tzi No. 1070312218

FSC.Shen-Tzi No. 0990071790

Chiung-hui Tseng

CPAs :

Arnico Tseng

May 6, 2021

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, 2021 、 December 31, 2020 & March 31, 2020

(March 31, 2021 & 2020 have been Reviewed 、 December 31, 2020 have been audited)

(Unit amount in NT\$ Thousand)

ASSETS		Notes	03.31.21		12.31.20		03.31.20	
Code	Accounts		Amount	%	Amount	%	Amount	%
11xx	Current assets							
1100	Cash and cash equivalents	IV & VI.1	\$ 3,062,609	36	\$ 3,134,587	38	\$ 3,036,184	40
1110	Financial assets-current measured at amortized cost	VI.2	1,286,730	15	1,101,179	13	557,660	7
1136	Financial assets-current measured at amortized cost	VI & VI.3	22,672	-	22,708	-	243,522	3
1150	Notes receivable- net	VI.4 & VI.5	38,332	-	80,901	1	74,096	1
1170	Accounts receivable- net	VI.5	1,176,622	14	1,148,656	13	963,187	13
1180	Accounts receivable- related parties	VII	-	-	32	-	176	-
1200	Other receivables	VI.5	45,804	1	57,647	1	43,637	1
1210	Other receivables- related parties	VII	-	-	-	-	104	-
1220	Current tax assets	VI & VI.30	48,014	1	49,054	1	21,576	-
130x	Inventory	VI.6	874,532	10	745,421	9	769,244	10
1470	Prepayments and Other current assets		107,181	1	47,689	1	52,256	1
1476	Other financial assets-current	VI 、 VI.7 & VIII	57,332	1	95,560	1	70,825	1
	Total current assets		6,719,828	79	6,483,434	78	5,832,467	77
15xx	Noncurrent Asset							
1517	Financial assets-noncurrent measured at fair value through other comprehensive profit and loss	VI.8 & VI.22	231,524	3	205,354	2	119,803	2
1550	Investment under the equity method	VI.9	148,829	2	146,510	2	169,391	2
1600	Property, Plant and Equipment	VI.10 、 VII & VIII	1,188,683	14	1,213,352	15	1,197,077	16
1755	Right-of-use asset	VI.11 、 VI.15 、 VIII & IX	152,007	2	159,129	2	143,266	2
1780	Intangible assets	VI.12	3,094	-	3,373	-	3,405	-
1840	Deferred tax assets	VI & VI.30	19,750	-	21,582	-	39,490	1
1915	Prepayments for business facilities		18,903	-	16,672	-	25,668	-
1920	Guarantee deposits paid		4,730	-	4,841	-	5,002	-
1990	Other non-current assets, others	VIII	19,748	-	24,074	1	26,688	-
	Total noncurrent Asset		1,787,268	21	1,794,887	22	1,729,790	23
1xxx	Total Assets		\$ 8,507,096	100	\$ 8,278,321	100	\$ 7,562,257	100

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

G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET(CONTINUING)

March 31, 2021 · December 31, 2020 & March 31, 2020

(March 31, 2021 & 2020 have been Reviewed · December 31, 2020 have been audited)

(Unit amount in NT\$ Thousand)

Liabilities and Equity		Notes	03.31.21		12.31.20		03.31.20	
Code	Accounts		Amount	%	Amount	%	Amount	%
21xx	Current liabilities							
2100	Short-term loans	VI.13 & VI.32	\$ 1,272,207	15	\$ 1,235,824	15	\$ 1,062,000	14
2130	Current contract liabilities	VI.25	12,766	-	12,415	-	14,565	-
2170	Accounts payable		543,147	6	383,577	5	403,594	6
2180	Accounts payable-related parties	VI.1	2,706	-	546	-	891	-
2200	Other payables	VI.10 & VI.26	337,914	4	451,513	5	310,668	5
2220	Other payables-related parties	VI.1	1,874	-	2,377	-	1,496	-
2230	Current tax liabilities	IV & VI.30	46,568	1	51,336	1	32,941	-
2280	Lease Payable-current	VI.15 & VI.32	16,763	-	16,645	-	11,380	-
2300	Other current liabilities		40,141	1	24,605	-	22,847	-
	Total current liabilities		<u>2,274,086</u>	<u>27</u>	<u>2,178,838</u>	<u>26</u>	<u>1,860,382</u>	<u>25</u>
25xx	Non-current liabilities							
2540	Long-term loans	VI.14 & VI.32	52,708	1	44,365	1	24,034	-
2570	Deferred tax liabilities	IV & VI.30	585,030	7	555,982	7	511,259	7
2580	Lease liabilities	VI.15 & VI.32	78,940	1	84,076	1	72,497	1
2640	Net defined benefit liability, non-current	IV & VI.16	73,291	-	82,291	1	80,704	1
2645	Guarantee deposits received		4,711	-	4,712	-	4,210	-
	Total non-current liabilities		<u>794,680</u>	<u>9</u>	<u>771,426</u>	<u>10</u>	<u>692,704</u>	<u>9</u>
2xxx	Total liabilities		<u>3,068,766</u>	<u>36</u>	<u>2,950,264</u>	<u>36</u>	<u>2,553,086</u>	<u>34</u>
31xx	Equity attributable to owners of parent							
3100	Share capital	VI.17 & VI.24						
3110	Ordinary shares		1,849,683	22	1,849,683	22	1,849,683	24
3200	Capital surplus	VI.18 · VI.23 & VI.24	433,908	5	432,784	5	426,826	6
3300	Retained earnings							
3310	Legal reserve	VI.19 & VI.21	798,682	9	798,682	10	768,091	10
3320	Special reserve	VI.20	284,690	3	284,690	3	284,690	4
3350	Unappropriated earnings	VI.21	1,639,821	19	1,529,619	19	1,478,529	20
3400	Other equity	VI.22						
3410	Exchange differences on translation of foreign financial statements	VI.9 · VI.22 · VI.23 & VI.29	(404,406)	(4)	(357,177)	(4)	(442,938)	(6)
3420	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	VI.8 · VI.9 · VI.22 & VI.29	206,082	3	177,692	2	91,719	1
	Total equity attributable to owners of parent		<u>4,808,460</u>	<u>57</u>	<u>4,715,973</u>	<u>57</u>	<u>4,456,600</u>	<u>59</u>
36xx	Non-controlling interests	VI.23	629,870	7	612,084	7	552,571	7
3xxx	Total Equity		<u>5,438,330</u>	<u>64</u>	<u>5,328,057</u>	<u>64</u>	<u>5,009,171</u>	<u>66</u>
	Total liabilities and equity		<u>\$ 8,507,096</u>	<u>100</u>	<u>\$ 8,278,321</u>	<u>100</u>	<u>\$ 7,562,257</u>	<u>100</u>

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

G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES
STATEMENT OF COMPREHENSIVE INCOME
January 31, 2021~March 31, 2021 & January 31, 2020~March 31, 2020
(Reviewed, Not Audited)
(Unit amount in NT\$ Thousand, Except Earnings (Loss) Per Share)

Code	Accounts	Notes	01.01.2021~ 03.31.2021		01.01.2020~ 03.31.20	
			金額	%	金額	%
4000	Sales revenue	六.25及七	\$ 1,374,749	100	\$ 1,035,851	100
5000	Operating costs	六.6、六.16、六.26及七	(983,526)	(72)	(773,225)	(75)
5900	Gross profit (loss) from operations		391,223	28	262,626	25
6000	Operating expense	六.15、六.16、六.26及七				
6100	Selling expense		(62,751)	(4)	(55,387)	(5)
6200	Administrative expenses		(105,967)	(8)	(97,360)	(9)
6300	Research and development expenses		(42,591)	(3)	(38,026)	(4)
6450	Expected credit loss (gains)	六.5	847	-	(2,801)	-
	Total operating expense		(210,462)	(15)	(193,574)	(18)
6500	Net other income (expenses)	六.10、六.27及七	335	-	401	-
6900	Net operating income		181,096	13	69,453	7
7000	non-operating income and expenses					
7100	Interest income	六.28	26,188	2	21,939	2
7010	Other income	六.28	3,331	-	4,828	-
7020	Other gains and losses	六.2、六.10及六.28	(3,691)	-	(125,640)	(12)
7050	Finance costs	六.15及六.28	(3,882)	-	(3,237)	-
7060	Share of profit (loss) of associates	六.9及六.28	99	-	(3,165)	-
7230	Foreign exchange gains (loss)	六.28	2,181	-	22,680	2
	Total non-operating income and expenses		24,226	2	(82,595)	(8)
7900	Profit (loss) from continuing operations before tax		205,322	15	(13,142)	(1)
7950	Tax expense (income)	四及六.30	(68,730)	(5)	(15,566)	(2)
8200	Net profit (loss) from continuing operations tax		136,592	10	(28,708)	(3)
8300	Other comprehensive income	六.8、六.9及六.29				
8310	Items that will not be reclassified subsequently to profit or loss :					
8316	Unrealized gains and losses on investments in equity instruments designated as at fair value through other comprehensive income		26,170	2	(46,629)	(4)
8320	Share of the other comprehensive income of associates		2,220	-	(963)	-
8349	Income tax benefit relating to items that will not be reclassified subsequently to profit or loss		-	-	-	-
	Total items that will not be reclassified subsequently to profit or loss		28,390	2	(47,592)	(4)
8360	Items that may be reclassified subsequently to profit or loss :					
8361	Exchange differences on translating foreign operations		(54,981)	(4)	(113,587)	(11)
8370	Share of the other comprehensive income of associates		-	-	(45)	-
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		(54,981)	(4)	(113,632)	(11)
	Other comprehensive income (loss) for the period, net of income tax		(26,591)	(2)	(161,224)	(15)
8500	Total comprehensive income for the period		\$ 110,001	8	\$ (189,932)	(18)
8600	Net profit (loss) attributable to :					
8610	Owners of the Corporation		\$ 110,202	8	\$ (37,897)	(4)
8620	Non-controlling interests		26,390	2	9,189	1
	Net income (loss)		\$ 136,592	10	\$ (28,708)	(3)
8700	Total comprehensive income attributable to :					
8710	Owners of the Corporation		\$ 91,363	7	\$ (183,131)	(17)
8720	Non-controlling interests		18,638	1	(6,801)	(1)
	Total comprehensive income		\$ 110,001	8	\$ (189,932)	(18)
	Earnings (loss) per share (dollar)	六.31				
9750	Basic		\$ 0.60		\$ (0.20)	
9850	Diluted		\$ 0.58		\$ (0.20)	

(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
January 31, 2021~March 31, 2021 & January 31, 2020~March 31, 2020
(Reviewed, Not Audited)
(Unit amount in NT\$ Thousand)

Accounts	Equity Attributable to Owners of the Corporation								Non-controlling Interests	Total Equity
	Share Capital		Retained Earnings			Other Equity		Total		
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gains and Losses on Financial Assets at Fair Value Through Other Comprehensive Income			
BALANCE AT JANUARY 1, 2020	\$ 1,849,683	\$ 421,121	\$ 768,091	\$ 284,690	\$ 1,516,426	\$ (344,771)	\$ 139,311	\$ 4,634,551	\$ 579,189	\$ 5,213,740
Share-based payment expenses	-	2,087	-	-	-	-	-	2,087	-	2,087
Changes in associates ventures accounted for using the equity method	-	27	-	-	-	-	-	27	-	27
Received donation from shareholders	-	28	-	-	-	-	-	28	-	28
Net loss for the three months ended March 31, 2020	-	-	-	-	(37,897)	-	-	(37,897)	9,189	(28,708)
Other comprehensive income for the three months ended March 31, 2020	-	-	-	-	-	(97,642)	(47,592)	(145,234)	(15,990)	(161,224)
Total comprehensive income for the three months ended March 31, 2020	-	-	-	-	(37,897)	(97,642)	(47,592)	(183,131)	(6,801)	(189,932)
The difference between the actual price of equity acquired from the subsidiary and the book amount	-	3,563	-	-	-	(525)	-	3,038	(13,952)	(10,914)
Cash dividends paid by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	(5,865)	(5,865)
BALANCE AT MARCH 31, 2020	\$ 1,849,683	\$ 426,826	\$ 768,091	\$ 284,690	\$ 1,478,529	\$ (442,938)	\$ 91,719	\$ 4,456,600	\$ 552,571	\$ 5,009,171
BALANCE AT JANUARY 1, 2021	\$ 1,849,683	\$ 432,784	\$ 798,682	\$ 284,690	\$ 1,529,619	\$ (357,177)	\$ 177,692	\$ 4,715,973	\$ 612,084	\$ 5,328,057
Share-based payment expenses	-	1,101	-	-	-	-	-	1,101	-	1,101
Received donation from shareholders	-	23	-	-	-	-	-	23	-	23
Net loss for the three months ended March 31, 2021	-	-	-	-	110,202	-	-	110,202	26,390	136,592
Other comprehensive income for the three months ended March 31, 2021	-	-	-	-	-	(47,229)	28,390	(18,839)	(7,752)	(26,591)
Total comprehensive income for the three months ended March 31, 2021	-	-	-	-	110,202	(47,229)	28,390	91,363	18,638	110,001
Cash dividends paid by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	(852)	(852)
BALANCE AT MARCH 31, 2021	\$ 1,849,683	\$ 433,908	\$ 798,682	\$ 284,690	\$ 1,639,821	\$ (404,406)	\$ 206,082	\$ 4,808,460	\$ 629,870	\$ 5,438,330

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

G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
January 31, 2021~March 31, 2021 & January 31, 2020~March 31, 2020
(Reviewed, Not Audited)
(Unit amount in NT\$ Thousand)

Accounts	01.01.2021~ 03.31.2021	01.01.2020~ 03.31.2020
Cash flows from operating activities :		
Profit(loss) before tax from continuing operations	\$ 205,322	\$ (13,142)
Adjustments for		
The profit or loss items which did not affect cash flows:		
Depreciation	41,480	41,135
Amortization	5,462	10,149
Expected credit (gains) loss	(847)	2,801
Losses on financial assets and liabilities at fair value through profit or loss	3,259	125,200
Interest expenses	3,882	3,237
Interest income	(26,188)	(21,939)
Share-based payment expenses	1,101	2,087
Share of (profit) loss of associates ventures accounted for using the equity method	(99)	3,165
Losses on disposal of property, plant and equipment	21	304
Unrealized foreign exchange (gains) loss	(14,648)	3,444
Changes in operating assets and liabilities:		
Unrealised gains (losses) from financial assets measured at fair value through income	(192,603)	(142,115)
Notes receivables	42,569	3,895
Accounts receivable	(30,516)	136,463
Accounts receivable-related parties	32	(109)
Other receivables	9,758	16,268
Other receivables -related parties	-	99
Current inventories	(129,111)	(22,339)
Prepayments and Other current assets	(59,492)	(19,691)
Current contract	351	(307)
Accounts payable	159,570	42,342
Accounts payable-related parties	2,160	(147)
Other payables	(112,319)	(101,231)
Other payables-related parties	(503)	(664)
Other current liabilities	15,536	5,193
Net defined benefit liability- non-current	(9,000)	(14,000)
Cash (used in) generated from operating activities:	(84,823)	60,098
Interest received	27,641	24,630
Interest paid	(2,639)	(2,322)
Income tax paid	(41,578)	(24,679)
Net cash (used in) provided by operating activities	(101,399)	57,727

(Continuing)

G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS(CONTINUING)
January 31, 2021~March 31, 2021 & January 31, 2020~March 31, 2020
(Reviewed, Not Audited)
(Unit amount in NT\$ Thousand)

Accounts	01. 01. 2021~ 03. 31. 2021	01. 01. 2020~ 03. 31. 2020
Cash flows from investing activities :		
Acquisition of financial assets measured at amortized cost	\$ -	\$ (223,600)
Proceeds from disposal of financial assets measured at amortized cost	-	223,445
Acquisition of property, plant and equipment	(23,424)	(26,050)
Proceeds from disposal of property, plant and equipment	219	1,292
Decrease in refundable deposits	111	757
Acquisition of intangible assets	(343)	-
Decrease in other current financial assets	39,181	6,657
Increase in Other current assets	(671)	(5,945)
(Increase) Decrease in prepayments for business facilities	(2,231)	13,486
Net cash (used in) provided by investing activities	<u>12,842</u>	<u>(9,958)</u>
Cash flows from financing activities :		
Increase in short-term loan	36,383	19,000
Increase in long-term loan	8,343	24,034
Cash payment for the principal portion of the lease liabilities	(5,114)	(3,810)
Cash dividends paid by subsidiaries to non-controlling interests	(852)	(5,865)
Acquisition of subsidiaries Equity	-	(7,749)
Other financing activities	23	28
Net cash provided by financing activities	<u>38,783</u>	<u>25,638</u>
Effect of changes in exchange rate on cash and cash equivalents	<u>(22,204)</u>	<u>(70,557)</u>
Net increase (decrease) in cash and cash equivalents	(71,978)	2,850
Cash and cash equivalents at the beginning of the period	<u>3,134,587</u>	<u>3,033,334</u>
Cash and cash equivalents at the end of the period	<u>\$ 3,062,609</u>	<u>\$ 3,036,184</u>

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

G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

January 1 ~ March 31, 2021 and 2020

(Review only without following generally accepted auditing standards)

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

I. 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.

II. Financial report approval date and procedure

The consolidated financial reports of the company and the subsidiaries (hereinafter referred to as “the Group”) for the period of January 1 ~ March 31, 2021 and 2020 were submitted to the company’s board of directors on May 6, 2021 and then published lawfully.

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

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

The Group has subject to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations, and Notices (IFRS), Interpretation (IFRIC) and Interpretative Announcement (SIC) announced on the website of Securities and Futures Bureau, Financial Supervisory Commission for implementation in 2021 since January

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)

1, 2021. The new/amended/revised standards and interpretations that have been released by the International Accounting Standards Board (hereinafter referred to as IASB) and recognized and released by the FSC in 2021 are as follows:

New/amended/revised standards and interpretations	Main contents	The IASB's release is effective in the years after the
IFRS 4 (amendments)	Temporary exemption from the extension of IFRS 9	Effective from the releasing date
IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 (amendments)	Change in interest rate indicators – Phase II	January 1, 2021

The Group is subject to the aforementioned amendments to the standards that are recognized and issued with effect by the FSC since January 1, 2021, which does not have a significant impact on the Group's consolidated financial statements.

2. The standards and interpretations issued with effect by IASB and recognized and issued with effect by the FSC, but not yet implemented: None
3. The new/amended/revised standards and explanations issued with effect by IASB but not yet recognized and issued with effect by the FSC: None
4. The new/amended/revised standards and interpretations issued without effect by the IASB and not yet recognized and issued with effect by the FSC

New/amended/revised criteria and interpretation	Main contents	The IASB's issuance is effective for the years after the following dates
IFRS 3 (amendments)	Index to Conceptual Framework	January 1, 2022 To be determined by IASB
IFRS 10 and IAS 28 (amendments)	Sale or investment of assets between investors and their affiliated enterprises or joint ventures	
IFRS 16 (amendments)	COVID-19 pandemic related rent reduction after June 30, 2021	April 1, 2021

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IFRS 17	Insurance contracts	January 1, 2023
IFRS 17 (amendments)	Amendments to IFRS17	January 1, 2023
IFRS (amendments)	Annual improvement of IFRS in 2018-2020	January 1, 2022
IAS 1 (amendments)	Classification of liabilities as current or non-current and postpone of the effective date	January 1, 2023
IAS 1 (amendments)	Disclosure of accounting policies	January 1, 2023
IAS 8 (amendments)	Definition of accounting estimates	January 1, 2023
IAS 16 (amendments)	Property, plant and equipment: The price before reaching the intended use	January 1, 2022
IAS 37 (amendments)	Onerous contract - The cost of performing the contract	January 1, 2022

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

IV. 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

(1) 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.

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(2) 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.

(3) 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:

- (1) The power over the invested company, that is, with the vested power to lead the relevant activities of the invested company;
- (2) The risk exposure or rights to the variable remuneration resulted from the investment in the invested company; and
- (3) 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.

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

Investing company	Subsidiary	Location	Business nature	Shareholding ratio (%)		
				03.31.2021	12.31.2020	03.31.2020
The company	CHIN DE INVESTMENT CO., LTD.	Taiwan	General investment	100.00	100.00	100.00
The company	GRAND STAR ENTERPRISES L.L.C. (Note 3)	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 1)	Precision progressive die and hardware products	85.00	85.00	85.00
The company	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD. (Note 2)	China Suzhou (Note 1)	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 1)	Precision progressive die and hardware products	80.19	80.19	80.19
GLOBAL STAR INTERNATIONAL CO., LTD.	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	China Dongguan (Note 1)	Precision progressive die and hardware products	51.00	51.00	51.00

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Investing company	Subsidiary	Location	Business nature	Shareholding ratio (%)		
				03.31.2021	12.31.2020	03.31.2020
GLOBAL STAR	XIAMEN G-SHANK	China	Precision progressive	79.60	79.60	79.60
INTERNATIONAL CO., LTD.	PRECISION MACHINERY CO., LTD.	Xiamen (Note 1)	die and hardware products			
GLOBAL STAR	G-SHANK PRECISION	China	Planer, milling	94.14	94.14	94.14
INTERNATIONAL CO., LTD.	MACHINERY (SUZHOU) CO., LTD. (Note 2)	Suzhou (Note 1)	machine or die machine, precision progressive die, and hardware products			
GLOBAL STAR	QINGDAO G-SHANK	China	Precision progressive	92.83	92.83	92.83
INTERNATIONAL CO., LTD.	PRECISION SDN.BHD.	Qingdao (Note 1)	die and hardware products			
GLOBAL STAR	SHANGHAI G-SHANK	China	Precision progressive	85.00	85.00	85.00
INTERNATIONAL CO., LTD.	PRECISION HARDWARE CO., LTD	Shanghai (Note1)	die and hardware products			
GLOBAL STAR	TIANJIN G-SHANK	China	Precision progressive	88.20	88.20	88.20
INTERNATIONAL CO., LTD.	PRECISION MACHINERY CO., LTD.	Tianjin (Note 1)	die and hardware products			
GLOBAL STAR	SHENZHEN G-SHANK	China	Precision progressive	93.85	93.85	93.85
INTERNATIONAL CO., LTD.	PRECISION SDN.BHD.	Shenzhen (Note 1)	die and hardware products			
GLOBAL STAR	SHENZHEN G-BAO	China	Precision progressive	91.43	91.43	91.43
INTERNATIONAL CO., LTD.	PRECISION SDN.BHD.	Shenzhen (Note 1)	die and hardware products			
G-SHANK, INC.	G-SHANK DE MEXICO, S.A. DE C.V.	Mexico	Stamping parts molds and fixtures	100.00	100.00	100.00

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Investing company	Subsidiary	Location	Business nature	Shareholding ratio (%)		
				03.31.2021	12.31.2020	03.31.2020
G-SHANK ENTERPRISE (M) SDN. BHD.	PT INDONESIA	Indonesia	Stamping parts molds and fixtures	94.00	94.00	94.00
SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD.	HUBEI HANSTAR ELECTRONICS TECHNOLOGY CO., LTD.	China Hubei (Note 1)	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 1)	Plastic hardware wholesale and import/export business	100.00	100.00	100.00

Note 1: The aforementioned companies are established in China where the foreign exchange control is enforced; therefore, the transfer of funds is restricted by local law and regulations. As of March 31, 2021, December 31, 2020, and March 31, 2020, the cash, bank deposits, and financial assets-current measured at amortized cost and other financial assets-current of the companies that are subject to foreign exchange control regulation were NT\$2,136,584 thousand, NT\$2,060,183 thousand, and NT\$1,831,567 thousand, respectively.

Note 2: The company signed an equity transfer agreement with the shareholders of G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD. on May 24, 2019. The company agreed to buy 5.86% shareholding for RMB 2,503,481 from G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD., resulting in a total shareholding of 100% thereafter. The aforementioned equity transfer procedure was completed on January 20, 2020.

Note 3: GRAND STAR ENTERPRISES L.L.C. was originally known as “US GRAND STAR ENTERPRISES L.L.C.” and it was officially relocated from the United States to Anguilla on December 7, 2020 that was approved by the Investment Commission, MOEA on January 11, 2021.

The subsidiaries of the company have been included in the consolidated financial reports

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lawfully. The 2021Q1 and 2020Q1 financial reports of SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. and GRAND STAR ENTERPRISES L.L.C. had been reviewed by the independent auditors, but not the other subsidiaries of the company. The total assets of such subsidiaries were NT\$3,418,099 thousand and NT\$3,178,710 thousand; the total liabilities were NT\$520,356 thousand and NT\$441,545 thousand on March 31, 2021 and 2020, respectively; also, the total consolidated profit and loss of 2021Q1 and 2020Q1 were NT\$55,914 thousand and NT\$(55,731) thousand, respectively.

As of March 31, 2021, the investment and shareholding ratios of the company and its subsidiaries are as follows:

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3. Principles for the preparation of consolidated financial report

(1) 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.

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

A. Without resulting in “loss of control”

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

B. Resulting in “loss of control”

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

4. Employee benefits - retirement benefits

(1) 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

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retirement plan for employees of foreign subsidiaries is handled in accordance with local law and regulations.

- (2) 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.
- (3) For a defined benefit plan, the actuarial pension amount should be appropriated on the annual reporting date according to the Projected Unit Credit Method. The re-measured amount is included in other comprehensive profits and losses when it occurs; also, it is immediately recognized in the retained earnings. The pension cost in the interim period is calculated according to the pension cost rate actuarially calculated at the end of the previous year for the period from the beginning to the end of the year; also, the major market fluctuations, major reductions, settlements, or other significant non-reoccurring events after the end of the year should be adjusted and disclosed accordingly.

5. Income tax

- (1) 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.
- (2) 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.
- (3) 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.
- (4) 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

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income tax liabilities and assets will be realized at the same time.

- (5) 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.
- (6) 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.
- (7) The income tax expense of the interim reporting period is measured according to the best estimated annual effective tax rate by the management, that is, apply the estimated annual average effective tax rate to the net income before tax in the interim reporting period. For any change in the legislated tax rate that occurred in the interim reporting period, the relevant income tax effect is recognized in a lump sum during the said interim reporting period.

6. Other significant accounting policies

The other significant accounting policies adopted in preparing this consolidated financial report are the same as those in Note IV of the 2020 consolidated financial report. Please refer to the Group's 2020 consolidated financial report for details.

V. Main causes of uncertainty to material accounting judgments, estimates and assumptions

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

The significant judgments made by the management of the Group while preparing this consolidated financial report, as well as the main causes of uncertainty in assumptions and estimations about the future are the same as those in Note V of the 2020 consolidated financial report. Please refer to the Group's 2020 consolidated financial report for details.

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VI. Description of important accounting items

1. Cash and cash equivalents

	03.31.2021	12.31.2020	03.31.2020
Cash and petty cash	\$5,451	\$5,058	\$5,696
Checking deposit and savings deposit	1,176,354	973,561	937,624
Time deposits	1,880,804	2,155,968	2,092,864
Total	<u>\$3,062,609</u>	<u>\$3,134,587</u>	<u>\$3,036,184</u>

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

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

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

	03.31.2021	12.31.2020	03.31.2020
<u>Financial assets measured at fair value through profit and loss mandatorily</u>			
Acquisition cost:			
Funds	\$157,877	\$118,886	\$88,050
Stocks	-	-	10,443
Bonds	1,165,483	1,013,585	590,151
SWAP contracts	-	-	-
Subtotal	<u>1,323,360</u>	<u>1,132,471</u>	<u>688,644</u>

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	03.31.2021	12.31.2020	03.31.2020
Evaluation adjustment:			
Funds	\$221	\$530	\$899
Stocks	-	-	(5,662)
Bonds	(42,349)	(32,711)	(126,221)
SWAP contracts	5,498	889	-
Subtotal	(36,630)	(31,292)	(130,984)
Total	\$1,286,730	\$1,101,179	\$557,660

- (1) The SWAP contracts and structured instruments signed with financial institutions in 2021Q1 and 2020Q1 were the financial hedging operations of the company mainly for hedging changes in claims/obligations exchange rate and interest rate, but it is not specified as a hedging tool. The company's derivative instruments of the available-for-trade financial assets that are not subject to the hedging accounting are detailed as follows:

Financial instrument	Nominal principal (NT\$ Thousand)	Currency	Due date
<u>03.31.2021</u>			
SWAP contract	USD 7,500	USD:NTD	06.10.2021
SWAP contract	USD 4,970	USD:NTD	06.22.2021
SWAP contract	USD 1,900	USD:NTD	06.25.2021
Total	USD 14,370		
<u>12.31.2020</u>			
SWAP contract	USD 7,500	USD:NTD	03.10.2021
SWAP contract	USD 3,000	USD:NTD	03.22.2021
Total	USD 10,500		

03.31.2020: None

The net losses arising from foreign exchange transactions in 2021Q1 and 2020Q1 were NT\$2,466 thousand and NT\$0, respectively.

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- (2) The Group's valuation losses incurred from the financial assets measured at fair value through profit and loss in 2021Q1 and 2020Q1 were NT\$3,259 thousand and NT\$125,200 thousand, respectively, which were booked in the "Non-operating income and expenses - other profit and loss" account.
- (3) The aforementioned financial assets measured at fair value through profit and loss had not been provided as collateral or mortgaged.
- (4) Please refer to Note XII.2 (3) A and B of the consolidated financial report for the disclosure of the market risk and credit risk of the Group's financial assets measured at fair value through profit and loss.

3. Financial assets-current measured at amortized cost

	<u>03.31.2021</u>	<u>12.31.2020</u>	<u>03.31.2020</u>
RMB time wealth management instruments	\$22,672	\$22,708	\$243,522
Less: Allowance for loss	-	-	-
Net amount	<u>\$22,672</u>	<u>\$22,708</u>	<u>\$243,522</u>

- (1) Financial assets measured at amortized cost refers to the business model of collecting contractual cash flow with the financial assets held, and the contractual cash flow is entirely applied to pay for the principal and the interest of the outstanding principal; therefore, it is classified to be measured at amortized cost.
- (2) The aforementioned financial assets measured at amortized cost had not been provided as collateral or mortgaged.
- (3) Please refer to Note XII.2 (3) B of the consolidated financial report for the disclosure of the credit risk of the Group's financial asset measured at amortized cost.

4. Notes receivable - net

	<u>03.31.2021</u>	<u>12.31.2020</u>	<u>03.31.2020</u>
Notes receivable	\$38,332	\$80,901	\$74,096
Less: Allowance for loss	-	-	-
Net amount	<u>\$38,332</u>	<u>\$80,901</u>	<u>\$74,096</u>

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5. Accounts receivable - net

	03.31.2021	12.31.2020	03.31.2020
Accounts receivable	\$1,207,733	\$1,180,904	\$992,040
Less: Allowance for loss	(31,111)	(32,248)	(28,853)
Net amount	<u>\$1,176,622</u>	<u>\$1,148,656</u>	<u>\$963,187</u>

- (1) 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.
- (2) The increase or decrease of allowance for loss of the Group's notes receivable, accounts receivable, and other receivable is as follows:

	01.01.2021-03.31.2021	01.01.2020-03.31.2020
Balance - beginning	\$32,248	\$26,500
Allowance account for the impairment of notes receivable, accounts receivable, and other receivables	-	2,801
Allowance reversal account for the impairment of notes receivable, accounts receivable, and other receivables	(847)	-
Exchange difference	(290)	(448)
Balance - ending	<u>\$31,111</u>	<u>\$28,853</u>

- (3) Please refer to Note XII.2 (3) B of the consolidated financial report for the disclosure of the credit risk of the Group's notes receivable, accounts receivable, and other receivables.

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6. Inventory

	03.31.2021		
	Cost	Allowance for loss of inventory in valuation	Book amount
Raw materials	\$296,066	\$17,735	\$278,331
Substances	31,394	97	31,297
Work-in-process goods	227,681	35,248	192,433
Finished goods	387,031	27,261	359,770
Merchandise trade	13,524	823	12,701
Total	\$955,696	\$81,164	\$874,532
	12.31.2020		
	Cost	Allowance for loss of inventory in valuation	Book amount
Raw materials	\$243,238	\$18,784	\$224,454
Substances	40,857	64	40,793
Work-in-process goods	200,263	29,747	170,516
Finished goods	324,561	23,135	301,426
Merchandise trade	12,812	4,580	8,232
Total	\$821,731	\$76,310	\$745,421
	03.31.2020		
	Cost	Allowance for loss of inventory in valuation	Book amount
Raw materials	\$275,902	\$21,408	\$254,494
Substances	35,067	52	35,015
Work-in-process goods	198,532	26,230	172,302
Finished goods	320,882	25,276	295,606
Merchandise trade	12,667	840	11,827
Total	\$843,050	\$73,806	\$769,244

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

	<u>01.01.2021-03.31.2021</u>	<u>01.01.2020-03.31.2020</u>
Inventory booked in “cost of goods sold”	\$975,474	\$773,498
Inventory cost debited to “net cash value”	5,466	-
Recovery of the net cash value of inventory	-	(1,470)
Inventory loss	2,586	1,197
Total operating cost	<u>\$983,526</u>	<u>\$773,225</u>

(2) Due to the recovery of raw material price or the use of raw material that was with allowance for inventory loss in valuation appropriated in 2020Q1, or the work-in-process goods completed and transferred to the finished goods and sold or the finished goods sold, so the reason for the net cash value of inventory lower than the cost had disappeared and the booked net cash value of inventory increased; resulting in the cost of goods sold decreased by NT\$1,470 thousand.

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

7. Other financial assets-current

	<u>03.31.2021</u>	<u>12.31.2020</u>	<u>03.31.2020</u>
Time deposit	\$30,942	\$61,301	\$65,808
Restricted assets – bank deposit	1,133	3,962	5,017
Special account for transferring overseas funds back to Taiwan			
Savings deposit	472	2,586	-
Time deposit	24,785	27,711	-
Total	<u>\$57,332</u>	<u>\$95,560</u>	<u>\$70,825</u>

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

8. Financial assets-noncurrent measured at fair value through other comprehensive profit and loss

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	03.31.2021	12.31.2020	03.31.2020
<u>Equity instrument</u>			
Unlisted stocks	\$27,006	\$27,006	\$27,006
Equity instrument investment evaluation adjustment	204,518	178,348	92,797
Total	<u>\$231,524</u>	<u>\$205,354</u>	<u>\$119,803</u>

- (1) 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.
- (2) The Group had recognized dividend income for NT\$0 from the investment in equity instrument measured at fair value through other comprehensive profit and loss in 2021Q1 and 2020Q1, respectively.
- (3) The Group did not have cumulative profit or loss transferred within equity in 2021Q1 and 2020Q1.
- (4) The aforementioned financial assets measured at fair value through other comprehensive profit and loss had not been provided as collateral or mortgaged.
- (5) Please refer to Note XII.2 (3) A and B of the consolidated financial report for the disclosure of the market risk and credit risk of the Group's financial asset measured at fair value through other comprehensive profit and loss.

9. Investment under the equity method

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

Affiliated enterprises	Equity holding		Equity holding		Equity holding	
	03.31.2021	ratio (%)	12.31.2020	ratio (%)	03.31.2020	ratio (%)
SUNFLEX TECHNOLOGY CO., LTD. (Note 3)	\$148,829	14.74	\$146,510	14.74	\$166,147	14.74
CHANG HONG SHEN HARDWARE CO., LTD. (Note 2)	-	-	-	-	2,922	20.00
OASIS WORLD CO., LTD. (Note 1)	-	-	-	-	322	100.00
Total	<u>\$148,829</u>		<u>\$146,510</u>		<u>\$169,391</u>	

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Note 1: The company's board of directors had resolved to have the subsidiary, OASIS WORLD CO., LTD., dissolved and liquidated on November 7, 2019 due to the needs of business operation and management. Therefore, the said subsidiary was not included in the consolidated financial report since the said date. The liquidation procedure was completed on May 22, 2020.

Note 2: The Group decided to terminate the investment in CHANG HONG SHEN HARDWARE CO., LTD. (referred to as "CHANG HONG SHEN HARDWARE" hereinafter) according to the evaluation result with an agreement reached with the operating shareholders of CHANG HONG SHEN HARDWARE in May 2020. The company had recognized an investment loss of RMB 183,680 (equivalent to NT\$782 thousand) according to the book amount of RMB 683,680 at the end of April 2020, net of the equipment payable of RMB 350,000 to CHANG HONG SHEN HARDWARE, and the recovered investment of RMB 150,000, which was booked in the "loss from the disposal of investment" in 2020Q2.

Note 3: The Group is the largest single shareholder of SUNFLEX TECHNOLOGY CO., LTD. with 14.74% voting shares. The shareholding of other top-ten shareholders (not related parties) exceeds the Group, and the shareholders have not agreed to discuss or make decisions collectively; apparently, the Group has no actual ability to lead relevant decision-making. Therefore, it is concluded that the Group has no control over SUNFLEX TECHNOLOGY CO., LTD., but only significant influence.

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

	<u>01.01.2021-03.31.2021</u>	<u>01.01.2020-03.31.2020</u>
Net profit (loss) of the continuing business unit – current	\$99	\$(3,165)
Other comprehensive profit and loss (after tax) - current	<u>2,220</u>	<u>(1,008)</u>
Total comprehensive profit and loss - current	<u><u>\$2,319</u></u>	<u><u>\$(4,173)</u></u>

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

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	<u>01.01.2021-03.31.2021</u>	<u>01.01.2020-03.31.2020</u>
Balance - beginning	\$146,510	\$173,537
Profit (loss) amount - current	99	(3,165)
Changes in the affiliated enterprises under the equity method	-	27
The exchange difference amount from the conversion of the financial statements of foreign operating institutions	-	(45)
The unrealized valuation profit (loss) amount of the financial assets measured at fair value through other comprehensive profit and loss	2,220	(963)
Balance - ending	<u>\$148,829</u>	<u>\$169,391</u>

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

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10. Property, plant and equipment

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

		Land	House & building	Machinery equipment	Transporta equipment	Office equipment	Other equipment	Construction in progress and equipment yet to be tested	Total
<u>01.01.2021-03.31.2021</u>									
Original cost:									
Balance	-	\$135,721	\$1,023,778	\$2,199,454	\$96,652	\$82,518	\$224,324	\$5,260	\$3,767,707
beginning									
Addition	-	-	1,410	14,632	1,882	1,559	2,680	688	22,851
current									
Disposition	-	-	-	(8,098)	(1,196)	(923)	(106)	-	(10,323)
current									
Reclassification		-	5,061	17,950	-	501	(18,451)	(5,061)	-
Exchange		(932)	(9,716)	(20,886)	(1,332)	(1,428)	(1,643)	(65)	(36,002)
difference									
Balance	-	134,789	1,020,533	2,203,052	96,006	82,227	206,804	822	3,744,233
ending									
Accumulated									
depreciation:									
Balance	-	-	587,284	1,677,535	65,903	67,577	156,056	-	2,554,355
beginning									
Depreciation	-	-	9,547	21,156	2,011	944	2,829	-	36,487
- current									
Disposition	-	-	-	(8,020)	(1,137)	(830)	(96)	-	(10,083)
current									
		-	-	3,388	-	-	(3,388)	-	-
Reclassification									
Exchange	-	(5,199)	(16,686)	(796)	(1,198)	(1,330)	-	-	(25,209)
difference									
Balance	-	-	591,632	1,677,373	65,981	66,493	154,071	-	2,555,550
ending									
Book amount		<u>\$134,789</u>	<u>\$428,901</u>	<u>\$525,679</u>	<u>\$30,025</u>	<u>\$15,734</u>	<u>\$52,733</u>	<u>\$822</u>	<u>\$1,188,683</u>
- ending									

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01.01.2020-03.31.2020

Original cost:

Balance – beginning	\$138,206	\$1,015,145	\$2,144,727	\$94,403	\$85,382	\$207,608	\$5,829	\$3,691,300
Addition - current	-	-	25,262	-	314	2,738	2,964	31,278
Disposition - current	-	-	(9,135)	-	(2,832)	(712)	-	(12,679)
Reclassification	-	4,863	1,138	-	-	671	(6,672)	-
Exchange difference	(2,927)	(19,475)	(42,539)	(3,233)	(3,285)	(3,712)	(21)	(75,192)
Balance - ending	<u>135,279</u>	<u>1,000,533</u>	<u>2,119,453</u>	<u>91,170</u>	<u>79,579</u>	<u>206,593</u>	<u>2,100</u>	<u>3,634,707</u>

Accumulated

depreciation:

Balance	-	-	547,596	1,634,855	66,842	66,809	145,707	2,461,809
beginning	-	-	-	-	-	-	-	-
Depreciation	-	-	9,613	22,057	1,662	1,174	2,998	37,504
current	-	-	-	-	-	-	-	-
Disposition - current	-	-	(7,870)	-	(2,570)	(643)	-	(11,083)
Exchange difference	-	(10,317)	(32,834)	(1,883)	(2,617)	(2,949)	-	(50,600)
Balance - ending	<u>-</u>	<u>546,892</u>	<u>1,616,208</u>	<u>66,621</u>	<u>62,796</u>	<u>145,113</u>	<u>-</u>	<u>2,437,630</u>
Book amount - ending	<u>\$135,279</u>	<u>\$453,641</u>	<u>\$503,245</u>	<u>\$24,549</u>	<u>\$16,783</u>	<u>\$61,480</u>	<u>\$2,100</u>	<u>\$1,197,077</u>

- (2) 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 20-50 years and 3-20 years, respectively.
- (3) The Group did not acquire property, plant and equipment that caused the capitalization of the loan cost in 2021Q1 and 2020Q1.
- (4) The Group did not have any impairment occurred to the property, plant and equipment in 2021Q1 and 2020Q1.
- (5) The aforementioned property, plant and equipment had not been provided as collateral or mortgaged.
- (6) The acquired property, plant and equipment listed in the consolidated cash flow statement:

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	<u>01.01.2021-03.31.2021</u>	<u>01.01.2020-03.31.2020</u>
The current addition of property, plant and equipment listed in Note VI.10 (1) of the consolidated financial report	\$22,851	\$31,278
Add: Equipment payable - beginning	4,556	3,258
Less: Equipment payable - ending	<u>(3,983)</u>	<u>(8,486)</u>
Cash outflow for the acquisition of property, plant and equipment	<u><u>\$23,424</u></u>	<u><u>\$26,050</u></u>

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

	<u>03.31.2021</u>	<u>12.31.2020</u>	<u>03.31.2020</u>
House and building	\$1,340	\$1,340	\$4,147
Less: Accumulated depreciation	<u>(941)</u>	<u>(932)</u>	<u>(2,715)</u>
Leased assets - net	<u><u>\$399</u></u>	<u><u>\$408</u></u>	<u><u>\$1,432</u></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, 2019 to September 30, 2020. The lease contract was renewed on September 30, 2020 for a lease period from October 1, 2020 to September 30, 2021.

B. SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. of the Group had part of the plant building leased to CHANG HONG SHEN HARDWARE CO., LTD. (hereinafter referred to as "CHANG HONG SHEN HARDWARE") for a period from March 1, 2019 to February 28, 2024. The said two parties agreed to have the lease contract terminated in May 2020.

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

11. Right-of-use assets

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

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

	01.01.2021-03.31.2021		
	Land	House & building	Total
Original cost:			
Balance – beginning	\$66,045	\$125,053	\$191,098
Addition – current	-	-	-
Due/transfer amount - current	-	-	-
Exchange difference	(991)	(1,397)	(2,388)
Balance – ending	65,054	123,656	188,710
Accumulated depreciation:			
Balance – beginning	4,036	27,933	31,969
Depreciation – current	475	4,518	4,993
Due/transfer amount - current	-	-	-
Exchange difference	117	(376)	(259)
Balance – ending	4,628	32,075	36,703
Book amount - ending	<u>\$60,426</u>	<u>\$91,581</u>	<u>\$152,007</u>
	01.01.2020-03.31.2020		
	Land	House & building	Total
Original cost:			
Balance – beginning	\$66,166	\$98,874	\$165,040
Addition - current	-	-	-
Due/transfer amount - current	-	-	-
Exchange difference	(2,278)	(1,471)	(3,749)
Balance – ending	63,888	97,403	161,291
Accumulated depreciation:			
Balance – beginning	1,926	12,671	14,597
Depreciation – current	477	3,154	3,631
Due/transfer amount – current	-	-	-
Exchange difference	(6)	(197)	(203)
Balance - ending	2,397	15,628	18,025
Book amount - ending	<u>\$61,491</u>	<u>\$81,775</u>	<u>\$143,266</u>

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- (2) The Group did not have the right-of-use assets sublet in 2021Q1 and 2020Q1.
- (3) The Group did not have any impairment occurred to the right-of-use assets in 2021Q1 and 2020Q1.
- (4) The aforementioned right-of-use assets had not been provided as collateral or mortgaged.

12. Intangible assets

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

	01.01.2021-03.31.2021	01.01.2020-03.31.2020
Original cost:		
Balance – beginning	\$8,598	\$7,200
Addition - current	343	-
Decrease in the current period – delisted on the due date	(240)	-
Exchange difference	(2)	(54)
Balance - ending	<u>8,699</u>	<u>7,146</u>
Accumulated depreciation:		
Balance - beginning	(5,225)	(3,229)
Amortization - current	(621)	(563)
Decrease in current period – delisted on the due date	240	-
Exchange difference	1	51
Balance - ending	<u>(5,605)</u>	<u>(3,741)</u>
Book amount - ending	<u><u>\$3,094</u></u>	<u><u>\$3,405</u></u>

- (2) The Group did not have any impairment occurred to the intangible assets in 2021Q1 and 2020Q1.

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13. Short-term loans

	03.31.2021	12.31.2020	03.31.2020
Credit loans	\$1,272,207	\$1,222,202	\$1,062,000
Guaranteed loans	-	13,622	-
Total	<u>\$1,272,207</u>	<u>\$1,235,824</u>	<u>\$1,062,000</u>

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

Nature of loan	03.31.2021	12.31.2020	03.31.2020
Credit loan	0.700%-1%	0.700%-1.325%	0.803%-2.000%
Guaranteed loan	-	3.990%-4.350%	-

(2) Please refer to Note VIII of the consolidated financial report for the Group's short-term loans provided as collateral.

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14. Long-term loans

Creditor	Nature of loan	Contract period	Amount	Repayment method
<u>03.31.2021</u>				
Fubon Bank	Credit loan	01/03/2020~01/03/2025	\$3,242	(Note 1)
Fubon Bank	Credit loan	02/05/2020~01/03/2025	1,598	(Note 1)
Fubon Bank	Credit loan	02/07/2020~02/07/2025	16,461	(Note 2)
Fubon Bank	Credit loan	03/05/2020~01/03/2025	1,904	(Note 1)
Fubon Bank	Credit loan	04/01/2020~01/03/2025	1,789	(Note 1)
Fubon Bank	Credit loan	05/05/2020~01/03/2025	1,753	(Note 1)
Fubon Bank	Credit loan	06/05/2020~01/03/2025	2,023	(Note 1)
Fubon Bank	Credit loan	07/03/2020~01/03/2025	1,719	(Note 1)
Fubon Bank	Credit loan	07/20/2020~01/03/2025	867	(Note 1)
Fubon Bank	Credit loan	08/05/2020~01/03/2025	1,873	(Note 1)
Fubon Bank	Credit loan	08/07/2020~02/07/2025	2,276	(Note 2)
Fubon Bank	Credit loan	09/04/2020~01/03/2025	1,938	(Note 1)
Fubon Bank	Credit loan	10/05/2020~01/03/2025	1,895	(Note 1)
Fubon Bank	Credit loan	11/05/2020~01/03/2025	2,151	(Note 1)
Fubon Bank	Credit loan	12/15/2020~01/03/2025	2,017	(Note 1)
Fubon Bank	Credit loan	01/05/2021~01/03/2025	2,175	(Note 1)
Fubon Bank	Credit loan	01/20/2021~01/03/2025	1,591	(Note 1)
Fubon Bank	Credit loan	02/05/2021~01/03/2025	2,086	(Note 1)
Fubon Bank	Credit loan	03/05/2021~01/03/2025	2,490	(Note 1)
BBVA USA	Credit loan	05/04/2020~05/04/2022	860	(Note 3)
Total			52,708	
Less: Long-term loans due within one year			-	
Long-term loans due after one year			\$52,708	

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Creditor	Nature of loan	Contract period	Amount	Repayment method
<u>12.31.2020</u>				
Fubon Bank	Credit loan	01/03/2020~01/03/2025	\$3,242	(Note 1)
Fubon Bank	Credit loan	02/05/2020~01/03/2025	1,598	(Note 1)
Fubon Bank	Credit loan	02/07/2020~02/07/2025	16,461	(Note 2)
Fubon Bank	Credit loan	03/05/2020~01/03/2025	1,904	(Note 1)
Fubon Bank	Credit loan	04/01/2020~01/03/2025	1,789	(Note 1)
Fubon Bank	Credit loan	05/05/2020~01/03/2025	1,753	(Note 1)
Fubon Bank	Credit loan	06/05/2020~01/03/2025	2,023	(Note 1)
Fubon Bank	Credit loan	07/03/2020~01/03/2025	1,719	(Note 1)
Fubon Bank	Credit loan	07/20/2020~01/03/2025	867	(Note 1)
Fubon Bank	Credit loan	08/05/2020~01/03/2025	1,873	(Note 1)
Fubon Bank	Credit loan	08/07/2020~02/07/2025	2,276	(Note 2)
Fubon Bank	Credit loan	09/04/2020~01/03/2025	1,938	(Note 1)
Fubon Bank	Credit loan	10/05/2020~01/03/2025	1,895	(Note 1)
Fubon Bank	Credit loan	11/05/2020~01/03/2025	2,151	(Note 1)
Fubon Bank	Credit loan	12/15/2020~01/03/2025	2,017	(Note 1)
BBVA USA	Credit loan	05/04/2020~05/04/2022	859	(Note 3)
Total			44,365	
Less: Long-term loans due within one year			-	
Long-term loans due after one year			\$44,365	

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Creditor	Nature of loan	Contract period	Amount	Repayment method
<u>03.31.2020</u>				
Fubon Bank	Credit loan	01/03/2020~01/03/2025	\$3,242	(Note 1)
Fubon Bank	Credit loan	02/05/2020~01/03/2025	1,598	(Note 1)
Fubon Bank	Credit loan	02/07/2020~02/07/2025	16,461	(Note 2)
Fubon Bank	Credit loan	03/05/2020~01/03/2025	1,904	(Note 1)
CTBC	Credit loan	03/31/2020~03/31/2025	829	(Note 4)
Total			24,034	
Less: Long-term loans due within one year			-	
Long-term loans due after one year			\$24,034	

Note 1: The first repayment date to Fubon Bank is on January 15, 2023, followed by a monthly installment for a total of 24 payments with the principal paid equally and the interest paid monthly.

Note 2: The first repayment date to Fubon Bank is on February 15, 2023, followed by a monthly installment for a total of 24 payments with the principal paid equally and the interest paid monthly.

Note 3: The company is to pay back the loan amount to BBVA USA in a lump sum on the due date.

Note 4: The first repayment date to China Trust Commercial Bank is on October 15, 2021, followed by a monthly installment for a total of 42 payments with the principal paid equally and the interest paid monthly. The company had already paid off the loan in advance on October 26, 2020.

(1) The aforementioned long-term loan from Fubon Bank is a loan for the special investment projects in Taiwan of home-coming Taiwanese businessmen with an interest rate of 0.70% on March 31, 2021 and December 31, 2020, and an interest rate of 0.45%~0.70 on March 31, 2020.

(2) The aforementioned long-term loan from BBVA USA is the United States relief loan with an interest rate of 1.00% on March 31, 2021 and December 31, 2020, respectively.

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

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15. Lease liabilities

	<u>Discount rate</u>	<u>03.31.2021</u>	<u>12.31.2020</u>	<u>03.31.2020</u>
Lease liabilities				
House and building	2.475%-4.750%	\$95,703	\$100,721	\$83,877
Less: Lease liabilities due within one year		<u>(16,763)</u>	<u>(16,645)</u>	<u>(11,380)</u>
Lease liabilities due after one year		<u>\$78,940</u>	<u>\$84,076</u>	<u>\$72,497</u>

(1) 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.

(2) Other rental information is listed as follows:

	<u>01.01.2021-03.31.2021</u>	<u>01.01.2020-03.31.2020</u>
Short-term lease expense	<u>\$1,210</u>	<u>\$1,245</u>
Low-value asset lease expenses	<u>\$-</u>	<u>\$-</u>
Changes in lease expense excluded from the measurement of a lease liability	<u>\$-</u>	<u>\$-</u>
Total cash outflow of all leases	<u>\$6,324</u>	<u>\$5,055</u>
Lease liabilities interest	<u>\$1,148</u>	<u>\$1,020</u>

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

(1) 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"

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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, 2021, December 31, 2020, and March 31, 2020, the company's pension reserve deposit account with the Bank of Taiwan was with a balance of NT\$162,057 thousand, NT\$155,402 thousand, and NT\$148,217 thousand, respectively.

B. Please refer to Note VI.16 (1) of the 2020 consolidated financial report for the company's defined benefit plan on December 31, 2020.

C. Pension expenses recognized as profit or loss:

	01.01.2021-03.31.2021	01.01.2020-03.31.2020
Operating cost	\$572	\$587
Marketing expense	159	153
Management expense	348	332
R&D expense	91	113
Total	<u>\$1,170</u>	<u>\$1,185</u>

(2) 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:

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	01.01.2021-03.31.2021	01.01.2020-03.31.2020
Operating cost	\$8,897	\$7,141
Marketing expense	1,727	1,362
Management expense	2,031	1,645
R&D expense	1,294	978
Total	<u>\$13,949</u>	<u>\$11,126</u>

17. Capital stock

	Authorized capital stock (1,000 shares)	Common stock shares issued at NT\$10 par	
		Shares (1,000 shares)	Capital stock
Balance amount on 01.01.2020	<u>350,000</u>	<u>184,968</u>	<u>\$1,849,683</u>
Balance amount on 03.31.2020	<u>350,000</u>	<u>184,968</u>	<u>\$1,849,683</u>
Balance amount on 01.01.2021	<u>350,000</u>	<u>184,968</u>	<u>\$1,849,683</u>
Balance amount on 03.31.2021	<u>350,000</u>	<u>184,968</u>	<u>\$1,849,683</u>

- (1) As of March 31, 2021, December 31, 2020, and March 31, 2020, the company's authorized capital stock included 20,000 thousand shares reserved for the issuance of an employee stock warrant.
- (2) 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.
- (3) As of March 31, 2021, December 31, 2020 and March 31, 2020, a total of 4,916 thousand shares were subscribed, respectively, due to the company's issuance of an employee stock warrant. Please refer to Note VI.24 of the consolidated financial report for the related

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information on the issuance of an employee stock warrant.

18. Additional paid-in capital

	03.31.2021	12.31.2020	03.31.2020
Common stock premium	\$258,152	\$258,152	\$258,152
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	31,847	31,847	31,715
Employee stock options	39,143	38,042	32,216
Invalid employee stock options	36,240	36,240	36,240
Received donation from shareholders	1,657	1,634	1,634
Total	<u>\$433,908</u>	<u>\$432,784</u>	<u>\$426,826</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

According to the provision of Jin-Guan-Chen-Far-Tzi No. 1010012865 Order, the relevant regulations for the comprehensiveness and stability of the company's financial structure are as follows:

- (1) When adopting IFRS for the first time, for the unrealized revaluation increments and

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cumulative conversion adjustments (benefits) under the shareholders' equity that is transferred to retained earnings due to the adoption of FIRS 1 "Exemption," a special reserve for the same amount should be appropriated. However, when there are insufficient retained earnings for appropriation on the transfer date due to the first-time adoption of IFRS, it is acceptable to appropriate only the amount of retained earnings increased due to the first-time adoption of IFRS. When the company subsequently uses, disposes, or reclassifies the related assets, an amount proportionally to the originally appropriated special reserve can be reversed for earnings distribution.

- (2) After starting to prepare financial reports according to the IFRS, when distributing the distributable earnings, a special reserve for an amount equivalent to the net amount debited to other shareholders' equity of the year (such as the cumulative balance amount of the exchange differs from the conversion of financial statements of foreign operating institutions, the unrealized profit and loss of the financial assets measured at fair value through other comprehensive profit and loss, the profit and loss of hedging instruments, and revaluation increments) should be appropriated from the current profit and loss and the unappropriated earnings of the previous period. For the cumulative amount debited to other shareholders' equity in the previous period, a special reserve for the same amount should be appropriated from the unappropriated earnings of the previous year, which may not be distributed. However, if the company has a special reserve appropriated in accordance with the aforementioned provision, an additional special reserve for an amount equivalent to the difference between the appropriated amount and the net amount debited to other equity should be appropriated. When the amount debited to other shareholders' equity is reversed subsequently, the reversed amount can be applied for earnings distribution.

21. Earnings distribution and dividend policy

- (1) 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.
- (2) The company's dividend policy: the company's current industrial development is growing and will be expanded to support the business development. The earnings distribution shall be handled in accordance with the company's Articles of Incorporation. However, the shareholders' dividends distributed in the current year shall include not more than 50% of the stock dividend and must be more than 50% of the cash.

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- (3) The aforementioned earnings distribution proposal issued by the board of directors (to be resolved in the company's general shareholders meeting on June 3, 2021) or resolved in the shareholders' meeting is as follows:

	2020	2019
Legal reserve	\$28,424	\$30,591
Special reserve	-	-
Shareholder's dividends		
Cash	\$221,962	\$240,459
Cash dividend per share	NT\$1.20	NT\$1.30
Stock (NT\$10 par)	-share	-share
Stock dividend per share	-NT\$	-NT\$

22. Other equity (net amount after tax)

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

	01.01.2021-03.31.2021	01.01.2020-03.31.2020
Balance - beginning	\$(357,177)	\$(344,771)
Transactions of current period	(47,229)	(97,597)
Non-controlling interests obtained in current period	-	(525)
Recognized under the equity method in the current period - affiliated enterprise	-	(45)
Reclassified to (profit) and loss in the current period	-	-
Balance - ending	\$(404,406)	\$(442,938)

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

	01.01.2021-03.31.2021	01.01.2020-03.31.2020
Balance - beginning	\$177,692	\$139,311
Transactions of current period	26,170	(46,629)
Recognized under the equity method in the current period - affiliated enterprise	2,220	(963)
Reclassified to retained earnings in the current period	-	-

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Balance - ending	\$206,082	\$91,719
<u>23. Non-controlling interests</u>		
	<u>01.01.2021-03.31.2021</u>	<u>01.01.2020-03.31.2020</u>
Balance - beginning	\$612,084	\$579,189
The amount attributable to non-controlling interests:		
Net income	26,390	9,189
Book amount of non-controlling interests purchased	-	(13,952)
Exchange difference from the conversion of the financial statements of foreign operating institutions	(7,752)	(15,990)
Cash dividends paid by subsidiaries to non-controlling interests	(852)	(5,865)
Balance - ending	<u>\$629,870</u>	<u>\$552,571</u>

(1) The Group had no subsidiaries with significant non-controlling interests in 2021Q1 and 2020Q1.

(2) Obtained non-controlling interests

A. The company purchased 5.86% shareholding for RMB 2,503,481 from the non-controlling interest of the subsidiary, G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD., on January 20, 2020, so the comprehensive shareholding ratio was increased from 94.14% to 100%. The shareholding change of the Group in G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD., has affected the equity attributable to the shareholders of the parent company as follows:

	<u>Amount</u>
Book amount of non-controlling interests purchased	\$13,952
Considerations paid for non-controlling interests	(10,914)
Other equity-exchange differences from the conversion of the financial statements of foreign operating institutions	525
The difference between the actual price of equity acquired from the subsidiary and the book amount adjusted to the additional paid-in capital	<u>\$3,563</u>

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B. Acquisition of equity from the subsidiaries listed in the consolidated cash flow statement:

	01.01.2021-03.31.2021	01.01.2020-03.31.2021
The consideration paid for non-controlling interests listed in Note VI.23(2)A to the consolidated financial report	\$-	\$10,914
Less: Prepaid investment funds at the beginning of the period	-	(3,165)
Cash outflow for acquiring equity from the subsidiary	\$-	\$7,749

24. Share-based payment - employee rewards

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

As of March 31, 2021, the issuance of compensatory employee stock warrants is disclosed as follows:

Warrant issuance date	Total warrants issued originally	Total warrants outstanding at yearend	Total warrants available for subscription at yearend	Subscription price (NTD) (Note)
07.27.2015	300,000	300,000	3,000,000	\$13.70
01.08.2016	200,000	179,000	1,790,000	15.60
09.12.2018	290,000	278,000	1,112,000	21.70
08.12.2019	210,000	200,000	-	21.80

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."

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The stock subscription price per share after adjustment is disclosed as of March 31, 2021.

- (1) 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 in 2021Q1 and 2020Q1 was NT\$1,101 thousand and NT\$2,087 thousand, respectively. The input values of the stock option pricing model are as follows:

	2018 Stock option plan	2018 Stock option plan	2014 Stock option plan	2014 Stock option plan
Expected dividend ratio	-%	-%	-%	-%
Expected price fluctuation ratio	18.99%~20.95%	21.38%~22.07%	22.64%~25.43%	22.80%~27.68%
Risk-free interest rate	0.554%~0.582%	0.700%~0.758%	0.663%~0.831%	0.976%~1.203%
Expected duration	4.5~6 years	4.5~6 years	4.5~6 years	4.5~6 years

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

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

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Employee stock operations	01.01.2021-03.31.2021		01.01.2020-03.31.2020	
	QTY (unit)	Weighted average price per share (NTD)	QTY (unit)	Weighted average price per share (NTD)
Outstanding shares - beginning	957,000	\$18.07	967,000	\$19.34
Granted in current period	-	-	-	-
Exercised in current period	-	-	-	-
Lost in current period (expired)	-	-	-	-
Outstanding shares - ending	<u>957,000</u>	18.07	<u>967,000</u>	19.34
Exercisable employee stock options - ending	<u>590,200</u>	15.78	<u>383,200</u>	15.38
Average fair value per share of stock options granted to employees in the current period (NTD)	<u>\$-</u>		<u>\$-</u>	

The company's employees did not execute stock options in 2021Q1 and 2020Q1.

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As of March 31, 2021, December 31, 2020 and March 31, 2020, the company's outstanding compensatory employee stock option plan is as follows:

	Outstanding stock options			Exercisable employee stock options		
	Price range per share (NTD)	Outstanding QTY (Unit)	Weighted average expected remaining duration	Weighted average price per share (NTD)	Exercisable QTY (Unit)	Weighted average price per share (NTD)
<u>03.31.2021</u>						
2014 Stock option plan	\$13.70	300,000	0.06	\$13.70	300,000	\$13.70
2014 Stock option plan	15.60	179,000	0.21	15.60	179,000	15.60
2018 Stock option plan	21.70	278,000	2.54	21.70	111,200	21.70
2018 Stock option plan	21.80	200,000	3.45	21.80	-	21.80
<u>12.31.2020</u>						
2014 Stock option plan	\$13.70	300,000	0.12	\$13.70	300,000	\$13.70
2014 Stock option plan	15.60	179,000	0.31	15.60	143,200	15.60
2018 Stock option plan	21.70	278,000	2.79	21.70	111,200	21.70
2018 Stock option plan	21.80	200,000	3.70	21.80	-	21.80
<u>03.31.2020</u>						
2014 Stock option plan	\$14.60	300,000	0.42	\$14.60	240,000	\$14.60
2014 Stock option plan	16.70	179,000	0.77	16.70	143,200	16.70
2018 Stock option plan	23.20	278,000	3.45	23.20	-	23.20
2018 Stock option plan	23.25	210,000	4.46	23.25	-	23.25

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25. Net operating income

	<u>01.01.2021-03.31.2021</u>	<u>01.01.2020-03.31.2020</u>
Sales income		
Parts income	\$1,285,506	\$930,119
Mold income	53,553	61,540
Fixture income	20,726	25,055
Merchandise income	21,417	23,362
Total	<u>1,381,202</u>	<u>1,040,076</u>
Less: Sales return	(2,578)	(2,563)
Sales discount	(3,875)	(1,662)
Net operating income	<u><u>\$1,374,749</u></u>	<u><u>\$1,035,851</u></u>

(1) Income classification:

A. Main merchandise / service	<u>01.01.2021-03.31.2021</u>	<u>01.01.2020-03.31.2020</u>
Parts income	\$1,280,401	\$925,921
Mold income	52,228	61,540
Fixture income	20,725	25,037
Merchandise income	21,395	23,353
Total	<u><u>\$1,374,749</u></u>	<u><u>\$1,035,851</u></u>

B. Main regional markets

<u>Customer location</u>	<u>01.01.2021-03.31.2021</u>	<u>01.01.2020-03.31.2020</u>
Taiwan	\$205,271	\$151,970
Asia (other than Taiwan)	977,103	771,450
Europe	89,606	57,315
America	102,769	55,116
Total	<u><u>\$1,374,749</u></u>	<u><u>\$1,035,851</u></u>

C. Income recognition time

	<u>01.01.2021-03.31.2021</u>	<u>01.01.2020-03.31.2020</u>
Goods transferred at a certain time	<u><u>\$1,374,749</u></u>	<u><u>\$1,035,851</u></u>

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(2) Contract liabilities:

	03.31.2021	12.31.2021	03.31.2020
Contract liabilities	\$12,766	\$12,415	\$14,565

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

	01.01.2021-03.31.2021	01.01.2020-03.31.2020
Contract liabilities balance –		
beginning transferred to income in the current period	\$(2,536)	\$(2,293)
Increase in cash received in advance in the current period	2,887	1,856

26. Operating costs and expenses

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

Function Nature	01.01.2021-03.31.2021			01.01.2020-03.31.2020		
	Attributable to operating cost	Attributable to operating expense	Total	Attributable to operating cost	Attributable to operating expense	Total
Employee welfare expenses						
Employee expense (Note 1)	\$193,495	\$104,281	\$297,776	\$166,810	\$100,863	\$267,673
Labor and health insurance expenses	13,086	8,446	21,532	11,554	7,659	19,213
Pension expenses	9,469	5,650	15,119	7,728	4,583	12,311
Director remuneration	-	501	501	-	581	581
Other welfare expenses	6,439	2,946	9,385	4,565	2,545	7,110
Depreciation expenses (Note 2)	30,081	11,390	41,471	29,297	11,797	41,094
Amortization expense	3,337	2,125	5,462	7,741	2,408	10,149

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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.

The amendments to the company's Articles of Incorporation were resolved in the shareholders meeting on June 15, 2020 as follows:

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

- (2) The estimated remuneration payable to employees of the company in 2021Q1 and 2020Q1 were NT\$5,250 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) of 2021Q1 and 2020Q1. 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 15, 2021 to distribute the 2020 remuneration to employees for NT\$21,000 thousand in cash and remuneration to directors for NT\$0 that were not different from the estimated remuneration to employees and directors in the company's 2020 financial report. The company's

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board of directors had resolved on March 20, 2020 to distribute the 2019 remuneration to employees for NT\$21,000 thousand in cash and remuneration to directors and supervisors for NT\$0 that were reported in the regular shareholders meeting on June 13, 2020; also, it was not different from the estimated remuneration to employees, directors, and supervisors in the company's 2019 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 in 2021Q1 and 2020Q1 for an amount of NT\$41,480 thousand and NT\$41,135 thousand, respectively. Also, the depreciation expenses of the property, plant and equipment - leased assets were NT\$9 thousand and NT\$41 thousand, respectively, and listed in the "Other income and expenses - net" account.

27. Other income and expenses - net

	<u>01.01.2021-03.31.2021</u>	<u>01.01.2020-03.31.2020</u>
Property, plant and equipment – lease assets		
Rent income	\$344	\$442
Depreciation expense	(9)	(41)
Other income and expenses - net	<u>\$335</u>	<u>\$401</u>

28. Non-operating income and expense

(1) Interest income

	<u>01.01.2021-03.31.2021</u>	<u>01.01.2020-03.31.2020</u>
Bank deposit interest	\$9,900	\$13,140
Financial assets measured at amortized cost		
Assets interest income	160	1,772
Other interest income	16,128	7,027
Total	<u>\$26,188</u>	<u>\$21,939</u>

(2) Other income

	<u>01.01.2021-03.31.2021</u>	<u>01.01.2020-03.31.2020</u>
Other income - other	<u>3,331</u>	<u>4,828</u>

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(3) Other profit and loss

	<u>01.01.2021-03.31.2021</u>	<u>01.01.2020-03.31.2020</u>
Net loss of financial assets measured at fair value through profit and loss	\$(3,259)	\$(125,200)
Net loss from the disposal of property, plant, and equipment	(21)	(304)
Other expenses	(411)	(136)
Total	<u><u>\$(3,691)</u></u>	<u><u>\$(125,640)</u></u>

(4) Financial cost

	<u>01.01.2021-03.31.2021</u>	<u>01.01.2020-03.31.2020</u>
Bank loan interest	\$(2,734)	\$(2,217)
Lease liability interest	(1,148)	(1,020)
Total	<u><u>\$(3,882)</u></u>	<u><u>\$(3,237)</u></u>

(5) Profit (loss) amount from the affiliated enterprises under the equity method

Please refer to Note VI.9 (1) C of the consolidated financial report for details.

(6) Exchange profit - net

	<u>01.01.2021-03.31.2021</u>	<u>01.01.2020-03.31.2020</u>
Realized exchange profit (loss) - net	\$(12,467)	\$26,124
Unrealized exchange profit (loss)	14,648	(3,444)
Total	<u><u>\$2,181</u></u>	<u><u>\$22,680</u></u>

29. Other comprehensive profit and loss

Other comprehensive profit and loss constituents	Reclassification			Income tax expense	Amount after tax
	Transactions of current period	and adjustment of current period	Other comprehensive profit and loss		
<u>01.01.2021-03.31.2021</u>					
Items not reclassified to profit and loss:					
Unrealized appraisal benefits of equity	\$26,170	\$-	\$26,170	\$-	\$26,170

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instrument investment measured at fair value through other comprehensive profit and loss					
Unrealized appraisal benefits of equity instrument investment measured at fair value through other comprehensive profit and loss of affiliated enterprises under the equity method	2,220	-	2,220	-	2,220
Total amount of items not reclassified to profit and loss:	28,390	-	28,390	-	28,390
Items that may be reclassified to profit and loss subsequently:					
Exchange difference from the conversion of the financial statements of foreign operating institutions	(54,981)	-	(54,981)	-	(54,981)
Exchange difference from the conversion of the financial statements of foreign operating institutions of affiliated enterprises under the equity method	-	-	-	-	-
Total amount of items that may be reclassified to profit and loss subsequently:	(54,981)	-	(54,981)	-	(54,981)
Total	\$(26,591)	\$-	\$(26,591)	\$-	\$(26,591)

01.01.2020-03.31.2020

Items not reclassified to profit and loss:

Unrealized appraisal loss of equity instrument investment measured at fair value through other comprehensive profit and loss					
	\$(46,629)	\$-	\$(46,629)	\$-	\$(46,629)
Unrealized appraisal loss of equity instrument investment measured at fair value through other comprehensive profit and loss of affiliated enterprises under the equity method	(963)	-	(963)	-	(963)
Total amount of items not reclassified to profit and loss:	(47,592)	-	(47,592)	-	(47,592)
Item that may be reclassified to profit and					

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loss subsequently:

Exchange difference from the conversion of the financial statements of foreign operating institutions	(113,587)	-	(113,587)	-	(113,587)
Exchange difference from the conversion of the financial statements of foreign operating institutions of affiliated enterprises under the equity method	(45)	-	(45)	-	(45)
Total amount of items that may be reclassified to profit and loss subsequently:	(113,632)	-	(113,632)	-	(113,632)
Total	<u>\$(161,224)</u>	<u>\$-</u>	<u>\$(161,224)</u>	<u>\$-</u>	<u>\$(161,224)</u>

30. Income tax

(1) The Group's income tax return must be filed by each entity independently instead of filing collectively. The company's business income tax return filed before 2018 (inclusive) and the subsidiary, CHIN DE INVESTMENT CO., LTD., filed before 2019 (inclusive) were reviewed and approved by the tax collection agency.

(2) The income tax expense constituents:

A. Income tax recognized in profit and loss

	<u>01.01.2021-03.31.2021</u>	<u>01.01.2020-03.31.2020</u>
Income tax expense - current		
Income tax expenses of the current period	\$37,850	\$30,642
Deferred income tax expense (benefits)	30,880	(15,076)
Income tax expense	<u>\$68,730</u>	<u>\$15,566</u>

B. The Group had no income tax related to other comprehensive profit and loss constituents or direct debited or credited to equity in 2021Q1 and 2020Q1.

31. Earnings per share

(1) 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:

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	<u>01.01.2021-03.31.2021</u>	<u>01.01.2020-03.31.2020</u>
Net profit (loss) attributable to the company's common stock shareholders	<u>\$110,202</u>	<u>\$(37,897)</u>
Outstanding weighted average shares	<u>184,968,298 shares</u>	<u>184,968,298 shares</u>
Basic earnings per share (after tax) (NTD)	<u>\$0.60</u>	<u>\$(0.20)</u>

(2) Diluted earnings per share

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

	<u>01.01.2021-03.31.2021</u>	<u>01.01.2020-03.31.2020</u>
Net profit (loss) attributable to the company's common stock shareholders	<u>\$110,202</u>	<u>\$(37,897)</u>
Add: Potential common stock share effect	<u>-</u>	<u>-</u>
Adjusted net profit (loss) attributable to the company's common stock shareholders	<u>\$110,202</u>	<u>\$(37,897)</u>
Weighted average shares	184,968,298 shares	184,968,298 shares
Add: Potential common stock share effect		
Employee stock option hypothesis – subscribing new shares	3,019,086	(Note)
Employee remuneration hypothesis – issuing new shares	<u>715,259</u>	<u>(Note)</u>
Adjusted weighted average shares	<u>188,702,643 shares</u>	<u>184,968,298 shares</u>
Basic earnings per share (after tax) (NTD)	<u>\$0.58</u>	<u>\$(0.20)</u>

Note: The Company had a net loss in 2020Q1; therefore, the potential common stock shares were with anti-dilution effect and were not included in the calculation of diluted earnings per share.

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32. Reconciliation of liabilities from financing activities

Accounting item	Balance - beginning	Cash flow	Changes in non-cash			Balance - ending
			Transaction of current period	Change in exchange rate	Interest expense recognized	
<u>01.01.2021-03.31.2021</u>						
Short-term loan	\$1,235,824	\$36,383	\$-	\$-	\$-	\$1,272,207
Long-term loan	44,365	8,343	-	-	-	52,708
Lease liabilities (including current and noncurrent)	100,721	(5,114)	-	(1,052)	1,148	95,703
Total	\$1,380,910	\$39,612	\$-	\$(1,052)	\$1,148	\$1,420,618

Accounting item	Balance - beginning	Cash flow	Changes in non-cash			Balance - ending
			Transaction of current period	Change in exchange rate	Interest expense recognized	
<u>01.01.2020-03.31.2020</u>						
Short-term loan	\$1,043,000	\$19,000	\$-	\$-	\$-	\$1,062,000
Long-term loan	-	24,034	-	-	-	24,034
Lease liabilities (including current and noncurrent)	87,972	(3,810)	-	(1,305)	1,020	83,877
Total	\$1,130,972	\$39,224	\$-	\$(1,305)	\$1,020	\$1,169,911

VII. 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 XIII.1 (10) 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.
SHANG HAI CHANG HONG SHEN HARDWARE CO., LTD. (SHANG HAI CHANG HONG SHEN HARDWARE)	SHANG HAI CHANG HONG SHEN HARDWARE is invested by the company's subsidiary under equity method (Note)
WU HAN CHANG HONG SHEN HARDWARE CO., LTD. (WU HAN CHANG HONG SHEN HARDWARE)	WU HAN CHANG HONG SHEN HARDWARE is transfer-invested by the invested company under equity method of the company's subsidiary (Note)

Note: The Group had terminated the investment in SHANG HAI CHANG HONG SHEN HARDWARE CO., LTD. at the end of May 2020. Therefore, the related party transactions of SHANG HAI CHANG HONG SHEN HARDWARE CO., LTD. and WU HAN CHANG HONG SHEN HARDWARE CO., LTD. were disclosed only up to May 31, 2020. Please refer to Note VI.9 of the consolidated financial report for details.

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2. Major transactions with related parties

(1) Purchases

Related party category/name	01.01.2021-03.31.2021	01.01.2020-03.31.2020
Other related parties		
KUAI LUNG PRECISION INDUSTRY CO., LTD.	\$-	\$63
Affiliated enterprises		
WU HAN CHANG HONG SHEN HARDWARE SUNFLEX	- 2,279	71 579
Subtotal	2,279	650
Total	\$2,279	\$713

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 OA30-60 days; while other suppliers are with a payment term of OA90-120 days.

(2) Sales

Related party category/name	01.01.2021-03.31.2021	01.01.2020-03.31.2020
Other related parties		
KUAI LUNG PRECISION INDUSTRY CO., LTD.	\$-	\$10
Affiliated enterprises		
SUNFLEX	-	168
Total	\$-	\$178

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 OA60-90 days; while the general customer is with a payment term of OA90-120 days.

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(3) Rent income

The Group - SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. had part of the plant building leased to SHANG HAI CHANG HONG SHEN HARDWARE CO., LTD. with a lease income of NT\$87 thousand generated in 2020Q1, and the rent was collected on a monthly basis. In addition, please refer to Note VI.10 (7) of the consolidated financial report for details.

(4) Processing expense

A. The Group - SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD., SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD., HONG JING(SHANGHAI)ELECTRONICS CO., LTD., and HUBEI HANSTAR ELECTRONICS TECHNOLOGY CO., LTD. had contracted the affiliated enterprise, SHANG HAI CHANG HONG SHEN HARDWARE CO., LTD., for product processing with a processing expense of NT\$147 thousand incurred in 2020Q1.

B. The company had contracted the affiliated enterprise, SUNFLEX TECHNOLOGY CO., LTD., for product proceeding with a processing expense of NT\$2,385 thousand and NT\$1,899 thousand incurred in 2021Q1 and 2020Q1, respectively.

(5) Claims/obligations arising from the aforementioned transactions

Related party category/name	03.31.2021	12.31.2020	03.31.2020
A. <u>Accounts receivable – related party</u>			
Other related parties			
KUAI LUNG PRECISION INDUSTRY CO., LTD.	\$-	\$32	\$-
Affiliated enterprises			
SUNFLEX	-	-	176
Total	\$-	\$32	\$176
B. <u>Other receivable – related party</u>			
Affiliated enterprises			
SHANG HAI CHANG HONG SHEN HARDWARE	\$-	\$-	\$104

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Related party category/name	03.31.2021	12.31.2020	03.31.2020
<u>C. Accounts payable - related party</u>			
Other related parties			
KUIAI LUNG PRECISION INDUSTRY CO., LTD.	\$100	\$204	\$83
Affiliated enterprises			
SHANG HAI CHANG HONG SHEN HARDWARE	-	-	68
WU HAN CHANG HONG SHEN HARDWARE	-	-	32
SUNFLEX	2,606	342	708
Subtotal	2,606	342	808
Total	\$2,706	\$546	\$891
<u>D. Other payable - related party</u>			
Other related parties			
KUIAI LUNG PRECISION INDUSTRY CO., LTD.	\$155	\$652	\$154
Affiliated enterprises			
SUNFLEX	1,719	1,725	1,342
Total	\$1,874	\$2,377	\$1,496

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.

(6) 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	01.01.2021-03.31.2021	01.01.2020-03.31.2020
Short-term benefits	\$3,845	\$4,343
Retirement benefits	78	87
Share-based payment	63	129
Total	\$3,986	\$4,559

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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.

VIII. Mortgaged assets

As of March 31, 2021, December 31, 2020, and March 31, 2020, the Group had assets provided as collateral to financial institutions for loans, applying for credit line, electricity deposits, materials, contracts, and issuing the letter of credit as follows:

<u>Accounting item</u>	<u>03.31.2021</u>	<u>12.31.2020</u>	<u>03.31.2020</u>	<u>Mortgage agency</u>	<u>Collateral for loans</u>
Other financial assets - current				Bank of China	Material deposit, contract deposit, and others
Bank deposits	\$1,133	\$3,962	\$5,017		
Other noncurrent assets - others				Bangkok Bank	Electricity deposit
Bank deposits	229	236	345		
Other noncurrent assets – others				Mizuho Bank	Tariff deposits
Bank deposits	1,289	1,384	1,395		
Property, plant and equipment				Bank of China	Short-term loan
House and building	-	31,412	-		
Right-of-use assets				Bank of China	Short-term loan
Land	-	12,751	-		
Total	<u>\$2,651</u>	<u>\$49,745</u>	<u>\$6,757</u>		

IX. 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, 2021:

1. The company had had a guaranteed loan from financial institutions for the tariff guarantee amount of NT\$500 thousand on March 31, 2021.

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2. The Group's G-SHANK ENTERPRISE (M) SDN. BHD. had a guaranteed loan of NT\$27,864 thousand from financial institutions for the introduction of foreign labor and other matters on March 31, 2021.

3. The Group had a contract signed for the lease of the right-of-use asset-land for an amount of RMB 30,636 thousand with a payable amount of RMB 20,636 thousand.

X. Significant disaster loss

None

XI. Material post events

None

XII. Others

1. Capital management

- (1) 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.

- (2) 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

- (1) 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

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to financial risks due to changes in the financial market.

(2) 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.

(3) 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.

(A) Exchange rate risk

a. 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,

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when it depreciated by 5%, it will affect the net income before tax and equity reversely:

	Foreign currency (Thousand)	Exchange rate	Book amount	Sensitive analysis		
				Change ratio	Increase/ decrease in net income before tax	Decrease in Equity
<u>03.31,2021</u>						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$37,092	28.53	\$1,058,230	5%	\$52,912	\$-
JPY	54,650	0.2578	14,089	5%	704	-
RMB	64,978	4.342	282,135	5%	14,107	-
HKD	8,294	3.671	30,448	5%	1,522	-
EUR	3,104	33.48	103,925	5%	5,196	-
<u>Non-monetary items</u>						
USD	\$39,367	28.53	\$1,123,134	5%	\$56,157	\$-
<u>Derivative financial instrument</u>						
USD	\$14,370	28.53	\$5,498 (Note)	5%	\$275	\$-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	\$629	28.53	\$17,949	5%	\$897	\$-
JPY	43,523	0.2578	11,220	5%	561	-
<u>Non-monetary items: None</u>						
<u>Derivative financial instrument: None</u>						
<u>12.31,2020</u>						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$40,427	28.48	\$1,151,351	5%	\$57,568	\$-

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JPY	42,458	0.2767	11,748	5%	587	-
RMB	63,038	4.38	276,106	5%	13,805	-
HKD	8,216	3.625	29,783	5%	1,489	-
EUR	2,495	35.06	87,487	5%	4,374	-

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	Foreign currency (Thousand)	Exchange rate	Book amount	Change ratio	Sensitive analysis	
					Increase / decrease in net income (loss) before tax	Decrease in Equity
<u>Non-monetary items</u>						
USD	\$34,441	28.48	\$980,874	5%	\$49,044	\$-
<u>Derivative financial instrument</u>						
USD	\$31	28.48	\$889 (Note)	5%	\$44	\$-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	\$464	28.48	\$13,220	5%	\$661	\$-
JPY	21,839	0.2767	6,043	5%	302	-
HKD	725	3.625	2,629	5%	131	-
<u>Non-monetary items: None</u>						
<u>Derivative instrument: None</u>						
<u>03.31.2020</u>						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$58,462	30.23	\$1,767,306	5%	\$88,365	\$-
JPY	49,535	0.2791	13,825	5%	691	-
RMB	21,216	4.255	90,274	5%	4,514	-
HKD	9,670	3.902	37,732	5%	1,887	-
EUR	1,308	33.22	43,452	5%	2,173	-
<u>Non-monetary items</u>						
USD	\$15,347	30.230	\$463,930	5%	\$23,197	\$-
<u>Derivative financial instrument: None</u>						

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	Foreign currency (Thousand)	Exchange rate	Book amount	Change ratio	Sensitive analysis	
					Increase / decrease in net income (loss) before tax	Decrease in Equity
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	\$783	30.23	\$23,670	5%	\$1,184	\$-
JPY	15,907	0.2791	4,440	5%	222	-
HKD	7,630	3.902	29,772	5%	1,489	-
EUR	84	33.22	2,790	5%	140	-

Non-monetary items: None

Derivative financial instrument: None

Note: The aforementioned derivatives information refers to the book amount of the SWAP contracts that have not yet been settled on each reporting day. Please refer to Note VI.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	01.01.2021-03.31.2021		01.01.2020-03.31.2020	
	Exchange profit (loss)	Average exchange rate	Exchange profit (loss)	Average exchange rate
NTD	\$(2,212)	-	\$8,497	-
USD	1,238	28.400	(749)	30.253
RMB	(196)	4.322	6,590	4.300
MYR	3,398	6.960	8,146	7.203
Others	(47)	-	196	-
Total	<u>\$2,181</u>		<u>\$22,680</u>	

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b. 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.

(B) 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.

a. The Group's financial assets and liabilities with fixed and floating interest rates

	<u>03.31.2021</u>	<u>12.31.2020</u>	<u>03.31.2020</u>
Fixed interest rate			
Financial assets	\$3,082,337	\$3,248,563	\$2,866,124
Financial liabilities	<u>(1,368,770)</u>	<u>(1,337,404)</u>	<u>(1,145,877)</u>
Net amount	<u>\$1,713,567</u>	<u>\$1,911,159</u>	<u>\$1,720,247</u>
Floating interest rate			
Financial assets	\$1,016,403	\$837,341	\$805,141

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

(Review only without following generally accepted auditing standards)

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

Financial liabilities	(51,848)	(43,506)	(24,034)
Net amount	<u>\$964,555</u>	<u>\$793,835</u>	<u>\$781,107</u>

b. Sensitivity Analysis

For the Group's financial assets and liabilities with a floating interest rate, if the interest rate of market deposits or loans increased by 0.5% on the reporting date, assuming that it is held for an accounting quarter and all other factors are given, it would cause the Group's net income (loss) before tax increased by NT\$1,206 thousand and decreased by NT\$976 thousand in 2021Q1 and 2020Q1, respectively.

(C) Other price risks

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

Sensitivity Analysis

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

	<u>03.31.2021</u>	<u>12.31.2020</u>	<u>03.31.2020</u>
Increase in net income before tax			
Financial assets measured at fair value through profit and loss	<u>\$64,062</u>	<u>\$55,015</u>	<u>\$27,883</u>
Increase in equity			
Financial assets measured at fair value through other comprehensive profit and loss	<u>\$11,576</u>	<u>\$10,268</u>	<u>\$5,990</u>

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

(Review only without following generally accepted auditing standards)

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

B. Credit risk

(A) 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.

(B) 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:

	<u>03.31.2021</u>	<u>12.31.2020</u>	<u>03.31.2020</u>
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	<u>31,111</u>	<u>32,248</u>	<u>28,853</u>
Total	<u>\$31,111</u>	<u>\$32,248</u>	<u>\$28,853</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.

(C) The expected credit loss of the Group's notes and accounts receivable as of March 31, 2021, December 31, 2020 and March 31, 2020 is analyzed 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)

	Total book amount of notes and accounts receivable	Reserve matrix (loss rate)	Allowance for loss (expected credit loss throughout the duration)
<u>03.31.2021</u>			
Not overdue	\$1,113,890	0%-0.86%	\$1,927
30days overdue	70,304	0%-23.36%	682
31-90 days overdue	32,735	0%-32.78%	997
91-180 days overdue	1,624	0%-48.84%	100
181-365 days overdue	136	0%-71.13%	29
Over 366 days overdue	27,376	100.00%	27,376
Total	<u>\$1,246,065</u>		<u>\$31,111</u>
<u>12.31.2020</u>			
Not overdue	\$1,129,251	0%~0.9%	\$2,182
30days overdue	57,566	0%~23.54%	505
31-90 days overdue	26,400	0%~32.95%	770
91-180 days overdue	17,985	0%~49.03%	991
181-365 days overdue	3,591	0%~65.94%	788
Over 366 days overdue	27,012	100.00%	27,012
Total	<u>\$1,261,805</u>		<u>\$32,248</u>
<u>03.31.2020</u>			
Not overdue	\$882,558	0%-0.76%	\$842
30days overdue	66,958	0%-20.12%	446
31-90 days overdue	47,804	0%-26.83%	678
91-180 days overdue	33,346	0%-34.59%	941
181-365days overdue	11,228	5.71%-40.96%	1,704
Over 366 days overdue	24,242	100.00%	24,242
Total	<u>\$1,066,136</u>		<u>\$28,853</u>

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

	<u>03.31.2021</u>	<u>12.31.2020</u>	<u>03.31.2020</u>
The accounts receivable ratio of the top five customers	<u>33.24%</u>	<u>32.37%</u>	<u>32.92%</u>

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

(Review only without following generally accepted auditing standards)

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

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.

(A) Bank loan amount

	<u>03.31.2021</u>	<u>12.31.2020</u>	<u>03.31.2020</u>
Short-term loan	\$979,500	\$1,153,398	\$675,379
Long-term loan	300,000	300,000	835,966
Long-term and short-term loan amount	<u>118,152</u>	<u>6,494</u>	<u>-</u>
Total	<u>\$1,397,652</u>	<u>\$1,459,892</u>	<u>\$1,511,345</u>

(B) Maturity analysis of undiscounted financial liabilities

	<u>Less than 1 year</u>	<u>More than 1-2 years</u>	<u>More than 2-5 years</u>	<u>Over 5 years</u>	<u>Total</u>
<u>03.31.2021</u>					
<u>Non-derivative financial liabilities</u>					
Short-term loan	\$1,274,658	\$-	\$-	\$-	\$1,274,658
Accounts payable	543,147	-	-	-	543,147
Accounts payable – related party	2,706	-	-	-	2,706
Other payables	293,902	17,321	-	26,691	337,914
Other payables – related party	1,874	-	-	-	1,874
Lease liabilities	20,552	21,133	19,422	80,223	141,330
Long-term loan	363	6,919	46,435	-	53,717
Total	<u>\$2,137,202</u>	<u>\$45,373</u>	<u>\$65,857</u>	<u>\$106,914</u>	<u>\$2,355,346</u>

Derivative financial liabilities: None

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

(Review only without following generally accepted auditing standards)

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

	Less than 1 year	More than 1-2 years	More than 2-5 years	Over 5 years	Total
<u>12.31.2020</u>					
<u>Non-derivative</u>					
<u>financial liabilities</u>					
Short-term loan	\$1,239,758	\$-	\$-	\$-	\$1,239,758
Accounts payable	383,577	-	-	-	383,577
Accounts payable – related party	546	-	-	-	546
Other payables	409,547	-	-	41,966	451,513
Other payables – related party	2,377	-	-	-	2,377
Lease liabilities	20,443	21,019	23,809	78,980	144,251
Long-term loans	305	1,163	43,821	-	45,289
Total	<u>\$2,056,553</u>	<u>\$22,182</u>	<u>\$67,630</u>	<u>\$120,946</u>	<u>\$2,267,311</u>

Derivative financial liabilities: None

03.31.2020

Non-derivative

financial liabilities

Short-term loan	\$1,064,095	\$-	\$-	\$-	\$1,064,095
Accounts payable	403,594	-	-	-	403,594
Accounts payable – related party	891	-	-	-	891
Other payables	263,247	7,963	-	39,458	310,668
Other payables – related party	1,496	-	-	-	1,496
Lease liabilities	15,103	13,816	27,703	68,151	124,773
Long-term loan	166	284	24,215	-	24,665
Total	<u>\$1,748,592</u>	<u>\$22,063</u>	<u>\$51,918</u>	<u>\$107,609</u>	<u>\$1,930,182</u>

Derivative financial liabilities: None

(4) Fair value of financial instruments

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

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

(Review only without following generally accepted auditing standards)

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

A. The methods adopted for the fair value of financial instruments and the assumptions adopted for the use of evaluation techniques

- (A) 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).
- (B) The financial assets measured at fair value through profit and loss are with a market price available for reference; therefore, the said market price is the fair value.
- (C) 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.
- (D) 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.
- (E) The financial assets measured at amortized cost refer to the debt instrument investments that do not have market price available for reference, but with a fixed or decidable amount to be collected. The Group adopts the evaluation method of the cash flow model for estimation.
- (F) 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.
- (G) 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.

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)

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

B. Classification of fair value measurement

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

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

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

Level 3: Unobservable input value of assets or liabilities;

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

(A) 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>03.31.2021</u>				
<u>Assets</u>				
Financial assets measured at fair value through profit and loss				
Funds	\$158,098	\$-	\$-	\$158,098
Bonds	1,123,134	-	-	1,123,134
SWAP contracts	-	5,498	-	5,498
Financial assets measured at fair value through other profit and loss				
Unlisted stocks	-	-	231,524	231,524

Liabilities: None

12.31.2020

Assets

Financial assets measured at fair value through profit and loss

Funds	\$119,416	\$-	\$-	\$119,416
Bonds	980,874	-	-	980,874
SWAP contracts	-	889	-	889

Financial assets measured at fair value through other profit and loss

Unlisted stocks	-	-	205,354	205,354
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Liabilities: None

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

(Review only without following generally accepted auditing standards)

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>03.31.2020</u>				
<u>Assets</u>				
Financial assets measured at fair value through profit and loss				
Funds	\$88,949	\$-	\$-	\$88,949
Stocks	4,781	-	-	4,781
Bonds	463,930	-	-	463,930
Financial assets measured at fair value through other profit and loss				
Unlisted stocks	-	-	119,803	119,803
Liabilities: None				

(B) The Group did not have any significant shift between Level 1 and Level 2 of the fair value in 2021Q1 and 2020Q1.

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

<u>Items</u>	<u>Financial assets measured at fair value through other comprehensive profit and loss</u>	
	<u>Equity instrument investment – Unlisted stocks</u>	
	<u>01.01.2021-03.31.2021</u>	<u>01.01.2020-03.31.2020</u>
Balance – beginning	\$205,354	\$166,432
Total profit (loss)		
Recognized in other comprehensive profit and loss	26,170	(46,629)
Balance - ending	<u>\$231,524</u>	<u>\$119,803</u>

The Group had recognized total current profit for an amount of NT\$26,170 thousand and total current loss for an amount of NT\$46,629 thousand in other comprehensive profit and loss due to change in Level 3 fair value in 2021Q1 and 2020Q1, respectively, and they were booked in the “other comprehensive profit and loss – unrealized appraisal profit (loss) of equity instrument investment

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)

measured at fair value through other comprehensive profit and loss.

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

a. 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.

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

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

<u>Evaluation technique</u>	<u>Significant unobservable input value</u>	<u>Quantitative information</u>	<u>Relationship between the input value and fair value</u>	<u>Sensitivity analysis of the relationship between the input value and fair value</u>
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03.31.2021

Financial

assets

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

Stock	Market Approach	Similar company's stock price-to-net value ratio	3.19	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\$11,613 thousand.
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12.31.2020

Financial

assets

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

Stock	Market Approach	Similar company's stock price-to-net value ratio	2.84	The higher the stock price-to-net value ratio of similar companies, the higher the estimated fair value	When the stock price-to-net value ratio of similar companies increases (decreases) by 5%, the equity of the Group will increase/decrease by NT\$10,268 thousand.
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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)

03.31.2020

Financial

assets

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

Stock	Market	Similar company's	1.78	The higher the stock	When the stock price-to-net
	Approach	stock		price-to-net value	value ratio of similar
		price-to-net		ratio of similar	companies increases
		value ratio		companies, the higher	(decreases) by 5%, the equity
				the estimated fair	of the Group will
				value	increase/decrease by
					NT\$6,057 thousand.

F. 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)

XIII. 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 in 2021Q1 is disclosed as follows:

(1) Loaning of funds:

Unit: NT\$ Thousand/USD

NO	Lending company	Borrower	Accounting item	Related party	Maximum amount - current	Balance – ending (03.31.2020) (Note 2)	Actual amount implemented (Note 3)	Interest rate range	Nature of loan	Transaction amount	Reason for short-term loan	Allowance for bad debt appropriated	Collateral		Loaning of fund limit to individual (Note 1)	Total loaning of fund limit (Note 1)
													Name	Value		
1	G-SHANK ENTERPRISE CO., LTD.	G-SHANK JAPAN CO., LTD.	Other accounts receivable – related party	Yes	\$51,354 (USD1,800,000)	\$51,354 (USD1,800,000)	\$19,971 (USD700,000)	1%	Short-term loan	\$-	Business operation of affiliated enterprise	\$-	-	\$-	\$471,597	\$1,886,389

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.

(2) Making of endorsements/guarantees: None

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

(Review only without following generally accepted auditing standards)

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

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

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

Holding company	Type of securities	Name of securities	Relationship with the securities issuer	Accounting title	Ending (03.31.2021)				Remarks
					Shares / unit / 1,000 shares	Book amount	Shareholding ratio (%)	Fair value / net value	
G-SHANK ENTERPRISE CO., LTD.	Stocks	REEL MASK INDUSTRY CO., LTD.	None	Financial assets-noncurrent measured at fair value through other comprehensive profit and loss	3,392,713	\$231,524	9.98	\$231,524	
	Bonds	Zurich insurance bonds ZURNVX 4 3/4 12/29/49	None	Financial assets-current measured at fair value through profit and loss	1,590,000	45,945 (USD1,610,400)	-	45,945 (USD1,610,400)	
	Bonds	AXA bonds AXASA 4.5 12/29/2049	None	Financial assets-current measured at fair value through profit and loss	700,000	20,187 (USD707,567)	-	20,187 (USD707,567)	
	Bonds	HSBC Holding bonds HSBC 6 RERP (I)	None	Financial assets-current measured at fair value through profit and loss	1,800,000	56,136 (USD1,967,616)	-	56,136 (USD1,967,616)	
	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	42,992 (USD1,506,904)	-	42,992 (USD1,506,904)	
	Bonds	BNP Paribas bonds BNP 5 1/8 PERP (I)	None	Financial assets-current measured at fair value through profit and loss	600,000	17,652 (USD618,702)	-	17,652 (USD618,702)	
	Bonds	UBS Group AG bonds UBS 5 PERP (I)	None	Financial assets-current measured at fair value through profit and loss	4,170,000	119,498 (USD4,188,515)	-	119,498 (USD4,188,515)	

(Continuing to next page)

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

(Review only without following generally accepted auditing standards)

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

(Continued from the last page)

Holding company	Type of securities	Name of securities	Relationship with the securities issuer	Accounting title	Ending (03.31.2021)				Remarks
					Shares / unit / 1,000 shares	Book amount	Shareholding ratio (%)	Fair value / net value	
G-SHANK ENTERPRISE CO., LTD.	Bonds	Societe Generale bonds SOCGEN 6.75 PERP (I)	None	Financial assets-current measured at fair value through profit and loss	1,020,000	\$32,281 (USD1,131,486)	-	\$32,281 (USD1,131,486)	
	Bonds	Societe Generale bonds SOCGEN 7 3/8 PERP (I)	None	Financial assets-current measured at fair value through profit and loss	1,700,000	52,597 (USD1,843,582)	-	52,597 (USD1,843,582)	
	Bonds	BCS-Barclays Plc bonds BACR 8 PERP	None	Financial assets-current measured at fair value through profit and loss	300,000	9,614 (USD336,984)	-	9,614 (USD336,984)	
	Bonds	DB-Deutsche Bank AG bonds DB 6 1/4 05/29/49	None	Financial assets-current measured at fair value through profit and loss	3,800,000	103,665 (USD3,633,560)	-	103,665 (USD3,633,560)	
	Bonds	Credit Suisse bonds CS 5.1 PERP (I)	None	Financial assets-current measured at fair value through profit and loss	800,000	21,865 (USD766,392)	-	21,865 (USD766,392)	
	Bonds	DB-Deutsche Bank AG bonds DB 6 PERP	None	Financial assets-current measured at fair value through profit and loss	2,800,000	80,986 (USD2,838,612)	-	80,986 (USD2,838,612)	
	Bonds	Internationale Nederlanden Group N.V. bonds INTNED 4 7/8 PERP (I)	None	Financial assets-current measured at fair value through profit and loss	600,000	17,353 (USD608,220)	-	17,353 (USD608,220)	
	Bonds	Societe Generale bonds SOCGEN 5 3/8 PERP	None	Financial assets-current measured at fair value through profit and loss	581,000	17,097 (USD599,267)	-	17,097 (USD599,267)	
	Bonds	Standard Chartered bonds STANLN 4 3/4 PERP	None	Financial assets-current measured at fair value through profit and loss	1,900,000	54,010 (USD1,893,084)	-	54,010 (USD1,893,084)	

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)

Holding company	Type of securities	Name of securities	Relationship with the securities issuer	Accounting title	Ending (03.31.2021)				Remarks
					Shares / unit / 1,000 shares	Book amount	Shareholding ratio (%)	Fair value / net value	
G-SHANK ENTERPRISE CO., LTD.	Bonds	HSBC Holding bonds HSBC 4.7 PERP (I)	None	Financial assets-current measured at fair value through profit and loss	5,400,000	\$151,693 (USD5,316,948)	-	\$151,693 (USD5,316,948)	
	Bonds	Societe Generale bonds SOCGEN 6.75 PERP (II)	None	Financial assets-current measured at fair value through profit and loss	1,500,000	47,467 (USD1,663,740)	-	47,467 (USD1,663,740)	
	Bonds	HSBC Holding bonds HSBC 6 3/8 PERP	None	Financial assets-current measured at fair value through profit and loss	1,000,000	31,018 (USD1,087,200)	-	31,018 (USD1,087,200)	
	Bonds	HSBC Holding bonds HSBC 6 RERP (II)	None	Financial assets-current measured at fair value through profit and loss	300,000	9,360 (USD328,083)	-	9,360 (USD328,083)	
	Bonds	UBS Group AG bonds UBS 5 PERP (II)	None	Financial assets-current measured at fair value through profit and loss	300,000	8,599 (USD301,407)	-	8,599 (USD301,407)	
	Bonds	Internationale Nederlanden Group N.V. bonds INTNED 4 7/8 PERP (II)	None	Financial assets-current measured at fair value through profit and loss	1,348,000	38,974 (USD1,366,077)	-	38,974 (USD1,366,077)	
	Bonds	Societe Generale bonds SOCGEN 7 3/8 PERP (II)	None	Financial assets-current measured at fair value through profit and loss	400,000	12,373 (USD433,692)	-	12,373 (USD433,692)	
	Bonds	Credit Suisse bonds CS 5.1 PERP (II)	None	Financial assets-current measured at fair value through profit and loss	790,000	21,796 (USD763,962)	-	21,796 (USD763,962)	
Bonds	BNP Paribas bonds BNP 5 1/8 PERP (II)	None	Financial assets-current measured at fair value through profit and loss	1,250,000	36,814 (USD1,290,363)	-	36,814 (USD1,290,363)		

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)

Holding company	Type of securities	Name of securities	Relationship with the securities issuer	Accounting title	Ending (03.31.2021)				Remarks
					Shares / unit / 1,000 shares	Book amount	Shareholding ratio (%)	Fair value / net value	
G-SHANK ENTERPRISE CO., LTD.	Bonds	HSBC Holding bonds HSBC 4.7 PERP (II)	None	Financial assets-current measured at fair value through profit and loss	1,100,000	\$30,931 (USD1,084,149)	-	\$30,931 (USD1,084,149)	
	Bonds	BNP Paribas bonds BNP 5 1/8 PERP (III)	None	Financial assets-current measured at fair value through profit and loss	200,000	5,859 (USD205,370)	-	5,859 (USD205,370)	
	Bonds	HSBC Holding bonds HSBC 6 RERP (III)	None	Financial assets-current measured at fair value through profit and loss	700,000	21,761 (USD762,748)	-	21,761 (USD762,748)	
CHIN DE INVESTMENT CO., LTD.	Funds	First Bank Taiwan Monetary Funds	None	Financial assets-current measured at fair value through profit and loss	598,082	9,237	-	9,237	
	Bonds	HSBC Holding bonds HSBC 6 RERP	None	Financial assets-current measured at fair value through profit and loss	470,000	14,611 (USD512,131)	-	14,611 (USD512,131)	
GREAT-SHANK CO., LTD.	Funds	BBL-AIBP2-21	None	Financial assets-current measured at fair value through profit and loss	2,619,242	23,876 (THB26,208,396)	-	23,876 (THB26,208,396)	
	Funds	SCBSFF	None	Financial assets-current measured at fair value through profit and loss	1,693,671	32,057 (THB35,188,545)	-	32,057 (THB35,188,545)	
	Funds	SCB FIXEDA (RA)	None	Financial assets-current measured at fair value through profit and loss	2,633,611	25,132 (THB27,587,599)	-	25,132 (THB27,587,599)	
	Funds	SCBSF6MI5	None	Financial assets-current measured at fair value through profit and loss	7,426,177	67,796 (THB74,419,209)	-	67,796 (THB74,419,209)	

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)

XIAMEN G-SHANK PRECISION MACHINERY CO., LTD.	Others	RMB time wealth management instruments	None	Financial assets-current measured at amortized cost	-	22,672 (RMB5,221,507)	-	22,672 (RMB5,221,507)	
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- (4) Cumulative purchases or sales of the same security amounted to more than NT\$300 million or 20% of the paid-in capital: None
- (5) Acquired real estate for an amount of more than NT\$300 million or 20% of the paid-in capital: None
- (6) Disposed real estate for an amount more than NT\$300 million or 20% of the paid-in capital: None
- (7) 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
- (8) Accounts receivable from related parties amounted to more than NT\$100 million or 20% of the paid-in capital: None
- (9) Engage in derivative instruments transactions: Please refer to Notes VI.2 and XII of the consolidated financial statements.

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

(Review only without following generally accepted auditing standards)

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

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

No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions	Ratio to total consolidated operating income or total assets (Note 3)
0	G-SHANK ENTERPRISE CO., LTD.	SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.	1	Sales income	\$132	Note 4	0.01%
				Other income	8,820	Note 7	0.64%
				Accounts receivable – related party	133		-
				Other receivables – related party	8,802		0.10%
				Other payable – related party	32		-
0	G-SHANK ENTERPRISE CO., LTD.	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	1	Other income	475	Note 7	0.03%
				Other receivables – related party	474		0.01%
0	G-SHANK ENTERPRISE CO., LTD.	XIAMEN G-SHANK PRECISION MACHINERY CO., LTD.	1	Other income	904	Note 7	0.07%
				Other receivables – related party	901		0.01%
				Other payable – related party	5		-
0	G-SHANK ENTERPRISE CO., LTD.	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	1	Cost of goods sold	346	Note 5	0.03%
				Other income	1,645	Note 7	0.12%
				Other receivables – related party	347		-
				Other receivables – related party	1,641		0.02%
				Other payable – related party	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)

(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.	QINGDAO G-SHANK PRECISION SDN.BHD.	1	Sales income	\$405	Note 4	0.03%
				Other income	1,672	Note 7	0.12%
				Accounts receivable – related party	1,044		0.01%
				Other receivables – related party	1,667		0.02%
				Other payables – related party	11		-
0	G-SHANK ENTERPRISE CO., LTD.	SHENZHEN G-SHANK PRECISION SDN.BHD.	1	Sales income	4	Note 4	-
				Other income	670	Note 7	0.05%
				Accounts receivable – related party	4		-
				Other receivables – related party	675		0.01%
0	G-SHANK ENTERPRISE CO., LTD.	TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.	1	Sales income	274	Note 4	0.02%
				Other income	1,619	Note 7	0.12%
				Accounts receivable – related party	276		-
				Other receivables – related party	1,615		0.02%
0	G-SHANK ENTERPRISE CO., LTD.	G-SHANK, INC.	1	Sales income	1,049	Note 4	0.08%
				Accounts receivable - related party	917		0.01%
				Other receivables – related party	112		-

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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)
0	G-SHANK ENTERPRISE CO., LTD.	SHENZHEN G-BAO PRECISION SDN.BHD.	1	Sales income	\$1,372	Note 4	0.10%
				Cost of goods sold	297	Note 5	0.02%
				Other income	1,005	Note 7	0.07%
				Accounts receivable – related party	2,006		0.02%
				Accounts payable – related party	258		-
				Other receivables – related party	4,413		0.05%
				Other payable – related party	37		-
0	G-SHANK ENTERPRISE CO., LTD.	GREAT-SHANK CO., LTD.	1	Sales income	1,052	Note 4	0.08%
				Other income	878	Note 7	0.06%
				Accounts receivable – related party	1,064		0.01%
				Other receivables – related party	1,177		0.01%
0	G-SHANK ENTERPRISE CO., LTD.	G-SHANK ENTERPRISE (M) SDN. BHD.	1	Sales income	1,751	Note 4	0.13%
				Other income	1,363	Note 7	0.10%
				Accounts receivable – related party	1,767		0.02%
				Other receivables – related party	1,377		0.02%
0	G-SHANK ENTERPRISE CO., LTD.	PT INDONESIA G-SHANK PRECISION	1	Sales income	841	Note 4	0.06%
				Accounts receivable – related party	1,215		0.01%

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

(Review only without following generally accepted auditing standards)

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

(Continued from the last page)

No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions	Ratio to total consolidated operating income or total assets (Note 3)
0	G-SHANK ENTERPRISE CO., LTD.	G-SHANK JAPAN CO., LTD.	1	Sales income	\$165	Note 4	0.01%
				Cost of goods sold	291	Note 5	0.02%
				Other income	58	Note 8	-
				Operating expense	631	Note 7	0.05%
				Accounts receivable – related party	51		-
				Other receivables – related party	19,997		0.24%
				Other payables – related party	2,903		0.03%
1	SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.	HONG JING(SHANGHAI)ELECTRONICS CO., LTD.	3	Sales income	1,041	Note 6	0.08%
				Cost of goods sold	37,806	Note 6	2.75%
				Other profit and loss	3,890	Note 7	0.28%
				Accounts receivable – related party	798		0.01%
				Other receivable – related party	3,340		0.04%
				Other payable – related party	31,163		0.37%
1	SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.	SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD.	3	Sales income	605	Note 6	0.04%
				Cost of goods sold	16,118	Note 6	1.17%
				Other profit and loss	2,161	Note 7	0.16%
				Accounts receivable – related party	338		-
				Accounts payable – related party	4		-
				Other receivables – related party	1,787		0.02%
				Other payables – related party	12,949		0.15%

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

(Review only without following generally accepted auditing standards)

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

(Continued from the last page)

No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions	Ratio to total consolidated operating income or total assets (Note 3)
1	SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.	GREAT-SHANK CO., LTD.	3	Sales income	\$825	Note 6	0.06%
				Accounts receivable – related party	810		0.01%
1	SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.	G-SHANK JAPAN CO., LTD.	3	Sales income	373	Note 6	0.03%
				Cost of goods sold	7,181	Note 6	0.52%
				Accounts receivable – related party	259		-
				Accounts payable – related party	144		-
				Other receivables – related party	10		-
				Other payables – related party	10,209		0.12%
1	SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.	PT INDONESIA G-SHANK PRECISION	3	Sales income	157	Note 6	0.01%
				Accounts receivable – related party	3,029		0.04%
1	SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	3	Sales income	9	Note 6	-
				Cost of goods sold	1,488		0.11%
				Accounts receivable – related party	10		-
				Other payables – related party	1,354		0.02%
1	SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.	G-SHANK ENTERPRISE (M) SDN. BHD.	3	Cost of goods sold	153	Note 6	0.01%
				Accounts payable – related party	70		-

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

(Review only without following generally accepted auditing standards)

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

(Continued from the last page)

No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions	Ratio to total consolidated operating income or total assets (Note 3)
1	SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.	HUBEI HANSTAR ELECTRONICS TECHNOLOGY CO., LTD.	3	Sales income	\$430	Note 6	0.03%
				Cost of goods sold	2,668	Note 6	0.19%
				Accounts receivable – related party	163		-
				Accounts payable – related party	1,305		0.02%
1	SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	3	Sales income	9	Note 6	-
				Accounts receivable – related party	10		-
2	SHENZHEN G-SHANK PRECISION SDN.BHD.	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	3	Cost of goods sold	226	Note 6	0.02%
				Accounts payable – related party	257		-
2	SHENZHEN G-SHANK PRECISION SDN.BHD.	SHENZHEN G-BAO PRECISION SDN.BHD.	3	Sales income	2,073	Note 6	0.15%
				Cost of goods sold	242	Note 6	0.02%
				Accounts receivable – related party	3,937		0.05%
				Accounts payable – related party	275		-
2	SHENZHEN G-SHANK PRECISION SDN.BHD.	XIAMEN G-SHANK PRECISION MACHINERY CO., LTD.	3	Sales income	767	Note 6	0.06%
				Accounts receivable – related party	871		0.01%

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

(Review only without following generally accepted auditing standards)

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

(Continued from the last page)

No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions	Ratio to total consolidated operating income or total assets (Note 3)
2	SHENZHEN G-SHANK PRECISION SDN.BHD.	TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.	3	Sales income	\$136	Note 6	0.01%
				Accounts receivable – related party	79		-
2	SHENZHEN G-SHANK PRECISION SDN.BHD.	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	3	Sales income	265	Note 6	0.02%
				Accounts receivable – related party	414		-
3	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	PT INDONESIA G-SHANK PRECISION	3	Sales income	1,507	Note 6	0.11%
				Accounts receivable – related party	2,134		0.03%
3	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	G-SHANK JAPAN CO., LTD.	3	Cost of goods sold	34	Note 6	-
				Accounts payable – related party	62		-
3	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	QINGDAO G-SHANK PRECISION SDN.BHD.	3	Cost of goods sold	8	Note 6	-
				Accounts payable – related party	9		-
4	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.	3	Sales income	61	Note 6	-
				Accounts receivable – related party	53		-
4	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	SHENZHEN G-BAO PRECISION SDN.BHD.	3	Sales income	4	Note 6	-
				Accounts receivable – related party	7		-
4	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	DONGGUAN QIAOJU TRADING CO., LTD.	3	Sales income	4,335	Note 6	0.32%
				Other profit and loss	39		-
				Accounts receivable – related party	4,922		0.06%
				Other receivables – related party	25		-

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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)
5	G-SHANK ENTERPRISE (M) SDN. BHD.	G-SHANK JAPAN CO., LTD.	3	Sales income	\$2,058	Note 6	0.15%
				Cost of goods sold	1,031	Note 6	0.07%
				Accounts receivable – related party	2,103		0.02%
				Accounts payable – related party	98		-
				Other receivables – related party	973		0.01%
5	G-SHANK ENTERPRISE (M) SDN. BHD.	GREAT-SHANK CO., LTD.	3	Sales income	180	Note 6	0.01%
				Accounts receivable – related party	24		-
6	HONG JING(SHANGHAI)ELECTRONICS CO., LTD.	SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD.	3	Sales income	22	Note 6	-
				Accounts receivable – related party	1		-
7	G-SHANK JAPAN CO., LTD.	SHENZHEN G-BAO PRECISION SDN.BHD.	3	Sales income	79	Note 6	0.01%
				Cost of goods sold	31	Note 6	-
				Accounts receivable – related party	26		-
				Accounts payable – related party	30		-
8	QINGDAO G-SHANK PRECISION SDN.BHD.	TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.	3	Sales income	249	Note 6	0.02%
				Cost of goods sold	13	Note 6	-
				Accounts receivable – related party	101		-
				Accounts payable – related party	15		-
8	QINGDAO G-SHANK PRECISION SDN.BHD.	XIAMEN G-SHANK PRECISION MACHINERY CO., LTD.	3	Sales income	9	Note 6	-
				Accounts receivable – related party	10		-

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

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

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

- (1) The parent company to the consolidated subsidiary;
- (2) Consolidate subsidiary to parent company;
- (3) Consolidated subsidiary to consolidated subsidiary;

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

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

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

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

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

Note 8: Interest collection and principal repayment are made according to the loan contract signed.

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

(Review only without following generally accepted auditing standards)

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

2. 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 invested company not in Mainland China in 2021Q1:

Unit: NTD Thousand/USD/MYR

Investing company	Invested company	Location	Main business operation	Original investment amount (Note 13)		Shareholding – ending (03.31.2021)			Current profit (loss) of the invested company	Investment profit (loss) recognized in current period (Note 12)	Remark
				Current yearend	Last yearend	Shares	Ratio (%)	Book amount (Note 12)			
G-SHANK ENTERPRISE CO., LTD.	CHIN DE INVESTMENT CO., LTD.	Note 1	General investment	\$50,000	\$50,000	5,000,000	100.00	\$54,453	\$351	\$351	
	GRAND STAR ENTERPRISES L.L.C. (Note 2)	Note 2	General investment	588,055	588,055	-	100.00	1,622,814	50,630	50,737	
	G-SHANK, Inc.	Note 3	Stamping parts molds, fixtures	36,686	36,686	1,000	100.00	302,289	3,205	3,209	
	G-SHANK ENTERPRISE (M) SDN. BHD.	Note 4	Stamping parts molds, fixtures	85,112	85,112	6,924,750	92.33	348,825	18,374	16,979	
	GREAT-SHANK CO., LTD.	Note 5	Precision progressive die and hardware products	69,509	69,509	7,968,750	85.00	200,166	8,487	7,230	
	G-SHANK JAPAN CO., LTD.	Note 6	International trade	19,749	19,749	1,060	58.89	6,046	4,097	2,413	
	SUNFLEX TECHNOLOGY CO., LTD.	Note 7	Manufacturing and trading of electronic components	40,448	40,448	9,940,956	14.73	148,678	674	99	

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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)

Unit: NTD Thousand/USD/MYR

Investing company	Invested company	Location	Main business operation	Original investment amount (Note 13)		Shareholding – ending (03.31.2021)			Current profit (loss) of the invested company	Investment profit (loss) recognized in current period (Note 12)	Remarks
				Current yearend	Last yearend	Shares	Ratio (%)	Book amount (Note 12)			
CHIN DE INVESTMENT CO., LTD.	SUNFLEX TECHNOLOGY CO., LTD.	Note 7	Manufacturing and trading of electronic components	217	217	10,000	0.01	151	674	-	
G-SHANK ENTERPRISE (M) SDN. BHD.	PT INDONESIA G-SHANK PRECISION	Note 8	Stamping parts molds, fixtures	\$49,154 (RM 7,144,500)	\$49,154 (RM 7,144,500)	18,800	94.00	\$156,111 (RM 22,690,579)	\$11,311 (RM 1,625,131)	\$-	
G-SHANK, INC.	G-SHANK DE MEXICO,S.A. DE C.V.	Note 9	Stamping parts molds, fixtures	4,537 (USD 159,025)	4,537 (USD 159,025)	-	100.00	17,948 (USD629,082)	1,096 (USD 38,601)	-	
GRAND STAR ENTERPRISES L.L.C. (Note 2)	GLOBAL STAR INTERNATIONAL CO., LTD.	Note 10	General investment	545,437 (USD19,118,011)	545,437 (USD19,118,011)	19,118,011	100.00	1,612,774	50,572	-	

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

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

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

Please refer to Note IV.2 (3) of the consolidated financial report for the relocation of the former US GRAND STAR ENTERPRISES L.L.C.

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, KYI-9006 Cayman Islands.

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 11: Suite 802, St James Court St Denis Street, Port Louis, Mauritius

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

Note 12: It is calculated according to the financial statements of the invested companies of the same period that have not been reviewed by the independent auditors.

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

Note 13: 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, 2021.

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

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. Investment in China

(1) 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 shareholding ratio (%)	Investment profit (loss) recognized in current period (Note 4)	Book amount of investment - ending	Investment profit remitted into Taiwan as of current period
					Remitted out	Remitted in						
SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.	Precision progressive die and hardware products	USD 10,000,000 (Note 1)	Entrusted investment (Note 2)	USD1,700,000	\$-	\$-	USD1,700,000	\$75,698	85.00	\$64,340	\$1,536,821	\$1,249,415 (USD43,793,009)
HONG JING(SHANGHAI) ELECTRONICS CO., LTD.	Precision progressive die and hardware products	USD1,590,000	Investment through the company set up in the third region (Note 3)	USD1,275,000	-	-	USD1,275,000	7,882	80.19	6,320	83,088	37,992 (USD1,331,645)

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

(Review only without following generally accepted auditing standards)

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

G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	Precision progressive die and hardware products	USD3,000,000	Investment through the company set up in the third region (Note 4)	USD1,530,000	-	-	USD1,530,000	7,530	51.00	3,840	122,189	19,462 (USD682,168)
XIAMEN G-SHANK PRECISION MACHINERY CO., LTD.	Precision progressive die and hardware products	USD2,500,000	Investment through the company set up in the third region (Note 5)	USD1,990,000	-	-	USD1,990,000	(2,020)	79.60	(1,608)	104,627	49,555 (USD1,736,960)

(Continuing to next page)

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

(Review only without following generally accepted auditing standards)

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

(Continued from the last page)

Unit: NTD Thousand/USD/RMB/HKD

Invested company in China	Main business operation	Paid-in capital	Investment method	Cumulative investment amount remitted out of Taiwan in current period -ending	Investment amount remitted in or out in current period		Cumulative investment amount remitted out of Taiwan in current period -ending	Current profit (loss) of the invested company	The company's direct or indirect investment shareholding ratio (%)	Investment profit (loss) recognized in current period (Note 4)	Book amount of investment - ending	Investment profit remitted into Taiwan as of current period
					Remitted out	Remitted in						
G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	Planer, milling machine or die machine, precision continuous die and hardware products	USD1,400,000	Investment through the company set up in the third region (Note 6)	USD1,671,825	\$-	\$-	USD1,671,825	\$5,656	100.00	\$5,656	\$237,491	\$65,496 (USD2,295,680)
QINGDAO G-SHANK PRECISION SDN.BHD.	Precision progressive die and hardware products	USD4,000,000	Investment through the company set up in the third region (Note 7)	USD3,342,000	-	-	USD3,342,000	1,645	92.83	1,527	278,811	266,734 (USD9,349,241)

(Continuing to next page)

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

(Review only without following generally accepted auditing standards)

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

(Continued from the last page)

TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.	Precision progressive die and hardware products	USD2,500,000	Investment through the company set up in the third region (Note 8)	USD2,205,000	-	-	USD2,205,000	13,972	88.20	12,323	198,050	15,932 (USD558,426)
SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD.	Precision progressive die and hardware products	USD300,000	Investment through the company set up in the third region (Note 9)	USD 255,000	-	-	USD 255,000	17,939	85.00	15,248	168,490	422,138 (USD14,796,288)
SHENZHEN G-SHANK PRECISION SDN.BHD.	Precision progressive die and hardware products	USD2,600,000	Investment through the company set up in the third region (Note 10)	USD2,440,000	-	-	USD2,440,000	709	93.85	665	107,073	7,439 (USD260,742)
SHENZHEN G-BAO PRECISION SDN.BHD.	Precision progressive die and hardware products	USD3,150,000	Investment through the company set up in the third region (Note 11)	USD2,880,000	\$-	\$-	USD2,880,000	\$7,581	91.43	\$6,931	\$326,638	\$140,848 (USD4,936,848)

(Continuing to next page)

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

(Review only without following generally accepted auditing standards)

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

(Continued from the last page)

Unit: NTD Thousand/USD/RMB/HKD

Invested company in China	Main business operation	Paid-in capital	Investment method	Cumulative investment amount remitted out of Taiwan in current period -beginning	Investment amount remitted in or out in current period		Cumulative investment amount remitted out of Taiwan in current period -ending	Current profit (loss) of the invested company	The company's direct or indirect investment shareholding ratio (%)	Investment profit (loss) recognized in current period (Note 4)	Book amount of investment - ending	益 Investment profit remitted into Taiwan as of current period
					Remitted out	Remitted in						
HUBEI HANSTAR ELECTRONICS TECHNOLOGY CO., LTD. (Note 5)	Precision progressive die and hardware products, electroplating processing	RMB30,000,000	Transfer investment of SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD.	-	-	-	-	4,163	100.00	4,163	124,083	-
DONGGUAN QIAOJU TRADING CO., LTD. (Note 5)	Plastic hardware wholesale and import/export business	HKD3,000,000	Transfer investment of G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	-	-	-	-	2,082	100.00	2,082	37,435	-

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)

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)
\$601,588 (USD21,086,140)	\$806,186 (USD28,257,472)	\$3,262,998

Note 1: It includes the net amount of USD1,797,315 derived from the approved investment of DONGUAN JUYUE MOLD CO., LTD. for USD2,730,000 and net of the liquidating investment fund remitted in for USD932,685.

Note 2: It includes the capital increase from earnings of SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. in May 2001 and October 2004, and the capital increase from earnings of QINGDAO G-SHANK PRECISION SDN.BHD. in January 2019.

Note 3: According to the “Principles for the Review of Investment or Technical Cooperation in Mainland China” stipulated by the Investment Commission, MOEA the company’s investment in China is limited to 60% of the net worth or consolidated net worth, whichever is higher. However, the enterprises that are with the certification document to evidence its meeting the operation scope of the headquarters issued by the Industrial Development Bureau, MOEA is not subject to this limit. The company had applied to the Industrial Development Bureau, MOEA for approval as the corporate operation headquarters on April 18, 2019 that would be valid from April 16, 2019 to April 15, 2021 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 in 2021Q1 was calculated according to the invested 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.”

(Continuing)

(Review only without following generally accepted auditing standards)

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

Note 1: SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. had a paid-in capital of US\$2,000 thousand originally. It had arranged a capital increase from earnings for an amount of US\$2,500 thousand and US\$5,500 thousand in May 2001 and October 2004, respectively. As of March 31, 2021, SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. had a paid-in capital of US\$10,000 thousand.

Note 2: The company has signed a power of attorney with G-SHANK ENTERPRISE (M) SDN. BHD. (hereinafter referred to as the “trustee”), a business entity of the company in the third region, to indirectly establish SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. in China with the related party, Yuhuang Lin. The main content of the power of attorney is as follows:

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

Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND
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(Review only without following generally accepted auditing standards)

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

- Note 3: HON YEY INVESTMENT CO., LTD., a subsidiary of the company, was approved by the Investment Commission, MOEA by issuing the (90) Tou-Shen-II-Tzi No. 90010260 (Investment Commission, MOEA had the (90) Shen-II-Tzi No. 90010260 amended by issuing the (95) Shen-II-Tzi No. 095004988 on 03.03.2006), and the company was approved by the Investment Commission, MOEA by issuing the Shen-II-Tzi No. 093031757 Letter to invest in GLOBAL STAR INTERNATIONAL CO., LTD. through GRAND STAR ENTERPRISES L.L.C. in the third region and then it indirectly invested in HONG JING(SHANGHAI)ELECTRONICS CO., LTD. HONG JING(SHANGHAI)ELECTRONICS CO., LTD. had arranged a capital increase in cash on November 1, 2012; however, the company did not subscribe shares proportionally to the shareholding ratio; therefore, the company's shareholding ratio was 80.19% thereafter.
- Note 4: HON YEY INVESTMENT CO., LTD., a subsidiary of the company, was approved by the Investment Commission, MOEA by issuing the (90) Tou-Shen-II-Tzi No. 90010259 and Jin-Shen-II-Tzi No. 91015965, and the company was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 092042580 Letter and Jin-Shen-II-Tzi No. 093031432 Letter to invest in GLOBAL STAR INTERNATIONAL CO., LTD. through GRAND STAR ENTERPRISES L.L.C. in the third region and then it indirectly invested in G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.
- Note 5: HON YEY INVESTMENT CO., LTD., a subsidiary of the company, was approved by the Investment Commission, MOEA by issuing the (90) Tou-Shen-II-Tzi No. 90022866, and the company was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 092042581 Letter and Jin-Shen-II-Tzi No. 093006075 Letter to invest in GLOBAL STAR INTERNATIONAL CO., LTD. through GRAND STAR ENTERPRISES L.L.C. in the third region and then it indirectly invested in XIAMEN G-SHANK PRECISION MACHINERY CO., LTD.
- Note 6: HON YEY INVESTMENT CO., LTD., a subsidiary of the company, was approved by the Investment Commission, MOEA by issuing the (90) Tou-Shen-II-Tzi No. 90001835, Jin-Shen-II-Tzi No. 091031112, and Jin-Shen-II-Tzi No. 92008940 to invest in GLOBAL STAR INTERNATIONAL CO., LTD. through GRAND STAR ENTERPRISES L.L.C. in the third region and then it indirectly invested in G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD. Subsequently, 5.86% (investment amount of US\$82 thousand) and 2%

Notes to Consolidated Financial Statements of G-SHANK ENTERPRISE CO., LTD. AND
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(Review only without following generally accepted auditing standards)

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

(investment amount US\$28 thousand) of the shareholding was transferred to non-related parties, Mr. Bershin Lo and Mr. Guodong Hsu, in March 2003, respectively. The company's shareholding was reduced to 92.14 % thereafter that was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 092010563 Letter. HON YEY INVESTMENT CO., LTD., a subsidiary of the company, had paid US\$23 thousand to acquire the 2% (investment amount US\$28 thousand) shareholding from Mr. Guodong Hsu on January 5, 2007 with the shareholding increased to 94.14% thereafter and it was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 09500329480 Letter. The company's board of directors had resolved on June 13, 2019 to acquire the 5.86% (investment amount US\$361 thousand) shareholding from the non-related party, Mr. Bershin Lo, and it was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 10800157300 Letter with the comprehensive shareholding increased to 100% thereafter.

Note 7: HON 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 8: The Company was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 092044159, Jin-Shen-II-Tzi No. 093005557, and Jin-Shen-II-Tzi No. 093006249 Letter to invest in GLOBAL STAR

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

INTERNATIONAL CO., LTD. through GRAND STAR ENTERPRISES L.L.C. in the third region and then it indirectly invested in TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.

Note 9: The Company was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 095026420 Letter to indirectly invest in SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD. through G-SHANK ENTERPRISE (M) SDN. BHD. in the third region. Then it was approved for amendment by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 095032048 Letter to invest in SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD. through GLOBAL STAR INTERNATIONAL CO., LTD. that was invested by GRAND STAR ENTERPRISES L.L.C. in the third region. The investment fund was transferred through GRAND STAR ENTERPRISES L.L.C. to GLOBAL STAR INTERNATIONAL CO., LTD. for an amount of US\$255 thousand on November 18, 2006, and the said amount was then transferred to SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD. on January 20, 2006.

Note 10: The Company was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 09500121350, Jin-Shen-II-Tzi No. 09600108160, and Jin-Shen-II-Tzi No. 09600265810 Letter to invest in GLOBAL STAR INTERNATIONAL CO., LTD. through GRAND STAR ENTERPRISES L.L.C. in the third region and then it indirectly invested in SHENZHEN G-SHANK PRECISION SDN.BHD.

Note 11: The Company was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 09600405610 and Jin-Shen-II-Tzi No. 09700084160 Letter to invest in GLOBAL STAR INTERNATIONAL CO., LTD. through GRAND STAR ENTERPRISES L.L.C. in the third region and then it indirectly invested in SHENZHEN G-BAO PRECISION SDN.BHD. SHENZHEN G-BAO PRECISION SDN.BHD. had arranged capital increase in cash on September 13, 2012; however, the company did not subscribe shares proportionally to the shareholding ratio; therefore, the company's shareholding ratio was reduced to 91.43% thereafter.

(2) 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 VII and XIII.1 (10) of the consolidated financial report

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

- B. The sales amount and percentage and the related receivable amount and percentage at yearend: Please refer to Note VII and XIII.1 (10) of the consolidated financial report for details.
- C. The property transaction amount and the profit and loss resulted: None
- D. The ending balance and purpose of notes endorsements/guarantees or collateral provided: None
- E. Maximum balance amount, ending balance amount, interest rate range, and total interest of the current period of loans: Please refer to Note XIII.1 (1) of the consolidated financial report for details.
- F. Other transactions that have a significant impact on the profit and loss or financial status: Please refer to Notes VII and XIII.1 (10) of the consolidated financial report for details.

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

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4. Major Shareholder information

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

Shares	Shareholding (shares)	Shareholding ratio (%)
Major shareholders		
JIHONG INVESTMENT CO., LTD.	16,089,465 shares	8.69
CHEN-LIN INVESTMENT COMPANY	10,481,790 shares	5.66

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.

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)

XIV. Department information

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

Department information

	Stamping parts department	General investment department	Adjustment & write-off	Consolidation
<u>01.01.2021-03.31.2021</u>				
<u>Income</u>				
Income from external customers	\$1,374,749	\$-	\$-	\$1,374,749
Inter-department income	-	-	-	-
Total income	<u>\$1,374,749</u>	<u>\$-</u>	<u>\$-</u>	<u>\$1,374,749</u>
Departmental profit and loss	<u>\$181,101</u>	<u>\$437</u>	<u>\$-</u>	<u>\$181,538</u>
Non-operating income and expense				<u>23,784</u>
Net income before tax of the continuing business unit				<u>\$205,322</u>
<u>01.01.2020-03.31.2020</u>				
<u>Income</u>				
Income from external customers	\$1,035,851	\$-	\$-	\$1,035,851
Inter-department income	-	-	-	-
Total income	<u>\$1,035,851</u>	<u>\$-</u>	<u>\$-</u>	<u>\$1,035,851</u>

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

(Review only without following generally accepted auditing standards)

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

Departmental profit and loss	<u>\$71,274</u>	<u>\$(2,192)</u>	<u>\$-</u>	<u>\$69,082</u>
Non-operating income and expense				<u>(82,224)</u>
Net loss before tax of the continuing business unit				<u>\$(13,142)</u>

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

(Review only without following generally accepted auditing standards)

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

	Stamping parts department	General investment department	Adjustment & write-off	Consolidation
<u>03.31.2021</u>				
Assets				
Department assets	\$6,719,554	\$54,022	\$-	\$6,773,576
Income tax assets – current	47,946	68	-	48,014
Deferred income tax assets	19,290	460	-	19,750
Investment – non-investment department	1,665,756	-	-	1,665,756
Total assets	<u>\$8,452,546</u>	<u>\$54,550</u>	<u>\$-</u>	<u>\$8,507,096</u>
Liabilities				
Department liabilities	\$2,363,780	\$97	\$-	\$2,363,877
Income tax liabilities – current	46,496	72	-	46,568
Deferred income tax liabilities	585,030	-	-	585,030
Defined benefit liabilities – net	73,291	-	-	73,291
Total liabilities	<u>\$3,068,597</u>	<u>\$169</u>	<u>\$-</u>	<u>\$3,068,766</u>
<u>12.31.2020</u>				
Assets				
Department assets	\$6,702,263	\$53,583	\$-	\$6,755,846
Income tax assets – current	48,986	68	-	49,054
Deferred income tax assets	21,108	474	-	21,582
Investment – non-investment department	1,451,839	-	-	1,451,839
Total assets	<u>\$8,224,196</u>	<u>\$54,125</u>	<u>\$-</u>	<u>\$8,278,321</u>
Liabilities				
Department liabilities	\$2,260,630	\$25	\$-	\$2,260,655
Income tax liabilities - current	51,336	-	-	51,336

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)

Deferred income tax				
liabilities	555,982	-	-	555,982
Defined benefit liabilities –				
net	82,291	-	-	82,291
Total liabilities	<u>\$2,950,239</u>	<u>\$25</u>	<u>\$-</u>	<u>\$2,950,264</u>

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

	Stamping parts department	General investment department	Adjustment & write-off	Consolidation
<u>03.31.2020</u>				
Assets				
Department assets	\$6,365,352	\$54,715	\$-	\$6,420,067
Income tax assets – current	21,576	-	-	21,576
Deferred income tax assets	39,341	149	-	39,490
Investment – non-investment department	1,081,124	-	-	1,081,124
Total assets	<u>\$7,507,393</u>	<u>\$54,864</u>	<u>\$-</u>	<u>\$7,562,257</u>
Liabilities				
Department liabilities	\$1,928,157	\$25	\$-	\$1,928,182
Income tax liabilities – current	32,851	90	-	32,941
Deferred income tax liabilities	511,259	-	-	511,259
Defined benefit liabilities – net	80,704	-	-	80,704
Total liabilities	<u>\$2,552,971</u>	<u>\$115</u>	<u>\$-</u>	<u>\$2,553,086</u>